Comment on the CMA's Proposed Steering Conduct Requirements for Apple's and Google's Mobile Platforms

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This response relates to both the Apple and Google consultations. It contains no confidential information and may be published in full.

1. Introduction and summary

1.1 We write in response to the consultations on proposed Steering conduct requirements (CRs) for Apple's and Google's mobile platforms published on 30 June 2026.[1] Except where noted, our comments apply to both consultations. They bear on consultation questions 6.2 and 6.8, and on questions 6.4 to 6.7 insofar as the design of the CR affects the fee level that can be considered fair and reasonable.

1.2 Our submission makes four points. First, the competitive bottleneck in these markets is app distribution, not payment processing; a steering remedy that leaves the distribution monopoly in place is a second-best measure, and the fee it permits should be calibrated with that in mind. Second, the platforms' claims defending high fees are overstated: their incentives to invest in their app stores do not depend exclusively, or even primarily, on steering-fee revenue, and their ability as monopolists to generate costs to pass on to developers that would not survive competitive conditions can be used to inflate fees. Third, the observable prices set by firms that compete for app distribution run from zero to five per cent, an order of magnitude below the platforms' 30% headline rates. Fourth, the objection that a low steering fee would discriminate against developers who remain on the platforms' payment systems is without force.

1.3 We accordingly propose that: (a) for so long as a designated firm forecloses competition in app distribution (i.e., there are no independent app stores on the platform), its steering fee should be zero; (b) if the CMA nonetheless permits a positive fee, the platform bears the burden of establishing the reasonable cost of distribution that would justify a fee, bearing in mind that a monopolist can generate costs a competitive firm cannot — given evidence under competition, no fee above about five per cent should be capable of being shown fair and reasonable; and (c) in any event, where a firm fails to demonstrate to the CMA's satisfaction a fee complying with the CR's principles, the fee should default to zero until it does.

2. The competitive bottleneck is distribution, not payments

[1] CMA, Consultation: Steering Conduct Requirement — Apple's Mobile Platform, 30 June 2026; CMA, Consultation: Steering Conduct Requirement — Google's Mobile Platform, 30 June 2026.

2.1 The harms the CMA identifies flow from the designated firms' control over the distribution of native apps. The SMS Decisions found that developers must use these platforms to reach a large and distinct user base and, in Apple's case, that its policies prohibit alternatives to its App Store.[2] The proposed CRs, however, address only the ability to steer users to alternative payment; they do not open app distribution to competition.[3] The current regulatory process is therefore price regulation of a bottleneck rather than removal of one. The CMA is much better equipped to fix a competition problem than to engage in ongoing price regulation; moreover, consumers would gain from that approach. Even worse, app distribution is not a natural monopoly, where price regulation could be a good tool; the platforms have created their distribution monopolies, and competition is a perfectly feasible alternative that would obviate the need for price regulation.

2.2 This second-best character of price regulation should discipline the CR's design in two ways. First, because entry into distribution on these platforms is foreclosed, no competitive market price for steering exists, and the platforms' own claimed valuations cannot substitute for one; the fee should instead be set by reference to the competitive benchmarks discussed in Section 5. Second, the CMA should treat the emergence of real distribution competition as the priority. Google's announced Registered App Stores programme is, in this respect, of major consequence, and we encourage the CMA to monitor it for substance — its terms, defaults, and frictions — in the next phase of its work.[4]

3. The value framework: developers and platforms serve each other

3.1 The draft CR's value-based principle requires that the fee assessment adjust for the platform's market power and take account of the value contributed by developers, in aggregate, across all elements of the platform.[5] We urge the CMA to give these provisions their full weight, because the consultations elsewhere adopt a one-directional framing that does not reflect economic realities. It is not the case that the app store is a service the platform provides to developers, for which it must be fairly compensated lest it underinvest.[6] Instead, the app store is a service the platform provides to attract valuable end-users. The store attracts developers through two-sided network effects; developers supply the applications that make a smartphone valuable to end-users. The platforms' core monetisation of their ecosystems does not run through app store commissions: Apple's primary revenue from the ecosystem is the

