

Care for some regulation?

## Basics of EU data economy regulation – fair rules for online platforms



This training course consists of five sections. Completing them takes about 90 minutes. But take as much time as you need. We all learn in our own way and at our own pace, so you can pause a section, go back and move freely between the sections as you wish.

Once you have completed all the sections, you can submit feedback and request a certificate.

-  1. Welcome to the data economy
-  2. The diverse group of digital services
-  3. New rules for digital services
-  4. Restrictions on digital giants
-  5. Summary
-  Feedback and certificate

# 1. Welcome to the data economy

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**New rules for the data economy open up important opportunities for individuals and businesses in the EU. It is well worth seizing them today.**

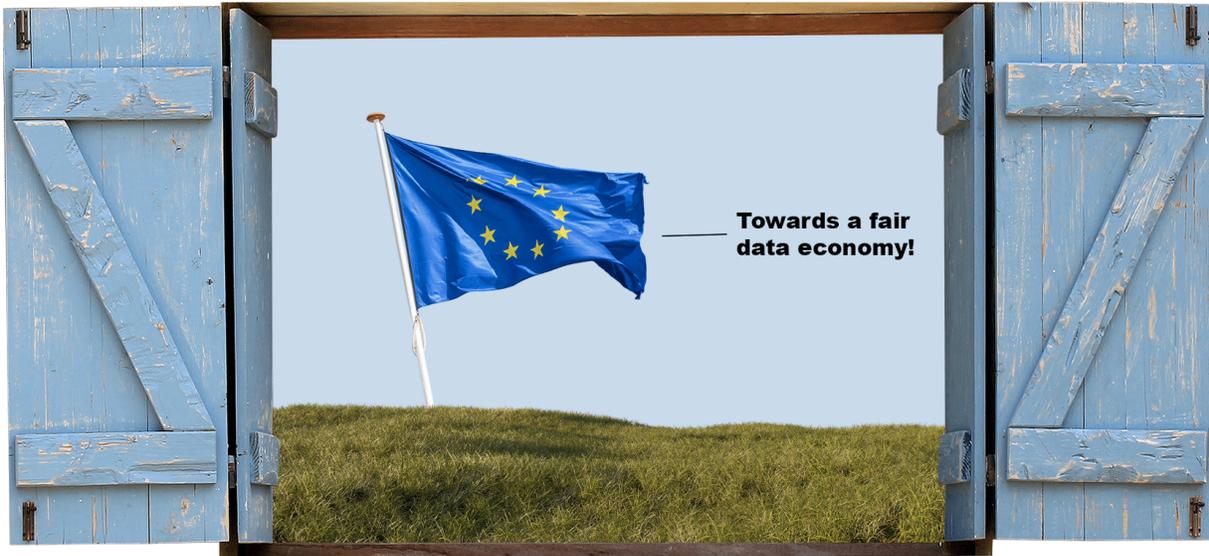
We are currently undergoing a historic transition towards a fair data economy. This is being accelerated by new EU legislation that aims to make the digital services we use fairer and more transparent.

**What are digital services?** As you'll see, digital services are also referred to in these materials as *intermediary services*. They include search engines, social media platforms, cloud services, mobile app stores and marketplaces. During the training, you will learn to identify these services and the changes that apply to them.

**The aim of the training** is to help you understand what obligations, rights, and opportunities the new EU rules mean for you as an individual, small business or medium-sized enterprise.

The legislation-driven transition towards a fairer data economy will benefit all of us who use digital services in our daily lives or as part of our business.

The new EU rules are also designed to benefit small and medium-sized enterprises that provide digital services. For small businesses, the situation is easy, as they do not have to comply with a significant portion of the rules. Medium-sized enterprises will benefit as the new rules will allow them to enter the market on a more equal footing with larger companies.



Continue

## Data, a key to economic success

**What is the data economy?** The data economy is an area of the economy where the collection and use of data are central.

In a fair data economy, data is used to ethically create services and products that improve people's daily lives. Businesses of all sizes grow through innovation and new solutions increase the well-being of society and the environment. Fairness means that the rights of individuals are protected and the needs of all parties are taken into account.

The data economy is important because data can be used to develop better services, improve our quality of life, and streamline business and public sector activity. At its best, the data economy benefits all parties equally: people, businesses and society.

But the data economy is not yet fair. The value and economic benefits of the data collected from and about us are concentrated in the hands of a few giant companies that provide digital services.

### Interview: Kristo Lehtonen, what is a fair data economy?

Kristo Lehtonen leads Sitra's Fair Data Economy theme. Here, he discusses the opportunities of the data economy for businesses. How can data improve business operations? Why is data accumulation a problem of digital waste? And what would a fairer data economy look like?

