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**APPLE'S RESPONSE TO CMA  
INVITATION TO COMMENT**

**SMS investigation into Apple's mobile ecosystem**

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**12 February 2025**

## 1. GENERAL COMMENTS

- 1.1. Apple welcomes the opportunity to respond to the CMA's Invitation to Comment (ITC), and intends to engage further with the CMA over the course of its SMS investigation.
- 1.2. **Since its inception, Apple's overriding focus has been on making the highest quality products and services for users.** This is the core of Apple's ethos as a company, and has been the driving force behind the development and release of numerous innovative and sought-after products.
- 1.3. Apple offers integrated products that combine hardware and software to create a highly differentiated user experience. iPhone and iPad include an operating system (OS), the App Store, apps, and hardware components that Apple designed from scratch to maximize performance, usability, privacy, and security. Other device makers like Samsung, Microsoft, and Google take a different approach, relying on licensable OSs designed to work on devices from many different OEMs.
- 1.4. **iOS and iPadOS are distinct operating systems.** Apple separately designed iOS and iPadOS to support devices with unique functionality that serve distinct use cases for users. For example, iPadOS supports large iPad screens with multitasking functionality like Stage Manager and Split View, integrated keyboard support with Magic Keyboard and integrated pencil support with Apple Pencil, all of which are unavailable on iPhone.
- 1.5. Apple believes it is important that the CMA's framing of relevant digital activities in its SMS investigation appropriately recognizes these distinctions. Apple does not consider its operating systems, the App Store, browser, and browser engine to be distinct products. These are all aspects of iPhone, iPad, and other integrated Apple products.
- 1.6. **Apple strongly competes to attract both users and developers to its mobile devices.** It competes not only with other device manufacturers, but also with a wide range of platforms on which users and developers transact, with different competitors active in different segments of transaction markets. **Apple is therefore under constant competitive pressure from a variety of sources to deliver innovative products and services.** This pressure is fierce, continuously evolving, and permeates all areas of Apple's business, including those addressed in the ITC.
  - 1.6.1. Apple competes vigorously for users of smartphones, tablets, and other devices with Samsung, Google, and other Android device manufacturers, by offering an integrated, curated alternative to devices using Android's licensed operating system.

- 1.6.2. Apple's mobile devices also face intense competition from other devices such as consoles, wearables, and smart TVs, and other platforms facilitating transactions between developers and users, including rival app marketplaces, gaming marketplaces, and web sites.
- 1.6.3. This competition has only been strengthened by ongoing technological developments (see paragraph 1.16 below). In this fast-paced and dynamic environment, Apple is keenly aware that if it does not continuously innovate and develop its offering (including its technology, software, and policies), that offering will quickly be left behind by its rivals.
- 1.7. **Users are free to choose rival devices. They purchase and upgrade to Apple devices because they provide a best-in-class experience.** Users choose Apple devices because they offer industry leading performance, rock-solid reliability, ease of use, and ample customization options.
- 1.8. Apple's success in the face of robust competition reflects the reality that users value Apple's innovative and integrated approach to its mobile devices. The ITC itself recognizes that consumer satisfaction levels with Apple devices are high, driven by Apple's substantial investment in innovation and new features and updates.<sup>1</sup>
- 1.9. The ITC acknowledges **the valuable role played by Apple in protecting user privacy, security, and safety on its devices.**<sup>2</sup> Evidence continues to show security and privacy are among our users' top reasons for purchasing an Apple mobile device. Access to iOS and iPadOS features is subject to stringent conditions and policies, designed to safeguard users' privacy and security, as well as the integrity of the platforms and the devices on which they run. These conditions also apply to Apple itself. Indeed, Apple would not be able to meet the expectations of users, or support its developer partners, without taking necessary steps to safeguard platform and device integrity. Apple takes its commitment to protect users very seriously. It is focused on monitoring and protecting against behavior and practices that would otherwise cause harm to users, threaten Apple's offering and undermine developers' innovations.
- 1.10. As the CMA rightly notes, significant numbers of mobile devices contain private and sensitive user data, such as data relating to banking details.<sup>3</sup> As independent study after independent study have shown time and again, this makes mobile devices a lightning rod for malign actors, and the proliferation of user activities conducted online through mobile devices also attracts organizations whose business model relies on harvesting and

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<sup>1</sup> Paragraph 24, Invitation to Comment.