[2] Strategic Market Status Investigation into Apple's Mobile Platform: Final Decision, 22 October 2025; Strategic Market Status Investigation into Google's Mobile Platform: Final Decision, 22 October 2025.
[3] Apple consultation, paragraph 1.6 and footnote 7 (Apple's policies prohibit alternatives to its App Store); Google consultation, paragraph 1.14 (Registered App Stores programme).
[4] Google, A New Era for Choice and Openness, 4 March 2026; Google, Expanded billing choice and lower fees on Google Play, 24 June 2026; Google consultation, paragraphs 1.14–1.15.
[5] Apple consultation, proposed Steering CR, paragraphs 13(d) and 13(e). The Google consultation contains parallel provisions.
[6] Apple consultation, paragraphs 4.89–4.92 (Apple's submissions on value and investment incentives).

sale of the handset itself, and Google's is advertising and associated services.[7] A platform whose app store decayed and whose developers departed would lose device sales and engagement. The platform invests in its store to sell phones or advertising, not just because of sales fees in the store itself.

3.2 The United States now provides a natural experiment. Since 30 April 2025, when the district court found Apple in wilful violation of the Epic v. Apple injunction — a finding affirmed by the Ninth Circuit on 11 December 2025 — Apple has been barred from charging any commission on link-out purchases in the US.[8] We are aware of no evidence that Apple has reduced its investment in the US App Store in the period since. A high-quality store remains as critical to iPhone sales as it was before the steering fee fell to zero.

3.3 The CMA's own record completes the picture: even at a zero fee, several developers had not adopted steering in the US by August 2025, and were still weighing whether it would benefit them.[9] This unclear calculus indicates that the costs to developers of leaving the platform environment are already high and further support a low fee.

3.4 Allowing a cost-based fee without competition permits the monopolist to create costs that a competitive firm would not have, and build those costs into the fee. This ability further demonstrates the superiority of competition for distribution over fee regulation. A zero fee — as long as the monopoly persists — both avoids this problem of excessive costs and incentivises the monopolist to permit competition, where the monopolist can charge a positive price. Notably, if third-party stores are in practice able to compete with the Play Store for consumers on Android under the system Google has announced, this constraint would no longer apply to Google.

4. Design concessions are an implicit tax

4.1 The consultation documents record that steered transactions already carry a material implicit cost. Developers reported conversion rates of 30 to 60 per cent on steered transactions against rates consistently above 60 per cent for in-app purchase; one developer saw monthly active users fall 4 per cent after adding a lower-priced web option; an industry study found web-based subscription payments reduced take-home revenue by 6 per cent.[10] These frictions

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[7] In its 2024 fiscal year, iPhone sales of $201.2 billion accounted for approximately 51% of Apple's total net sales of $391.0 billion (Apple Inc., Form 10-K for fiscal year 2024). Alphabet generated more than 75% of its $350.0 billion in 2024 revenues from online advertising (Alphabet Inc., Form 10-K for fiscal year 2024).

[8] Epic Games, Inc. v. Apple Inc., Order Granting Motion to Enforce Injunction (N.D. Cal., 30 April 2025), finding Apple in wilful violation of the 2021 injunction and barring any commission on link-out purchases; affirmed, Epic Games, Inc. v. Apple Inc. (9th Cir., 11 December 2025). The consultation cites the Ninth Circuit's discussion of limiting recovery to incremental cost: Apple consultation, footnote 129.

[9] Apple consultation, paragraph 4.100(a).

[10] Apple consultation, paragraph 4.97 and footnote 114 (steered-transaction conversion of 30–60% against consistently above 60% for in-app purchase; a 4% fall in monthly active users following introduction of a lower-priced web payment option; RevenueCat finding of a 6% revenue reduction from web-based subscription payments).

reduce the value of steering in the first place — before any explicit fee is charged — and increase the incentive to remain with the monopoly distributor. Low uptake in the EU under Apple's existing fee stack shows what happens when an explicit fee is layered on top.[11] The CMA should consider the burden on developers due to the low quality of any link-out design before allowing any positive fee.