*Instruction: Turn on subtitles by clicking the CC icon at the bottom of the video.*



### *Test your knowledge*

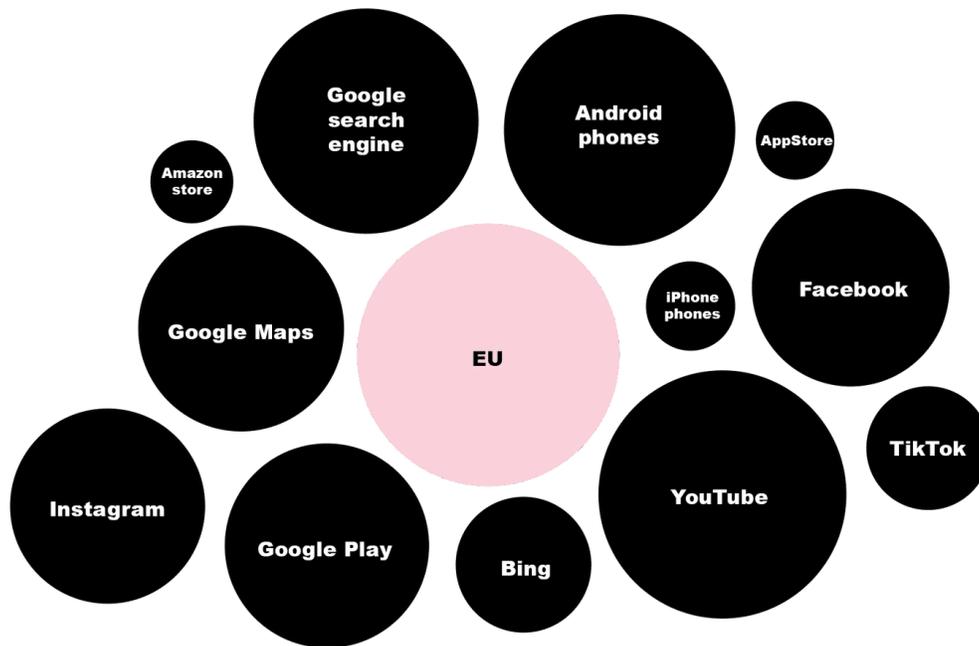
What are the characteristics of a fair data economy identified in the interview?

- It is based on European values.
- Data will move and be shared according to common ground rules.
- The operations of digital giants in Europe will be banned.
- The benefits of data will be shared more evenly among different parties.
- Individuals will have more rights to the data collected about them.

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### **Examples of large digital service providers**

Numbers of users in relation to the size of the EU market (450 million consumers). Data from spring 2023.



#### *Thought exercise*

Large amounts of data are collected about us and our behaviour in the digital environment. This often happens without our knowledge and we have little or no control over it. Why is it problematic that the benefits of data are concentrated in a few companies?

### **Interview: Miapetra Kumpula-Natri, how did your data get spread around the world?**

Miapetra Kumpula-Natri is a Member of the European Parliament who participated in Sitra's Digipower survey (2022). The survey investigated where the data of the test subjects, who included well-known politicians and social influencers, spread to and how the data and profiling could give an overall picture of them. The test subjects were given test phones with a tracking app that traced the collection and spread of data as they used digital services.

The survey revealed the extent to which Kumpula-Natri's personal information was spread around the world through digital giants as a result of her use of various digital services. Kumpula-Natri shares her experiences and concerns about protecting individuals in the digital world.

*Instruction: Turn on subtitles by clicking the CC icon at the bottom of the video.*



### Test your knowledge

Whose responsibility is it to ensure that your data is not misused?

- Only yourself
- Only society
- Both society and the individual must bear some of the responsibility.

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## Regulation is making the data economy fairer

Over the past two decades, the importance of search engines, social media platforms, mobile app stores, and other digital services has grown dramatically. However, their regulation has not kept pace with this rapid development. Many platforms have grown to play an important role in society and people's daily lives. At the same time, these are profit-driven, often foreign multinational corporations for whom the benefits and harms of their activities to users and societies are secondary.

That is why the European Commission set out to solve the problem. New data legislation will soon have to be complied with in all 27 EU member states. The biggest impact will be on data giants operating in the EU's internal market, but the new legislation will also affect smaller digital services. Regulation in directly brings benefits to all of us, from small businesses to the public sector and from individuals to organisations.



“The EU legislative framework aims to ensure that businesses of all sizes will benefit from the internal market. This will allow smaller platforms, SMEs, and startups to scale up within the EU. The trust needed to share data can also help us address major societal challenges, such as accelerating the green transition, healthcare, and transportation.”