<sup>2</sup> Paragraph 25, Invitation to Comment.

<sup>3</sup> Paragraph 22, Invitation to Comment.

commercializing user data. Further, the safe and secure environment that Apple has curated for users also has significant benefits to developers, by giving them a trusted environment in which users are encouraged to engage with new software.

- 1.11. **Apple’s approach to security, privacy, and safety offers mobile device users a clear choice.** The evidence shows that Apple's efforts to combat threats to its users is significantly more effective than Android and other device manufacturers. For example, Nokia’s annual Threat Intelligence Report in 2023 found that the number of malware infections on Android devices constituted 49% of all infected devices while reporting virtually no malware infections on iOS. Apple’s approach is grounded in its values and user-focused business model, in contrast to other operators whose business models treat users and their data as the product.
- 1.12. Apple believes that it is of the utmost importance that the CMA acknowledges the fundamental importance of this competitive differentiation and appropriately distinguishes between the different business models of Apple and its rivals. Actions which could undermine the breadth of user choice and the user benefits provided by Apple's integrated approach and its emphasis on privacy, security, device integrity, and safety would be counter-productive and contrary to the pro-competition aims of the CMA's digital markets regime.
- 1.13. **Apple continuously strives to strike the right balance between its carefully considered integrated approach and making its platforms available to third parties.** Apple has invested, and continues to invest, very significant resources in enabling third parties to offer iOS and iPadOS applications and compatible hardware. As Apple introduces new features, it works hard to enable third parties to benefit from them, when it is able to do so in a safe, secure, and privacy-friendly way. Apple also offers significant support and guidance to developers, empowering them to use the technologies built into iOS and iPadOS to develop their innovative apps and hardware.
- 1.14. Apple respectfully disagrees with the ITC’s assertion that its commercial terms can be "*make or break*" decisions for developers.<sup>4</sup> The App Store facilitated more than \$1.1 trillion in billings and sales worldwide in 2022, with the UK alone enjoying \$48 billion in billings and sales, by far the largest in all of Europe.<sup>5</sup> Worldwide, Apple collected a commission on less than 10% of these transactions.
- 1.15. **Restricting Apple's choices in the design of its mobile devices and services unduly would adversely affect Apple’s and third parties’**

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<sup>4</sup> Paragraph 27, Invitation to Comment.

<sup>5</sup> <https://www.apple.com/newsroom/pdfs/the-continued-growth-and-resilience-of-apples-app-store-ecosystem.pdf>

**incentives to innovate in the UK.** Apple's integrated products and services, and support for developers, are premised on its ability to continue to innovate for users. Apple would suggest that the CMA should seek to avoid overly broad interventions that would not only reduce Apple's incentives to innovate, but may also reduce incentives to innovate for third parties who already benefit significantly from the innovations made available by Apple for their own products. Apple trusts that this is not the intention of the CMA's digital markets competition regime, and that the CMA intends to foster innovation and ensure that innovators can thrive in the UK.

**1.16. Technology markets are highly dynamic, and this will continue to be the case in coming years.** Although it is difficult to predict the scope and potential of emerging technologies, there are numerous examples of disruptive technologies that have emerged since the UK began pursuing digital markets regulation. To name a few illustrative examples:

1.16.1. Generative AI technology and services have developed rapidly in recent years, and are driving fierce competition for mobile devices, apps, and services. Apple has introduced Apple Intelligence, which offers useful, intelligent tools that harness on-device processing and breakthrough innovations like Private Cloud Compute that protect user privacy. Apple's rivals have also invested heavily in generative AI services on mobile devices and are taking steps to integrate AI more deeply into their devices. For example, Google has recently announced that its AI assistant Gemini is now able to carry out multi-step actions across multiple apps based on a single user prompt.<sup>6</sup> Overall, the diverse range of competitors in AI industries – many of whom have a strong presence in the UK – continues to grow.

