

NOTICE UNDER SECTION 11(1) OF THE DIGITAL MARKETS, COMPETITION AND CONSUMERS ACT 2024 (THE ACT)

The Competition and Markets Authority (**CMA**) hereby gives notice as required by section 11(1) of the Act (the **Notice**) that it is commencing an initial strategic market status (**SMS**) investigation pursuant to section 9(1) of the Act (the **SMS Investigation**).

The Notice sets out the matters in respect of the SMS Investigation required by section 11(2) and (3) of the Act.

Purpose and scope of the SMS Investigation

1. The purpose of the SMS Investigation is for the CMA to decide whether to designate the undertaking known as Apple (as described at paragraph 2 of this Notice) under section 2(1) of the Act as having SMS in respect of the digital activities carried out by Apple as described in this Notice.

The undertaking to which the SMS Investigation relates

2. The Apple undertaking includes:
 - a. Apple Inc, a public listed company incorporated in California, United States of America headquartered at One Apple Park Way, Cupertino, California 95014, United States of America;
 - b. Apple Europe Limited, private limited company incorporated in the United Kingdom under registered number 05051046, with a registered office at 280 Bishopsgate, London EC2M 4AG, United Kingdom;
 - c. Apple Retail UK Limited, a private limited company incorporated in the United Kingdom under registered number 04996702, with a registered office at c/o Tmf Group, 13th Floor, One Angel Court, London EC2R 7HJ, United Kingdom; and
 - d. Apple (UK) Limited a private limited company incorporated in the United Kingdom under registered number 01591116 with a registered office at 280 Bishopsgate, London EC2M 4AG, United Kingdom.

The digital activities to which the SMS Investigation relates

3. The SMS Investigation relates to Apple's provision of the following services on smartphones and tablets (together referred to as **mobile devices**):
 - a. a mobile operating system or equivalent, which acts as an intermediary between hardware and software on the mobile device, enabling software applications (referred to as **applications** or **apps**) and services to run on the device (**Mobile Operating System**);
 - b. a service which enables the installation, distribution and operation of native apps on mobile devices, which are apps written to run on the Mobile Operating System (**Native App Distribution**); and
 - c. a mobile browser and mobile browser engine, which comprises:
 - i. the provision of a software application that enables users of mobile devices to access and search the internet and interact with web content; and
 - ii. the provision of a mobile browser engine, which is the underlying technology which native apps on mobile devices use to transform web page source code into content with which users can engage (collectively **Mobile Browser and Browser Engine**).
4. The CMA considers that the provision of each of: the Mobile Operating System; Native App Distribution; and the Mobile Browser and the Browser Engine, may constitute the provision of a service by means of the internet and/or the provision of one or more pieces of digital content, within the meaning of section 3(1)(a) and/or section 3(1)(b) of the Act respectively.
5. Further, the CMA considers that these digital activities may be treated as a single digital activity within the meaning of section 3(3) of the Act, as they can be carried out in combination with each other to fulfil the specific purpose of facilitating interactions between users and providers of digital content and services (as applicable) on mobile devices in order to allow users to access, view and engage with such content and services on their mobile devices (this single digital activity is referred to as the **Mobile Ecosystems Platform**).
6. Based on Apple's current business model, the CMA considers that:
 - a. the main Apple services and digital content likely to be included in the Mobile Operating System include the operating system currently known as iOS for smartphones and iPadOS for tablets (collectively **iOS**).

- b. the main Apple services and digital content likely to be included as part of Native App Distribution include both the pre-installation of first party apps on iOS mobile devices; and the installation, distribution and operation of third-party native apps through the App Store, including but not limited to associated services provided by third parties:
 - i. the supply of application programming interfaces (**APIs**) and programming languages to app developers for the purpose of listing on the App Store.
 - ii. the provision of editorial content and the app discovery and ranking features within the App Store (as applicable).
 - c. the main Apple services and digital content likely to be included in the provision of the Mobile Browser and Browser Engine include Apple's dedicated mobile browser, Safari, and its browser engine WebKit; and the in-app browsing technology that it provides to native apps to enable the integration and/or embedding of web mobile browsers in their apps.
7. The CMA may change its view of the scope of the SMS Investigation. If it does so, it will give Apple a revised version of this Notice in accordance with section 11(4) of the Act.
8. In accordance with section 9(1) of the Act, the CMA has reasonable grounds to consider that it may be able to designate Apple as having SMS in respect of the provision of the digital activities described in paragraphs 3 - 6 of this Notice in accordance with section 2 of the Act. Those reasonable grounds are set out in the Annex to this Notice in accordance with section 11(2)(a)(i) of the Act.