**- Margrethe Vestager, European Commissioner for Competition, Executive Vice-President for A Europe fit for the Digital Age and Vice-President of the Commission**

The European Commission aims to create equal opportunities for different companies in the data market. It restricts the power of digital giants and seeks to strengthen the competitiveness of European businesses worldwide.

## **The EU has developed plenty of new regulation on communications and information technology, competition and the platform economy**

You don't need to memorise the following list, but it gives an idea of the overall regulatory landscape.

The goals of the European Commission's data strategy (2020) are:

- To make Europe a global leader in the data-driven society
- To ensure that data can move freely within the EU and between different sectors
- To make high-quality data available to enable innovation
- To respect European rules and values

New and updated regulatory frameworks for pursuing these goals include:

- Fair competition between companies in digital markets (Digital Markets Act, DMA)
- New obligations to improve the transparency and security of digital services (Digital Services Act, DSA)
- Safe and ethical use of artificial intelligence (Artificial Intelligence Act, AIA)
- More efficient use of smart device data and cloud services (Data Act, DA)
- Better use of public sector data and new collaboration models (Data Governance Act, DGA)
- Improved cybersecurity (Network and Information Security Directive, NIS2)
- Wider interoperability of different data sources for the public sector (Interoperable Europe Act)

## **Other rules related to the data economy**

In addition, there is a wide range of familiar rules guiding businesses navigating the data economy, including:

- Protection of personal data, digital trust (General Data Protection Regulation, GDPR)
- Reuse of public sector data (Open Data Directive)
- Free movement and transfer of data for professional users (Regulation on the free flow of non-personal data)

- Processing of personal data in law enforcement situations (Directive on the protection of individuals with regard to the processing of personal data by competent authorities for the purposes of prevention, investigation, detection or prosecution of criminal offences)
- Regulation on promoting fairness and transparency for business users of online intermediation services
- Harmonisation of copyright legislation (Copyright Directive)
- Protection of databases (Database Directive)
- Copyright Directive
- Stronger protection for consumers entering into contracts with traders for digital services or content (Directive on certain aspects concerning contracts for the supply of digital content and digital services)
- Protection of trade secrets, including data-driven products (Trade Secrets Directive)
- Sector-specific rules on the use and processing of data in payment services (Payment Services Directive, PSD2)
- Legal protection of computer programs (possibly data-intensive) under copyright law (Computer Programs Directive)
- Provision of digital identification for individuals and businesses (eIDAS Regulation)
- Privacy in electronic communications (Directive on privacy and electronic communications) (intended to be replaced by a Regulation)
- Platform-to-Business Regulation.

#### *Thought exercise*

There are many different types of regulation in the data economy. For the sake of comparison, imagine for a moment what daily life would be like if there were no rules and regulations for, say, air traffic, food safety or road traffic.

## Points to remember

1

The data economy is based on the collection and use of data. A fair data economy will create value from data ethically and benefit everyone: people, businesses and society.

2

The data economy is not yet fair, as the economic benefits are concentrated in the hands of a few global digital giants at the expense of smaller businesses and individuals.

3

EU legislation introduces a long list of obligations to make data economy more fair. These obligations mainly target data giants operating in the EU internal market. They also bring changes for smaller businesses, but the legislation also includes significant exceptions for these businesses.

4

The legislation gives new rights to users of digital services. Small and medium-sized businesses will also benefit from the opportunity to operate on a more equal footing in the EU market with digital giants in line with the fair data economy.

Continue

## 2. The diverse group of digital services

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**In order to make it as easy as possible to understand the changes that EU regulation will bring to your everyday life and business, we will use concrete examples to explore different digital services.**

Data regulation is a complex entity, but you don't need to be a lawyer or an expert in data economics to follow this training. The many examples in the training show you in practice how regulation affects the way you use digital services in your everyday life or business.

This training focuses on the Digital Markets Act (DMA) and the Digital Services Act (DSA) and their impact on digital services, where an increasing part of our daily lives takes place.

The Digital Markets Act and the Digital Services Act affect us all, but in different ways. So keep your own perspective in mind as you go through this training.

[Continue](#)

### Know your role

The digital services covered by the new EU regulation comprise a wide range of different functions and actors, from internet access and social media services to marketplaces and search engines. The changes brought about by the regulations will depend on the nature and size of each digital service. The largest digital services are **core platform services** with a strong position in the EU market and tens of millions of monthly users in the EU area. The owners of these services are called gatekeepers. The EU Commission names the **gatekeepers** and their core platform services.