1.16.2. Further competitive pressure is being exerted by a new generation of virtual and augmented reality-driven, AI-powered wearable devices backed by significant ongoing investments. For example, Meta's total cumulative investments in virtual and augmented reality products like the Quest line of headsets and Ray-Ban Meta Advanced Glasses are due to exceed \$100 billion, including \$19.9 billion last year alone in Meta's Reality Labs division.<sup>7</sup> Samsung has recently displayed a next generation headset it is developing in partnership with Google, and which runs Android XR (an operating system designed specifically for headsets and smart glasses).<sup>8</sup>

1.16.3. Hand-held gaming devices have proliferated in recent years following the widespread success of the Nintendo Switch, such as

<sup>6</sup> <https://blog.google/products/gemini/new-gemini-app-updates-android/>

<sup>7</sup> FT - Meta's investment in VR and smart glasses on track to top \$100bn, 3 February 2025

<sup>8</sup> <https://news.samsung.com/global/exclusive-photo-inside-look-at-galaxy-unpacked-2025-how-galaxy-ai-stole-the-show>

the Valve Steam Deck, ASUS ROG Ally, and Lenovo Legion Go, which offer access to PC-quality gaming experiences and streaming content.

- 1.17. These developments, emerging before the digital markets regime came into force, have already delivered significant benefits for UK users. To continue to foster these benefits and to spur growth and investment, Apple trusts the CMA will ensure that the digital markets regime is proportionate, adaptive to fast-moving markets, and supportive of the UK's significant innovative potential.
- 1.18. Digital markets regulation that has the effect of unduly restricting the provision of differentiated, innovative offerings will undermine the UK's ability to benefit from future technological progress in mobile device hardware and software and future areas of innovation. This would not serve the interests of developers, who would face reduced opportunities and incentives to invest. And it would not serve the interests of users, who would face inferior products and services, and a deterioration in the seamless experience they have come to expect from Apple.
- 1.19. The DMCC Act's digital markets regime affords the CMA expansive discretion. In this context, Apple trusts that the CMA will appropriately assess and design any interventions in a way that does not depress incentives to invest in the UK, including by disproportionately burdening commercial and intellectual property rights, favoring the narrow self-interest of stakeholders, or discriminating against certain business models.

## **2. RESPONSES TO SPECIFIC CONSULTATION QUESTIONS**

### Scope of CMA's investigation (Q1)

- 2.1. Apple intends to engage constructively with the CMA. However, Apple has concerns about (i) the broad scope of the CMA's SMS investigation as outlined in the ITC, coupled with (ii) the very limited time for the CMA to assess the relevant issues in sufficient detail to accurately consider any proportionate interventions under its statutory framework. The investigation scope outlined in the ITC covers a very significant proportion of Apple's overall business activities, in a wide and potentially unfocused manner. It also appears to conflate the value propositions of Apple and Google despite the fact that the two companies have very different business models and incentives. These circumstances raise significant risks that the CMA's findings and decisions will lack appropriate context and substantiation, and that UK users may suffer as a result. Apple has seen this in other jurisdictions.<sup>9</sup> Apple would expect therefore that the CMA will, following the

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<sup>9</sup> See, for example, Apple's papers on risks associated with interoperability ("It's Getting Personal", December 2024 - <https://developer.apple.com/support/downloads/DMA-Interoperability-Dec-2024.pdf>) and with sideloading ("Building a Trusted Ecosystem for Millions of Apps: A threat analysis of sideloading", October 2021 - [https://www.apple.com/privacy/docs/Building\\_a\\_Trusted\\_Ecosystem\\_for\\_Millions\\_of\\_Apps\\_A\\_Threat\\_Analysis\\_of\\_Sideloading.pdf](https://www.apple.com/privacy/docs/Building_a_Trusted_Ecosystem_for_Millions_of_Apps_A_Threat_Analysis_of_Sideloading.pdf)).

evidence gathering stage, substantially narrow and focus the scope of its investigation as its understanding of the relevant matters develops.

- 2.2. The ITC acknowledges that the CMA's mobile SMS investigations are conducted separately from its mobile browsers market investigation.<sup>10</sup> Apple agrees. It is important that the CMA and the Digital Markets Board Committee overseeing this investigation take a fresh, objective and independent approach in these SMS investigations, consistent with its guidance and statutory obligations, and not merely re-use or re-frame evidence from prior proceedings. This is particularly vital in light of the fast-developing technology markets the CMA seeks to regulate.