Closure of SMS Investigation before reaching a final view

9. In accordance with section 12 of the Act, the CMA may close the SMS Investigation at any time before it has reached a final view on the matters mentioned in paragraphs (a) and (b) of section 2(1) of the Act, by giving notice to Apple to that effect.

The SMS Investigation Period

10. In accordance with section 14(2) of the Act, if the CMA does not close the SMS Investigation under section 12 of the Act, the CMA must give Apple a notice setting out its decisions as a result of the SMS Investigation on or before the last day of the period of nine months beginning with the date of this Notice, being 22 October 2025 (the **SMS Investigation Period**), unless the SMS Investigation Period is extended.

Circumstances for extension of the SMS Investigation Period

11. In accordance with section 104 of the Act, the CMA may publish a notice extending the SMS Investigation Period:
 - a. where the CMA considers that there are special reasons for doing so, by up to three months; or
 - b. where the CMA considers that: a person has failed to comply with any requirement of a notice under section 69 of the Act or, a notice under section 72 of the Act, which was given in relation to the SMS Investigation; and the failure is preventing the CMA from properly discharging any of its statutory functions under the Act to which the SMS Investigation relates, until that person gives the information in question to the CMA or, as the case may be, answers questions and provides explanations to the satisfaction of the CMA.

Publication of this Notice

12. As soon as reasonably practicable after giving Apple this Notice, the CMA will, in accordance with section 11(5) of the Act:
 - a. publish this Notice on its website; and
 - b. give a copy of this Notice to the Financial Conduct Authority, the Office of Communications, the Information Commissioner, the Bank of England and the Prudential Regulation Authority.

Competition and Markets Authority

23 January 2025

Annex: reasonable grounds

13. For the purposes of sections 11(2)(a)(i) and 9(1) of the Act, the CMA sets out below **its reasonable grounds to consider that:**

Apple may meet the turnover condition (sections 2(3) and 7 of the Act)

14. The turnover condition may be met in relation to Apple pursuant to section 2(3) and section 7 of the Act as the CMA estimates that the total value of the global turnover of Apple in the most recent period of 12 months, in respect of which the CMA considers that it is able to make an estimate of Apple's relevant turnover, exceeds £25 billion: Apple's published accounts indicate its turnover in the year ending September 2024 was £312 billion. ¹

Apple may meet the SMS conditions and its digital activity may be linked to the UK in respect of the provision of the Mobile Operating System

Apple's Mobile Operating System may be linked to the United Kingdom (UK) for the purposes of section 2(1)(a) and 4 of the Act

15. Apple's Mobile Operating System may be linked to the UK for the following reasons:
- a. Mobile devices using iOS are used by a significant number of UK users; in 2021 there were nearly [30-40] million accounts making transactions on iPhones and [10-20] million accounts making transactions on iPads in the UK compared to a UK population of 67 million. ²
 - b. Apple carries on business in the UK in relation to the provision of its Mobile Operating System as it supplies it on mobile devices that are sold to consumers in the UK.
 - c. As the provider of one of two main operating systems in the UK and the only one used on Apple mobile devices, the effect on trade in the UK of Apple's provision of its Mobile Operating System is likely to be immediate, substantial and foreseeable.

Apple may have substantial and entrenched market power (SEMP) in respect of its Mobile Operating System (sections 2(2)(a) and 5 of the Act)

¹ Apple Inc., 10-K, 01 November 2024, Consolidated Statement of Operations, Net Sales of more than \$391 billion. There are reasonable grounds to consider that the turnover condition may be met notwithstanding any adjustments resulting from applying the methodology set out in the Digital Markets, Competition and Consumers Act 2024 and Consumer Rights Act 2015 (Turnover and Control) Regulations 2024.

² Mobile ecosystems market study [final report Appendix L \(MEMS Appendix L\)](#), paragraph 26.