In the training, you will be accompanied by **five different example characters** who illustrate the changes brought about by the regulations, for example in terms of new opportunities, rights, and challenges for themselves. There are also **three fictional companies** that navigate the new obligations of the Digital Markets Act and the Digital Services Act as they modernise their operations.

## **Fictional example characters in the training**

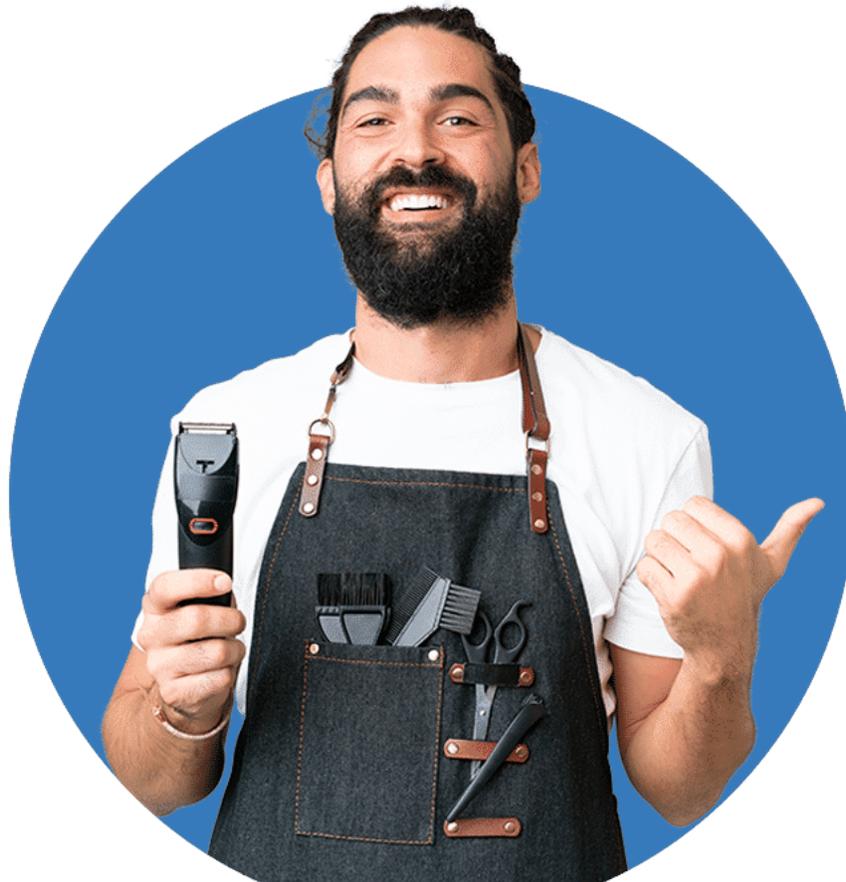


**Irene the Influencer**

### **Irene the Influencer**

Irene is a popular content creator with nearly 150,000 followers on social media. She often takes a deliberately provocative stance on current discussions. Irene has noticed that her visibility has plummeted and that the content she produces has been, in her opinion, unfairly restricted.

→ Irene should familiarise herself with her rights as a content creator on an online platform (Digital Services Act, section 3 of this training).



## Harry the Hairdresser

### Harry the Hairdresser

Harry runs a brick-and-mortar business that is doing fairly well. He dreams of expanding his clientele and he specialises in environmentally friendly hairdressing products and practices. Harry is interested in using targeted advertising to spread the word about his speciality.

-> Harry should familiarise himself with the rules on targeted advertising (Digital Services Act, section 3 of this training) and his rights as an advertiser on large online platforms (Digital Markets Act, section 4 of this training).



## **Davina the Development Manager**

### **Davina the Development Manager**

Davina works as a development manager in a medium-sized media company. The media company publishes on its own website, mobile app and various social media services. Davina develops the company's different channels to meet the needs of journalism and the audience.

→ As the operator of the website and mobile app, Davina should familiarise herself with the obligations of the media company (Digital Services Act, section 3 of this training) and the possibilities to get better data about the audience on social media platforms (Digital Markets Act, section 4 of this training).



### **Simon the Social Media User**

Simon uses many services to stay in touch with family, friends and colleagues. He is concerned about the ethics of the services he uses and the lack of alternatives. In particular, Simon is worried about the privacy of his underage children and the content they see on digital services.

→ Simon should familiarise himself with how his favourite digital services are required to act more responsibly with their users (Digital Services Act, section 3 of this training).



## **Rachel the Researcher**

### **Rachel the Researcher**

Rachel leads a university research team on online disinformation. She collects information on the responsibilities and policies of the major search engines, content service, and social media services, which is proving more difficult than expected.

