

# APEX STANDARDS

Regulatory Reshaping: EU Digital Markets Act on IEEE, 3GPP & IETF Standards

**D**igital Markets Act (DMA), initiated by the European Commission in December 2020 and subsequently enacted into law, represents a significant shift in the EU's strategy for regulating online platforms. It complements the Digital Services Act (DSA) and primarily targets large digital platforms, or "gatekeepers," such as Google, Apple, Amazon, and Meta. The DMA emerged in response to these companies' dominant market positions, which led to issues like higher prices, limited consumer choices, and hindered innovation in Europe. Traditional competition and antitrust laws were deemed inadequate for addressing these challenges, prompting the need for the DMA.

The DMA's methodology is clear-cut and thorough. It aims to identify relevant digital services, define what constitutes a gatekeeper, establish rules and obligations for these entities, and set penalties for non-compliance. Initially, the focus was on "core platform services," but it later expanded to include web browsers, virtual assistants, and connected TV. The criteria to be designated as a gatekeeper include both qualitative elements, such as a significant impact on the European market, and quantitative measures like turnover and user base. The European Parliament and the European Commission engaged in extensive debates, particularly over the quantitative thresholds, due to concerns of potential bias against U.S. tech giants.

The DMA has provoked a spectrum of responses that illuminate its comprehensive implications for the digital sector. The private sector and some analysts have expressed concerns about the DMA's economic repercussions, speculating that it may restrict innovation and impede the progression of nascent businesses. U.S. technology leaders anticipate annual compliance expenses of about €1.41 million for each platform. While manageable for them, such costs could inadvertently compel the disclosure of sensitive information, potentially eroding their market competitiveness. Additionally, concerns exist within Europe regarding the DMA's inadvertent repercussions on the continent's digital innovation. The apprehension stems from the possibility that services with swiftly expanding user bases might unintentionally fulfill the gatekeeper criteria, resulting in unforeseen regulatory burdens and possibly discouraging further innovation due to the new stipulations set forth by the DMA.

The DMA is more than just a new set of rules; it's a transformative approach to regulating digital markets with the intent to foster fairness and openness. This transformation is recognized by various standardization communities that are actively interpreting and responding to the implications of the DMA, considering its impact on a range of sectors and signaling a significant recalibration of the digital economy.

The contribution by UK's Ofcom to the **IEEE** 802.18, titled *18-22-0019-00-0000-uk-ofcom-mobile-strategy-consultation*, highlights the DMA role in regulating "gatekeepers" and their significant international investments like subsea cables. The DMA's provisions on data sharing, interoperability, and equitable market access are poised to influence how these technology giants operate, which could, in turn, affect their decisions on infrastructure investments and their worldwide strategies.

In telecommunications, a **3GPP** TDoc *S4-231688*, proposed by Qualcomm and Dolby, examines the evolution of messaging services in light of the DMA. This document reflects on the DMA's stipulations and underscores the critical nature of interoperability in number-independent interpersonal communication

Business Size	Startup	Small Size	Medium Size	Large Size
Market Access	Increased opportunity due to open markets	Better visibility in a fairer competitive landscape	Potential for growth with access to APIs and data	May face restrictions that limit dominance
Regulatory Compliance	Less complex due to scale, but resource-intensive relative to size	Compliance costs manageable but significant	Adequate resources to comply, but increased regulatory burden	Substantial compliance requirements, possibly with dedicated teams
Innovation Impact	Potential for rapid growth and innovation without unfair competition	More room to innovate without being overshadowed by tech giants	Opportunity to scale innovations and collaborate with larger platforms	May need to adjust innovation strategies due to new rules
Data Access & Portability	Easier entry with access to data from large platforms	Can tailor services better with more data access	Enhanced service offerings through interoperability	Must provide data access, facing strategic adjustments
Fair Competition	Level playing field encourages startup entry	Reduced risk of unfair practices by larger competitors	Can compete more effectively with fair rules	Restrictions on anti-competitive practices
Funding & Investment	May attract more investment with a less monopolized market	Investors may be more willing to fund ventures in a regulated market	Increased investor confidence with fairer competition	May face scrutiny in M&A, affecting investment strategies
Consumer Trust	Opportunity to build trust with transparency mandates	Can leverage compliance as a trust factor	Enhanced reputation through compliance and fair practices	Obligation to maintain high levels of consumer protection