16. Apple may have *substantial market power* in respect of its Mobile Operating System for the following reasons:
- a. iPhones manufactured by Apple run exclusively on iOS and Apple's iPads run exclusively on iPadOS for tablets.
 - b. iOS mobile devices have consistently represented between [40-50]% of new smartphones and tablets sold in the UK. ³
 - c. There is limited effective competition between iOS and Android mobile devices given significant segmentation of the smartphone market between iOS and Android mobile devices and the presence of material perceived barriers to switching. ⁴
 - d. Rival operating systems face material barriers to entry and expansion as a result of factors such as: (i) strong indirect network effects and economies of scale in the development and maintenance of its Mobile Operating System; (ii) the need for a new operating system provider to manufacture its own devices or license its operating system to third-party device manufacturers; and (iii) the challenge of overcoming the perceived barriers to users switching away from their current Mobile Ecosystem Platform. ⁵
 - e. Between at least 2011 and 2021, Apple has consistently earned substantial profits from its Mobile Ecosystem Platform – with very high margins and returns on capital employed (ie the annual return made on the investments needed to run the business). ⁶
17. The CMA has reasonable grounds to consider that Apple's position in the provision of its Mobile Operating System may be *entrenched*. The strength of Apple's market power and level of profitability, as outlined in the previous paragraph, is indicative of its likely position in the coming years. The CMA is not aware of any potential future technological and/or other changes that would materially alter Apple's position over the proposed designation period, particularly given the strength of its market power and the substantial barriers to entry which reinforce its position.

Apple may have a position of strategic significance (POSS) in respect of its Mobile Operating System (sections 2(2)(b) and 6 of the Act)

³ MEMS Final Report, paragraph 3.16.

⁴ MEMS Final Report, paragraph 3.121. MEMS Appendix L, paragraph 21.

⁵ MEMS Final Report, paragraph 3.178. MEMS Appendix L, paragraph 22.

⁶ MEMS Final Report Summary, p.6.

18. Apple may have POSS in respect of its Mobile Operating System for the following reasons:
- a. In relation to the condition in section 6(a) of the Act:
 - i. Apple has achieved a very significant size and scale in the supply of its Mobile Operating System, with its services and digital content being used by a very high proportion of the population. In 2021, there were [30-40] million accounts making transactions on iPhones and [10-20] million accounts making transactions on iPads in the UK compared to a UK population of 67 million; and
 - ii. in addition, Apple directly generates significant revenues directly from its sale of iOS mobile devices. Apple earned [£5.5-£6] billion from iPhone sales and [£1-£1.5] billion from iPad sales in the UK and these device sales are highly profitable.⁷
 - b. In relation to the condition in section 6(b) of the Act: Apple's iOS mobile devices provide a key gateway through which many businesses provide content and services to mobile users in the UK.⁸
 - c. In relation to the condition in section 6(c) of the Act: through its control of iOS, Apple can extend its market power into other digital activities and markets. For example, Apple is in a position to pre-install certain apps and/or pre-set which apps open as a 'default' for the user; and can also control the extent to which other software applications or other services can access elements of its Mobile Operating System.^{9 10}
 - d. In relation to the condition in section 6(d) of the Act: it follows from the previous sub-paragraph, that Apple's decisions related to its Mobile Operating System can therefore substantially influence the range of services available to users of its devices.¹¹

Apple may meet the SMS conditions and its digital activity may be linked to the UK in respect of Native App Distribution

Apple's provision of its Native App Distribution services may be linked to the UK for the purposes of section 2(1)(a) and section 4 of the Act

⁷ MEMS Appendix L, paragraph 26.

⁸ MEMS Final Report Summary, p.3.

⁹ MEMS Appendix L, paragraph 27.

¹⁰ MEMS Appendix L, paragraph 29.

¹¹ MEMS Final Report Summary, p.6.

19. Apple's provision of Native App Distribution services may be linked to the UK for the following reasons:
- a. On average [20-30] million users in the UK downloaded at least one app from the App Store in a given month in 2021. ¹²
 - b. Apple carries on business in the UK in relation to the provision of Native App Distribution services as it provides them in the UK.
 - c. As the provider of one of two main platforms for the distribution of native apps on mobile devices in the UK and the only one used in Apple mobile devices, the effect on trade in the UK of Apple's Native Apps Distribution is likely to be immediate, substantial and foreseeable.