→ Rachel should familiarise herself with new transparency obligations for platforms, their risk analyses and other impact assessments (Digital Services Act, section 3 of this training) and access by gatekeepers to data repositories (Digital Markets Act, section 4 of this training).

### **Fictitious example companies in the training**



## **Beta**

Beta is the kind of digital giant that offers a range of services. They include the online search engine BetaSearch, the app store BetaApps, the payment service BetaPay, and the social media service MyBeta. Beta's management is wondering which EU rules will restrict its operations and to what extent it will have to adapt its activities.

→ Beta should familiarise itself with its future obligations in case it is classified as a gatekeeper company (Digital Markets Act, section 4 of this training) or as a very large online platform or search engine (Digital Services Act, section 3 of this training).



### **United Games**

United Games (UG) is a growing company in the games industry with the very popular game PuluPeli. The game can be played as an app version and on the UG website. Playing the game and the optional additional purchases required for the game are cheaper when purchased through the company's own website. When using the app version, a slice of the payment goes to Beta, which runs the app store, through their payment service BetaPay.

-> UG should familiarise itself with its rights as a business user of the gatekeeper's core platform services (BetaApps, BetaPay) (Digital Markets Act, section 4 of this training).



## **4REELZ**

4REELZ is a medium-sized company that offers a social media service, 4REELZ, for sharing short videos.

→ 4REELZ should familiarise itself with the obligations for online platform providers (Digital Services Act, section 3 of this training).

### *Thought exercise*

Which of the characters do you identify with? What digital services do you use? You can make a list and return to it as the training progresses.

## **Identify different digital services**

Gatekeeper, core platform service, intermediary service, online platform, cloud service... The course materials are full of digital service terms that may sound unfamiliar. If in doubt, refer to section 5, for a more detailed description of the family of digital services. The section also includes answers to frequently asked questions (FAQs).

### *Business story*

## **What is a gatekeeper?**

The size and nature of the digital service are key factors in regulating the digital market.





Beta is a fictional company offering a range of online services that believes it is covered by Digital Markets Act due to the nature and scale of its services. We join the company's directors and external lawyer Atte Torney for a meeting on the subject.

#### BETA 1/2

The CEO started the meeting by saying: "Today we will go through the requirements of Digital Markets Act. We need to find out if Beta can be one of the so-called gatekeepers. If so, we need to make changes to ensure that we are compliant."

Atte Torney got straight to the point: "I will help you assess the legal criteria for the gatekeeper definition. If it seems that Beta meets them, we should inform the European Commission. We must also provide the relevant information."

"What are these criteria?" one of the directors asked.

Atte: "There are three, and they are found in the Digital Markets Act. Each criterion has thresholds values that must be exceeded, but there are also various exceptions, so you should be careful here. But if the threshold values are exceeded, you are probably in a gatekeeper position."

"I see, this makes things a bit clearer," the CEO said.

Atte: "Let's see how you fit into the gatekeeper definition! The first criterion is that the company must have a significant impact on the EU internal market."

CEO: "How can we tell that?"

Atte looked at the company's documents and said: "Beta's turnover for the past three financial years was €125 billion. This is well above the minimum threshold of €7.5 billion. So we don't need to think about the market value threshold, which is €75 billion."

*Test your knowledge*

What are the business threshold values for a gatekeeper?

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- Turnover of at least €7.5 billion
- Market value of at least €7.5 billion
- Turnover of at least €75 billion
- Market value of at least €75 billion
- It is sufficient if either the turnover or the market value exceeds the threshold
- Both the turnover and the market value must exceed the threshold

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**BETA 2/2**

The CEO nodded and Atte continued: "The second criterion is that the services Beta provides on its platform must serve as a significant gateway for its business users to reach end-users. In this case, it provides so-called 'core platform services.'"

"Core what?"

Atte replied: "To be classified as a gatekeeper, a company must provide certain platform services. In practice, these are intermediary services between business users and end-users."

"But," Atte continued, "let's go back to the second criterion. The importance of the service gateway refers to both the type of service and the number of service users, which is used to assess how important the service is."

The CEO showed a list of the company's services and asked: "Okay, which of our services are core platform services?"

Atte quickly concluded that all the listed services are core platform services. "Your BetaSearch search engine is an online search service, your social media service MyBeta is a video sharing platform service, and your payment system BetaPay and app store BetaApps are online intermediary services. All of these can be considered core platform services."

"What about the number of users?" the CEO asked.

"In terms of size, the services must have over 45 million active users in the EU area each month. There must also be over 10,000 business users in the EU each year. Based on the numbers, it seems that all of Beta's core platform services meet these set thresholds or threshold values. So Beta also meets the second criterion defining gatekeepers."