4.2 The proposed CRs resolve most contested design questions in the platforms' favour: an interstitial screen is permitted; WebViews may be prohibited; link-outs may be confined to the developer's own website and to completing a transaction; and the platform's own payment channel must remain available alongside the developer's. These adverse design elements raise the implicit price of linking out described above. The more friction the platform is permitted to impose on steered transactions, the lower the explicit fee must be for steering to remain viable at all. If the CMA maintains these design concessions in the final CR, that choice should itself push the fair and reasonable fee downward.

5. Where firms compete for distribution, the observed price is zero to five per cent

5.1 Although no market price exists on the designated platforms, prices set under more competitive conditions can be observed elsewhere. One Store, the carrier-backed Korean store, is the largest store competing head-to-head with Google Play in a market where Play operates. It holds roughly 13 per cent of the Korean market for app store game transactions.[12] Its standard service fee is 20 per cent; where the developer uses an external payment method, its fee is 5 per cent, inclusive of VAT.[13] That 5 per cent is a competing store's price for the bundle at issue in this consultation — distribution, discovery, and platform access without payment processing. One Store has maintained this fee level since 2018.

5.2 One Store is the largest competitor faced by either mobile platform measured in terms of market share. Even so, the market contains only two firms rather than many; and theory predicts that duopolies produce higher prices than perfect competition will. In addition, One Store may be weaker than it should be. In 2023, the Korea Fair Trade Commission found Google to have abused its dominance in app distribution by penalising developers that used One Store (e.g., those that gave One Store initial launch rights to a new game).[14]

[11] Apple consultation, paragraph 4.100(b) (low EU uptake attributed in part to fees under Apple's EU structure of a 5% Core Technology Commission, 2% Initial Acquisition Fee, and 5% or 13% Store Services Fee).
[12] In 2025, One Store passed Apple's App Store to become the second largest app store in terms of game transaction volume in South Korea, reaching a share of 12.6 per cent over the period of 2020–2025 (Apple's App Store was at 12.3 per cent). Lee Myeonghwan, The Asia Business Daily, One Store captures gamers, surpasses Apple App Store to rank second in transaction volume, 18 August 2025.
[13] ONE Store Developer Center, Service Fees (Korea): standard service fee of 20% of the user payment; 5% where the developer uses an external payment method; rates stated inclusive of VAT. Available at onestore-dev.gitbook.io.
[14] Hwa Ryung Lee, "Abuse of Dominance in Digital Markets: The Korea Fair Trade Commission's Google Play Store Decision," *Seoul Journal of Economics* 37, no. 1 (2024): 37–54, DOI: 10.22904/sje.2024.37.1.002.

5.3 The Epic Games Store, available worldwide on Android and in the EU on iOS, charges 12 per cent where Epic processes the payment and zero where a third party does.[15] Zero is Epic's price for distribution without payment.

5.4 These prices are set by firms that must win developers on the merits, and they sit an order of magnitude below the designated firms' 30 per cent headline rates — rates the CMA's own profitability analysis shows bear no evident relationship to cost.[16] It is also instructive that nowhere the designated firms' stores operate freely has any third-party store achieved competitive scale: Amazon, with its billing infrastructure and Prime user base, withdrew its Android store in August 2025;[17] the stores that have succeeded operate where Play is absent, mandated by government, or supported by carriers in a single market. This is consistent with our points in Section 2 above: entry is foreclosed, no market price can emerge on the platforms themselves, and the nearest observable competitive benchmarks are zero to five per cent.