Apple may have SEMP in respect of its Native App Distribution (sections 2(2)(a) and 5 of the Act)

20. Apple may have *substantial market power* in Native App Distribution for the following reasons:
- a. The App Store is the only way to distribute native apps on Apple mobile devices in the UK. Apple prohibits alternate app stores and "sideloading" of native apps, giving it a monopoly in Native App Distribution in iOS.
 - b. The App Store does not face a material competitive constraint from Google's Play Store for either app developers or users. Users of mobile devices generally have only one device and therefore access either the App Store to Play Store on iOS and Android mobile devices, respectively.
 - c. Web apps, which are separate apps that can be saved to a user's home screen from a browser, are generally not considered by app developers to be a realistic alternative to listing native apps on the App Store, due to the limited features and functionalities available for web apps on iOS; which in turn, is determined by Apple through rules that require all browsers on iOS to use its own browser engine, WebKit. ¹³
 - d. The App Store faces a limited competitive constraint from alternative devices such as PCs, laptops or games consoles. These devices are primarily used for different purposes and are mainly viewed by users as complements rather than substitutes for the use of native apps on mobile devices. ¹⁴

¹² MEMS Appendix L, paragraph 44.

¹³ MEMS Appendix L, paragraph 40.

¹⁴ MEMS Appendix L, paragraph 40.

- e. Developers of native apps wishing to list on the App Store have little choice but to accept Apple's terms of access. For example, Apple has previously prohibited whole categories of apps such as cloud gaming apps; and requires app developers to use its own payment method for in-app payments, in connection with which it charges a commission on in-app payments.
21. The CMA has reasonable grounds to consider that Apple's position in Native App Distribution may be *entrenched*. Apple's strong market power outlined in the previous paragraph may be indicative of its future position. Apple has operated the only App Store that has been permitted on iOS mobile devices since its creation and any rival app distribution methods, if permitted in the future, will face significant barriers such as those outlined in the previous paragraph. The CMA is not aware of any potential future technological and/or other changes that would materially alter Apple's position over the proposed designation period, particularly given the strength of its market power and the substantial barriers to entry which reinforce its position.

Apple may have POSS in respect of its Native App Distribution (sections 2(2)(b) and 6 of the Act)

22. Apple may have POSS in respect of Native App Distribution for the following reasons:
- a. In relation to the condition in section 6(a) of the Act: the App Store has a very significant size and scale. It is the only way to distribute native apps to Apple mobile devices, with on average [20-30] million users downloading at least one app in any given month in the UK in 2021.¹⁵
 - b. In relation to the condition in section 6(b) of the Act: the App Store is an important access point or gateway to users for a diverse and large range of businesses. In 2021, there were around [1-1.5] million apps available on the App Store.¹⁶
 - c. In relation to the condition in section 6(c) of the Act: Apple is in a position to extend its position of market power in relation to the App Store to gain a competitive advantage in other activities. In particular, Apple's first party apps and services may gain preferential access to Native App Distribution, which may not have to sufficiently follow the same terms and fees as third-party apps.¹⁷

¹⁵ MEMS Appendix L, paragraph 44.

¹⁶ MEMS Appendix L, paragraph 44.

¹⁷ MEMS Appendix L, paragraph 46.

- d. In relation to the condition in section 6(d) of the Act: Apple is able to determine the ‘rules of the game’ for app developers seeking to distribute apps on iOS by setting the terms of access to the App Store and by influencing key aspects of Native App Distribution on iOS devices (for example, through Apple’s app review process and the ability to reject apps or app updates which do not comply with its rules). App developers seeking to distribute apps on iOS have little choice but to accept Apple’s terms of access.¹⁸

Apple may meet the SMS conditions and its digital activity may be linked to the UK in respect of the provision of the Mobile Browser and Browser Engine

Apple’s provision of its Mobile Browser and Browser Engine may be linked to the UK for the purposes of section 2(1)(a) and section 4 of the Act

23. Apple’s provision of its Mobile Browser and Browser Engine may be linked to the UK for the following reasons:
 - a. It has a significant number of users in the UK: Apple had a share of supply for browsers in the UK of 88% on iOS mobile devices in March 2024;¹⁹
 - b. Apple carries on business in the UK in relation to the provision of the Mobile Browser and Browser Engine as it supplies them in the UK; and
 - c. As the provider of one of the two main mobile browsers and browser engines in the UK for mobile devices and the main one used in its mobile devices, the effect on trade in the UK of Apple’s provision of the Mobile Browser and Browser Engine is likely to be immediate, substantial and foreseeable.