"I can see where this is going," the CEO said.

"Atte: "I have that feeling too. But we still need to look at the last criterion. It says that the company must have a stable and sustainable market position. The documents you have provided show that the user base of all Beta's services has been at this level for the past three years. In such cases, it is clear that the last criterion for a stable market position is met."

The CEO nodded. "So, does this mean we have to comply with the rules for gatekeepers?"

Atte confirmed: "Yes, but first we need to notify the Commission and send them the relevant information so that they can further assess Beta's gatekeeper position in their decision making."

### *Test your knowledge*

How many EU users must a service have in order to be classified as a core platform service?

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- A total of 45 million users
- 45 million active users monthly
- 45 million active users annually
- A total of 10,000 business users
- 10,000 business users monthly
- 10,000 business users annually

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### *Thought exercise*

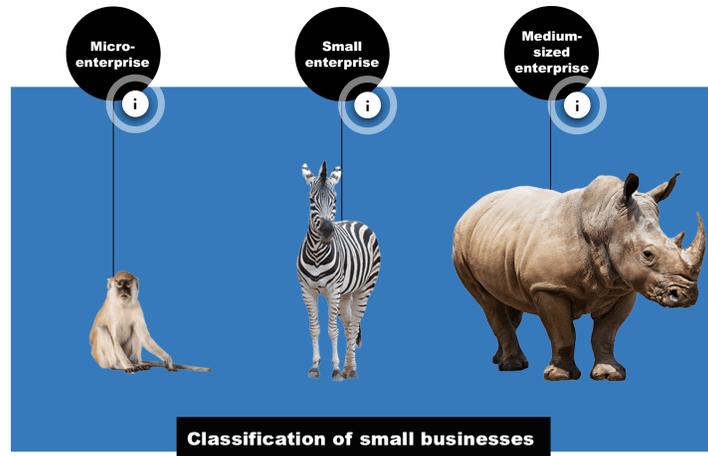
Lawyer Atte Torney concluded that all of the services listed by Beta are core platform services described in the Digital Markets Act. What similar widely used

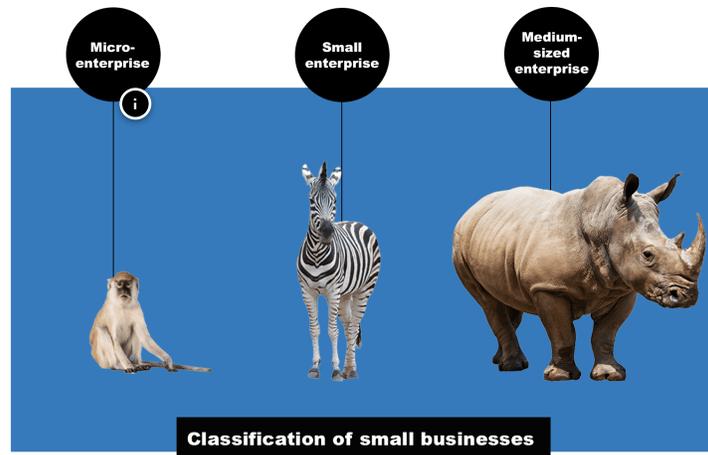
companies or services can you think of that could be core platform services for gatekeepers? Think, for example, of search engines, social media services, online marketplaces and computer and smartphone app stores.

### *Business story*

## **What are the rules for a small platform?**

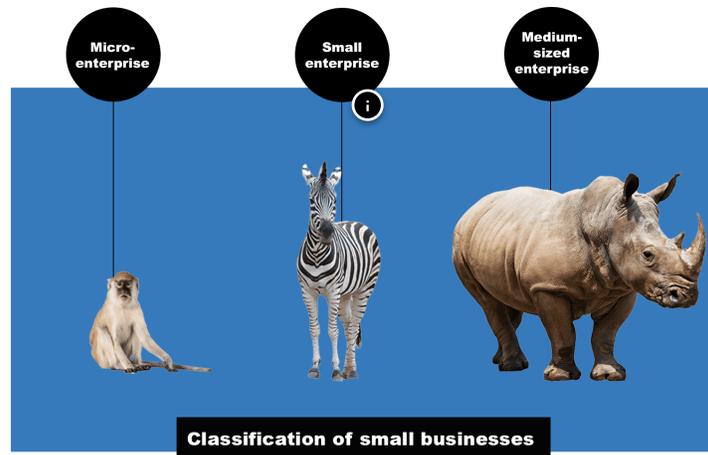
The size of the company determines the rules it must follow.