#### Avenues of CMA's investigation (Q2)

- 2.3. Apple has concerns that the CMA's avenues for its SMS investigation set out in paragraphs 70-72 of the ITC are not sufficiently balanced or holistic. It is essential that in order to reach proportionate outcomes in its SMS investigation and consideration of possible interventions, the CMA's assessment should fully address important factors such as user benefits in relation to privacy, safety and system integrity, and competitive differentiation.
- 2.4. As the prominent examples at paragraph 1.16 above demonstrate, Apple's mobile devices faces strong constraints from an array of market alternatives. Apple keenly appreciates that users will vote with their feet if they are not satisfied with the product or experience that Apple provides. If Apple does not continuously innovate and develop its products in this highly dynamic and fast-paced environment, it will quickly be left behind by rival operators and service providers. Apple strongly believes that competition among mobile devices, apps, and services will continue to intensify if market participants are provided with the conditions to continue to invest and innovate.
- 2.5. Under Section 5 of the DMCC Act, the CMA must take into account in its assessment developments that (a) would be expected or foreseeable if the CMA did not designate Apple as having SMS in respect of the digital activity, and (b) may affect Apple's conduct in carrying out the digital activity. The developments noted at paragraph 1.16 above clearly meet this bar – they are both well-documented and are already impacting the markets in which Apple competes.
- 2.6. Apple also has concerns with statements made in the ITC which may risk unbalanced and disproportionate conclusions being drawn later in the CMA's SMS investigation. For example, the ITC asserts that Apple is in a position to "*control how new artificial intelligence (AI) services such as chatbots and personal assistants are integrated into [its] mobile operating*

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<sup>10</sup> Paragraph 35, Invitation to Comment. Apple notes that it disagrees with many of the CMA's provisional findings in the mobile browsers market investigation, and also disagrees with many of the CMA's findings in its mobile ecosystems market study.

*system*]].”<sup>11</sup> This statement does not take account of the realities of competition in fast-developing and dynamic AI industries in which Apple participates. According to public reports, ChatGPT reached 100 million users before it ever offered a native app, demonstrating the continuing significance of the web as a distribution method.<sup>12</sup> AI services are likely to continue to influence how users are able to interact on the web, and facilitate streamlined access to content, services, and businesses. It is clear that Apple has not and will not limit opportunities for AI services in this environment.

#### Potential interventions set out in the ITC (Q4 and Q5)

- 2.7. Apple welcomes that the CMA has reached no conclusion that any possible interventions addressed in the ITC would reach the relevant legal threshold.<sup>13</sup> Nonetheless, as noted above Apple is concerned by the broad and wide-ranging nature of the potential interventions listed in the ITC, which would cover wide swathes of Apple's business, risk serious adverse impacts for users, and disproportionately interfere with Apple's commercial and property rights. Indeed, many of these interventions (if implemented) could require a complete re-architecting of Apple's proprietary hardware and software, notwithstanding their continuous improvement, and the reality that Apple's products are valued and trusted by many millions of UK users.
- 2.8. It is important that any interventions ultimately introduced by the CMA under its digital markets powers do not undermine UK users' safety, experience, and choices. Apple looks forward to engaging further with the CMA during its SMS investigation, to ensure the DMU fully understands the significant innovations and investments implemented by Apple, including in relation to the important security, integrity, and privacy mitigations that are necessary on its platform. The available evidence continues to demonstrate the importance of Apple's oversight role on its platform with respect to security and privacy, and that these standards would likely be eroded were this role to be constrained.<sup>14</sup>
- 2.9. The ITC also refers to conduct requirements addressing future, potential harms. Future conduct and its consequences, both benign and harmful, can be difficult to identify and even harder to remedy, particularly in fast-moving technology markets. Apple respectfully urges the CMA to ensure that it

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<sup>11</sup> Paragraph 23(a), Invitation to Comment.

<sup>12</sup> <https://www.reuters.com/technology/chatgpt-sets-record-fastest-growing-user-base-analyst-note-2023-02-01/>

<sup>13</sup> Paragraph 82, Invitation to Comment.

<sup>14</sup> Apple notes that the recent Department for Science, Innovation and Technology (DSIT) survey published in December 2024 demonstrated a widespread lack of awareness of important standards on security and privacy on the part of UK app developers, and that very significant concerns would remain with respect to security and privacy on mobile services if not for Apple's integrated approach to device integrity.



avoids interventions intended to address speculative, undefined, or unsubstantiated harms.