Apple may have SEMP in respect of the provision of the Mobile Browser and Browser Engine (sections 2(2)(a) and 5 of the Act)

24. Apple may have *substantial market power* in respect of the provision of its Mobile Browser and Browser Engine for the following reasons:
 - a. In 2024, Safari had a UK share of supply of 88% on iOS mobile devices,²⁰ and 43% share of supply across all mobile devices.²¹
 - b. Certain Apple policies for how browsers should operate on iOS mobile devices create barriers to entry and expansion for other browsers on iOS

¹⁸ MEMS Appendix L, paragraph 45.

¹⁹ [Cloudflare Radar](#), accessed 10 January 2025.

²⁰ [Cloudflare Radar](#), accessed 10 January 2025.

²¹ [Statcounter, Mobile & Tablet Browser Market Share United Kingdom](#), accessed 10 January 2025.

and contribute to Apple's market power. In particular, Apple requires all browsers on iOS to use its WebKit browser engine, which determines the functionality they can provide, limiting their ability to innovate and differentiate from other browsers. In addition, Apple controls the access conditions (including functionality) for competing browsers. Apple also pre-installs and sets Safari as the default browser on iOS devices.²²

- c. Other factors contributing to Apple's market power include network effects caused by web developers seeking to develop content that is compatible with the most widely used browser engines;²³ and a lack of understanding and engagement on the part of mobile device users about how to actively choose which browser they are using.²⁴
- d. Apple's requirement that all mobile browsers on iOS use its WebKit browser engine also means that WebKit does not face any competition from rival browser engines on iOS.²⁵

25. The CMA has reasonable grounds to consider that Apple's position in relation to the provision of its Mobile Browser and Browser Engine may be *entrenched*. Apple's browser Safari has had a leading position on iOS devices for a number of years and third-party browsers face material barriers to entry and expansion, as outlined in the previous paragraph. The CMA is not aware of any potential future technological and/or other changes that would materially alter Apple's position over the proposed designation period, particularly given the strength of its market power and the substantial barriers to entry which reinforce its position.

Apple may have POSS in respect of the provision of the Mobile Browser and Browser Engine (section 2(2)(b) and section 6 of the Act)

26. Apple may have POSS in respect of the provision of its Mobile Browser and Browser Engine for the following reasons:
- a. In relation to the condition in section 6(a) of the Act: mobile browsers are a key gateway through which UK smartphone users access and search the internet. UK smartphone users spend an average of three hours a day using their mobile devices.²⁶ Approximately 8% of user time spent on mobile devices in 2022 consisted of interacting with standalone mobile

²² MEMS Appendix L, paragraphs 55.

²³ MEMS Final Report, paragraphs 5.78-5.79.

²⁴ MEMS Final Report, paragraph 5.97.

²⁵ MEMS Appendix L, paragraph 53.

²⁶ [OFCOM Online Nation 2022](#), page 4.

browser apps. ²⁷ In 2024, Apple's browser, Safari, had a share of supply of 88% on iOS mobile devices, ²⁸ and 43% supply across all mobile devices. ²⁹

- b. In relation to the condition in section 6(b) of the Act: Mobile browsers are apps which provide the primary gateway for users to access the web on their mobile devices, and hence for businesses to reach users with their content and products. Safari is, therefore, an important access point or gateway to users for a diverse and large range of businesses. This includes both online content providers and search engine providers. ³⁰
- c. In relation to the condition in section 6(c) of the Act: Apple's control of WebKit and browser functionalities on iOS mobile devices potentially affects web apps (apps/content which can be downloaded to a device home screen from a browser), as Apple is in a position to limit the functionality available to these apps to operate on iOS as a way to provide content and services to users. This may reduce the viability of web apps as a substitute for native apps, which can only be accessed through the App Store; and which must pay a commission to Apple in certain circumstances. ³¹
- d. In relation to the condition in section 6 (d) of the Act: Apple's control of WebKit, and the requirement that all mobile browsers on iOS use WebKit, enables it to determine the functionality and performance available to competing mobile browsers. ³²

²⁷ [Statista, Share of global time spent on browsers and apps 2022](#), accessed on 10 January 2025. Although the figure relates to Android users, it is likely to be similar for iOS users.

²⁸ [Cloudflare Radar](#), accessed 10 January 2025.

²⁹ [Cloudflare Radar](#), accessed 10 January 2025.

³⁰ MEMS Appendix L, paragraph 59.

³¹ MEMS Appendix L, paragraph 61.

³² MEMS Appendix L, paragraph 60.