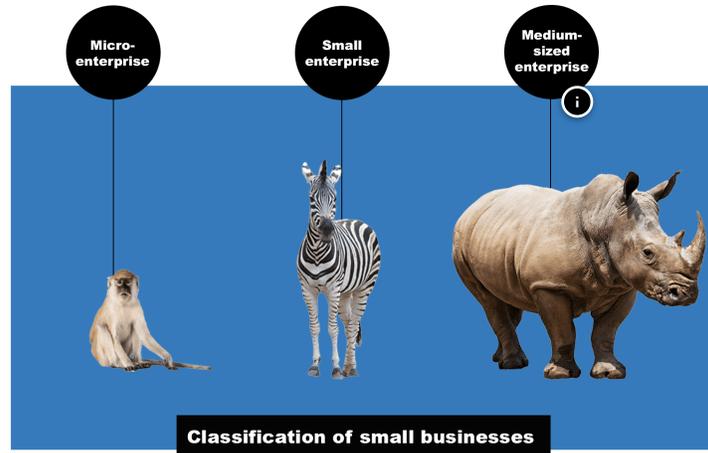
### Micro-enterprise

- Less than 10 employees
- Annual turnover and balance sheet total of up to €2 million



### Small enterprise

- Less than 50 employees
- Annual turnover of up to €10 million



### Medium-sized enterprise

- Less than 250 employees
- Annual turnover of less than €50 million and balance sheet total of up to €43 million



Fictional social media company 4REELZ is exploring its position in the classification of Digital Services Act. Consultant lawyer Atte Tourney is helping once again.

Tanja, the CEO of 4REELZ, was studying some paperwork when Atte came through the door. "Oh, hi!" she said. "Great that you could make it. I was just looking at this Digital Services Act stuff."

"Nice to work with you," Atte said and sat down. "Shall we jump right in?"

Tanja nodded and started: "So, we're a social media company specialising in user photos and videos. Our users upload short videos to their profiles on our '4REELZ' service. Their contacts or other users can see them, depending on their privacy settings."

Atte nodded. "Okay, according to the Digital Services Act, you are an online platform. The regulation applies to companies that provide information society services (like yours) and specifically those that act as an intermediary service. Intermediary services can only provide data transmission, caching, and storage of stored data. Your service is, of course, a storage service because you store the information provided by your users at their request."

"I understand. But there are differences between a storage service provider and an online platform provider, right?"

"Exactly. Because you not only store information but also make it available to the public, you are counted as an online platform provider. Different parts of the Digital Services Act apply to different companies. Intermediary services have certain obligations, and online platforms have their own obligations. And very large online platforms have even more rules."

Atte continued: "Very large online platforms are platforms or search engines that have at least 45 million active monthly users, and which the European Commission has specifically identified and named."

Tanja nodded. "So, we don't have to worry about that, at least not yet. Is there anything else that doesn't concern us?"

"How many people work here?" Atte asked.

"Seven, including me."

"And what is your annual turnover?"

"About €9 million. We're growing fast."

"In that case, you are still considered a small enterprise. Small enterprises have fewer than 50 employees and annual turnover of up to €10 million. Since you have fewer than ten employees, you would be a micro-enterprise if your turnover was less than €2 million. But if you exceed the employee or turnover threshold, you automatically move to the next size category. Most of the regulation's requirements do not apply to SMEs, but as you grow, they will start to apply after 12 months."

"Would we have the same grace period if we became a very large online platform?"

"Not exactly. After notification, you have four months to comply. But it is worth remembering that all rules for online platforms and intermediary services apply to very large online platforms, even if they're still micro-enterprises or small enterprises."

### *Test your knowledge*

What are the limits of a micro-enterprise?

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- Less than 10 employees
- Less than 50 employees
- Turnover and balance sheet total are less than €2 million

Either turnover or balance sheet total is less than €2 million

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*Test your knowledge*

What are the limits of a small enterprise?

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Less than 10 employees

Less than 50 employees

Turnover of less than €2 million

Turnover of less than €10 million

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*Thought exercise*

The EU grants exceptions to new rules for small businesses. What do you think is the reason for this? What impact could this have on service users?

**Answer:** —

Compliance with new rules requires new processes and clarifications for companies, which will actually produce more work. To avoid the regulation being excessive, it has been eased for small businesses. It is only when a company is larger that it is expected to be able to cope with the obligations placed on larger companies.

**Points to remember**

1

**Digital services** is an umbrella term that you will encounter in these materials in several different contexts. Depending on the context, the term covers almost all familiar online platforms, search engines, cloud services, gaming applications, and others. In other words, the different services that are subject to the obligations of the Digital Services Act and Digital Markets Act.