- 2.10. As noted above, Apple is committed to supportive and balanced relationships with third-party developers on its platform – relationships that are critical to the user experiences on its devices and in which Apple has made significant investments. Apple has long provided developers with access to a vast array of technology to allow them to build, enhance, and improve their apps, together with live support and extensive online resources and documentation, technical assistance and labs to demonstrate how new technology can be deployed, while protecting the security and privacy of its users and integrity of their devices.
- 2.11. The pro-competitive impacts of this approach are clear from the millions of developers who continue to benefit from Apple's platform, and the countless new apps and services that Apple's mobile devices and platforms have facilitated. It is crucial that the CMA does not undermine third parties' own incentives to invest and innovate.
- 2.12. Relatedly, Apple has some concerns that the framing of some of the CMA's questions in the ITC may result in the CMA's evidence base being skewed or unrepresentative in the round. For example, Question 4 asks respondents to identify concerns relating to Apple's mobile ecosystem, "*together with evidence of the scale and/or likelihood of the harms to your businesses; or to consumers*". This question does not invite evidence from parties who do not have such issues. Absent efforts to elicit a balanced set of views, Apple is concerned that the CMA may draw adverse conclusions based on complaints from a small number of self-interested parties. It is vital that the CMA's evidence-gathering in the SMS investigation enables it to make fully informed, proportionate assessments.
- 2.13. Apple trusts that the CMA will promote competition as a means of delivering better outcomes for users, consistent with its past statements regarding the digital markets competition regime, rather than focusing on claimed harms to individual businesses as an end in itself.<sup>15</sup> It will be essential for the CMA to appropriately and critically assess all submissions received in response to the ITC and more broadly in its SMS investigation, and the extent of the evidence underpinning those submissions, consistent with its statutory obligations and guidance.
- 2.14. Robust further assessment and narrowing of the CMA's areas of concern will be essential to arrive at balanced conclusions under the CMA's extensive digital markets powers. During the course of its SMS investigation, Apple trusts that the CMA will appropriately refine its initial areas of possible interventions set out in the ITC, to enable proportionate

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<sup>15</sup> Overview of the CMA's provisional approach to implement the new Digital Markets competition regime, 11 January 2024.

decisions to be reached that are consistent with UK growth and investment objectives.

Key lessons the CMA should draw from interventions being considered, imposed and/or implemented in relation to mobile ecosystems in other jurisdictions (Q6)

- 2.15. Apple welcomes the CMA's stated commitment to a targeted and proportionate digital markets competition regime. This provides opportunities for the digital markets competition regime to deliver balanced and measured outcomes for UK consumers and businesses.
- 2.16. It is also essential that remedies considered or implemented in other jurisdictions are viewed by the CMA in the context of the relevant legal process and circumstances to which they relate, and the unintended consequences they risk producing, including in relation to device integrity and innovation, consistent with the CMA's statutory obligations and guidance. Apple notes the CMA's primary obligations under the digital markets competition regime to make decisions that are proportionate and promote benefits for users and potential users in the UK; and trusts that the CMA will act with considerable care, and with these duties front of mind, in seeking to draw any lessons from interventions under distinct legal frameworks and in different contexts in other jurisdictions.

### 3. **CONCLUSION**

- 3.1. Apple believes that the CMA should take into account all of the factors explained above in its SMS investigation and consideration of potential interventions. In particular:
  - 3.1.1. It is crucial that the CMA's SMS investigation appropriately recognizes the integrated nature of Apple's products, which combine hardware and software to create distinct, secure, private and coherent overall user experiences (in contrast to the business models of other device makers);
  - 3.1.2. Apple is under constant competitive pressure to deliver innovative and differentiated products and experiences. This pressure is fierce, multi-faceted, evolving and will continue in the future, driven by the highly dynamic and innovative nature of technology markets;
  - 3.1.3. Apple provides significant benefits both to users and third parties on iOS and iPadOS, demonstrated by its numerous sought-after products over the last few decades, and the thriving ecosystem of developers and apps carefully curated by Apple;
  - 3.1.4. Unduly restricting Apple's choices in the design of its mobile devices and services will undermine Apple's crucial integrated approach for the security and privacy of its users, and threaten incentives to invest for Apple and third parties;

- 3.1.5. Apple is concerned by the extremely broad scope of the CMA's SMS investigation as outlined in the ITC, in the time available under the CMA's statutory framework. Robust further assessment and narrowing of the CMA's initial areas of concern will be essential to allow Apple to fully engage and for the CMA to arrive at balanced, proportionate conclusions.