6. The discrimination objection fails

6.1 Apple submits that a cost-based fee applied only to steered transactions would discriminate against developers who use its in-app purchase system. But developers choose their channel: any developer may steer, so none is confined to the higher-fee route. Further, Apple sets its own in-app purchase fee and may lower it at any time. A monopolist cannot resist a remedy that reduces one supra-competitive price on the grounds that customers still paying its other supra-competitive price would be treated unequally; the cure for that inequality lies in the monopolist's own hands. If competitive pressure from steering leads the platforms to lower their wider commissions, that is the CR operating as the CMA intends.[18]

7. Proposals

7.1 First, for so long as a designated firm forecloses competition in app distribution (i.e., does not permit third-party stores with equivalent functionality), its steering fee should be zero. This follows from the CR's own architecture: paragraph 13(d) requires the value-based assessment to adjust for the effects of the firm's entrenched market power, and the full measure of that adjustment must account for the firm's own conduct in preventing a market price from emerging. A zero fee during foreclosure also leaves the choice with the platform: it can open app distribution to competition and let the market set fees, or it can retain the monopoly and charge nothing on steered transactions.

[15] Epic Games, Epic's New Game Strategy for Mobile Stores (store fee of 12% for payments Epic processes and 0% on third-party payments).
[16] Apple consultation, paragraphs 4.109–4.111 (Apple ROCE averaging 207% over five years; App Store gross margins; consistency with the CAT's findings in Kent v Apple).
[17] Amazon discontinued the Amazon Appstore for Android devices on 20 August 2025, retaining it on Fire devices.
[18] Apple consultation, paragraph 1.13 (downward pressure on wider App Store commission fees as an objective of the proposed CR).

7.2 Second, if the CMA nonetheless permits a positive fee, we find it hard to see how any fee above about five per cent could be demonstrated fair and reasonable, given that five per cent is the price charged by the largest store that competes with Google Play head-to-head, and that the steering fee compensates services exclusive of payment processing.

7.3 Third, the CR should state the consequence of a failure of proof. Paragraph 9(a) requires the firm to demonstrate to the CMA's satisfaction that each fee is fair and reasonable, but the draft is silent on what follows if it does not. The fee should default to zero until the firm carries its burden. This mirrors the US outcome, where the zero fee followed Apple's failure to justify the 27 per cent fee it chose to charge; and it answers the asymmetry documented in the consultation, in which Apple asserts it cannot allocate its own costs while retaining the benefit of fees set without reference to them.[19] A burden of proof without a default is an invitation to delay.

8. Application to Apple and Google

8.1 These arguments apply to both consultations. The points concerning investment incentives and the burden of proof bear most heavily on Apple, which has both declined to provide cost data and been found in wilful violation of a steering injunction. The distribution point bears most heavily on Google, whose Registered App Stores programme is the one live prospect of entry on either platform. We note that Google's new Play terms, effective in the UK on 30 June 2026, set service fees on steered transactions of 10 to 20 per cent depending on tier and programme. These are unilateral compliance prices announced in the shadow of regulation, not market outcomes, and they should be assessed against the benchmarks above rather than treated as evidence of a reasonable rate. To the extent that Google permits a competitive market in third-party app stores in 2027, the CMA will learn about competitive prices for various app distribution services which it can apply to its analysis of both Apple and Google.

9. Conclusion

9.1 Applied with full weight — to the platforms' market power, to the value developers contribute, and to the prices observed where distribution is contested — the CMA's provisions point to a fee of zero as long as distribution continues to be foreclosed, no more than about five per cent in any event, and zero by default where the firm fails to carry its burden of proof. Competition for distribution will surface market prices on its own, and we encourage the CMA to use its regulatory authority under the DMCCA to effect that end. Indeed, the CMA could obviate the need for a cumbersome regulatory process simply by requiring competition in app distribution in the UK.

[19] Apple consultation, paragraph 4.93 and 4.109 (Apple's stated inability to allocate costs); paragraph 4.116 and footnote 136, citing Dr. Rachael Kent v Apple Inc. [2025] CAT 67, paragraphs 599 and 602.