**Table 1** DMA's implications on businesses of varying sizes

IETF Internet Draft	Direct Impact Under DMA	Indirect Impact Under DMA
<i>draft-nottingham-avoiding-internet-centralization-14</i>	May influence the DMA's approach to mandating standards that avoid the centralization of internet services, promoting a more decentralized web.	Could affect how the DMA encourages competition and innovation, steering away from a few dominant players.
<i>draft-cooper-policy-interactions-00</i>	Directly relevant to DMA as it discusses policy interactions, which could include the implementation of DMA regulations within IETF protocols.	Might guide how the IETF considers regulatory requirements like the DMA in future protocol development.
<i>draft-mahy-mimi-problem-outline-02</i>	If DMA requires interoperability among messaging platforms, this draft's relevance increases as it outlines interoperability issues within instant messaging.	Can indirectly affect market competition by ensuring messaging platforms follow standardized protocols that enable user choice and platform switching.
<i>draft-campling-ech-deployment-considerations-03</i>	Encrypted Client Hello (ECH) deployment could be impacted by DMA stipulations on encryption standards and user privacy, affecting protocol adoption.	ECH could become a standard for ensuring privacy in a market where the DMA enforces strict data protection rules.
<i>draft-lazanski-consolidation-04</i>	The DMA's focus on reducing consolidation in digital markets could directly influence protocols related to consolidation effects, ensuring they support a diverse digital ecosystem.	May prompt a re-evaluation of engineering decisions in protocols to prevent market dominance by a few entities.

**Table 2** DMA's role in shaping IETF protocols

services (NI-ICS), an area increasingly relevant in the context of 5G messaging. It advocates for the adoption of standardized protocols to facilitate the exchange of various media formats and efficient data sharing, while also stressing the importance of end-to-end encryption and message synchronization to ensure privacy and improve the user experience.

The **IETF's** response to the DMA also highlights the Act's broader impact on internet protocols. For example, the "Simple Protocol for Inviting Numbers (SPIN)" in *draft-rosenberg-mimi-spin-00*, addresses the DMA's call for cross-platform communication interoperability. Furthermore, the DMA's focus on fair competition and user data protection is reflected in discussions on various IETF drafts. The *draft-campling-ech-deployment-considerations-03*, for example, examines the intersection of the DMA with Encrypted Client Hello (ECH) in TLS communications, stressing potential conflicts between enhancing privacy and meeting regulatory requirements. The *draft-cooper-policy-interactions-00*, meanwhile, explores how the DMA could influence IETF's initiatives in secure communications and user privacy, with a particular focus on encryption and interoperability standards.

Overall, these diverse responses from standardization communities to the DMA indicate a significant shift in how digital markets operate. They emphasize the need

for a balance between innovation, user privacy, and regulatory compliance, shaping the future landscape of digital services and infrastructure.

Despite these concerns, the DMA has received broad support from EU member states and consumer protection organizations. Surveys indicate that a majority of European SMEs support stronger regulation of tech giants, particularly regarding personal data usage. Even some U.S. companies, like Mozilla and Microsoft, have shown support for the DMA, though this might be influenced by the competitive advantages they could gain. The general consensus in Europe and the transatlantic community indicate the need for regulation to manage the negative externalities of tech giant dominance. Policymakers and analysts emphasize the need for balance in regulation to ensure it doesn't become overly burdensome.

The EU's DMA represents a significant regulatory shift aimed at creating a fairer digital market by reining in the power of large tech platforms. While there are concerns about its potential impact on innovation and economic growth, the overall response suggests a recognition of the necessity for such regulation in today's digital economy. The DMA's future impact, particularly in fostering a competitive digital market and balancing innovation with regulation, will be an area of keen interest and ongoing evaluation.