2

**The Digital Services Act** clarifies the moderation of online content and the responsibility of companies offering digital services for user safety. It applies to all companies providing digital services, from small businesses upwards, which operate in the EU internal market or provide services to EU users. The DSA includes significant exceptions for small and micro-enterprises, and does not impose the heaviest obligations on medium-sized enterprises either.

3

**The Digital Markets Act** promotes fair competition between digital giants and smaller companies' digital services. In practice, it benefits small and medium-sized businesses that compete alongside the offerings of digital giants. DMA obligations apply only to the largest companies – the gatekeepers – and their services. It's not easy to avoid using such services in the EU area.

4

**The opportunities and implications** of the Digital Services Act and the Digital Markets Act depend on your own perspective, whether you use social media services for leisure or work, or are developing a new app for the market.

Continue

### 3. New rules for digital services

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**The Digital Services Act aims to make the online environment safer. The goal is to ensure that digital services take responsibility for the content they transmit, store or distribute. Providers of digital services must comply with new rules, such as content moderation, and be more transparent in their operations.**

The new rules will encourage search engines, social media services, online platforms and other intermediaries to improve their practices to make them fairer and safer for users. The Digital Services Act, which you read about in the previous section, is at the center of this change.

#### *Test your knowledge*

True or false? The Digital Services Act only requires large companies to change their practices.

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- True
- False

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The key reforms of the Digital Services Act are grouped in this section into three themes in this section:

- 1 Fair rules must be followed when profiling users in advertising
- 2 Abuses must be tackled effectively
- 3 Digital services must operate transparently and responsibly

We start by looking at the current situation, which the Digital Services Act aims to make fairer. Using example stories, we encourage you to think about how the reforms will affect you and what opportunities they may bring.

Digital Services Act
Digital Services Act, DSA
Came into force on 16.11.2022
Applies from 17.2.2024
Concerns all companies offering intermediary services, from small businesses to those operating in the EU internal market or offering services to EU users
Significant exceptions for small and micro-enterprises
Clarifies the procedures of content distributed online

### **Interview: Sam Wrigley, what is the Digital Services Act about?**

Sam Wrigley is a researcher specialising in the Digital Services Act. Here he explains what the DSA is, who it affects, and how it will benefit individuals and businesses.

*Instruction: Turn on subtitles by clicking the CC icon at the bottom of the video.*



### *Test your knowledge*

Sam mentioned the following interesting changes. Which of them apply only to very large platforms?

- 
- New rules for content removal
  - Expedited processing of notifications made by trusted flaggers
  - The marketplace must ensure that seller information is provided to buyers
  - Analysis of social risks caused by business

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Continue

## **Fair rules for user profiling in advertising**

The majority of our communication and commerce takes place through various digital services, such as social media, search engines and marketplaces. When you use digital services, you are also creating a vast amount of data about your behaviour and choices. This data is valuable to companies providing digital services, for instance,

to continually optimise their services – and to profile you.

Profiling refers to inferring personal characteristics from behaviour. It involves analysing and evaluating such things as a user's interests, health, financial situation, and location. The main purpose of profiling is to present targeted ads to the user.

Currently, targeted advertising is already regulated. The General Data Protection Regulation (GDPR) defines the rules for obtaining users' consent. The ePrivacy Directive regulates the use of cookies, a key technology in profiling.

The Digital Services Act goes a step further, regulating the use of profiling to target advertising on online platforms and the way ads are presented.

## New rules in advertising

### You will now immediately know why a digital service recommends certain content to you. —

**Intermediary services:** An intermediary service can recommend content to its users, but in future it must clearly inform users when they are shown ads, who is behind the ad, and why that particular ad is being shown to them.

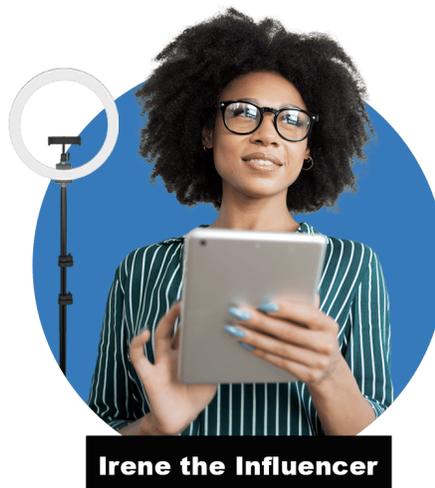
The intermediary service must also allow content creators to add information about commercial collaborations, so that it is understandable to users.

The intermediary service must also explain in clear and understandable language in its terms of use how it recommends content to users.

**Very large online platforms or search engines:** Very large online platforms or search engines must also have a public interface, such as a website or technical application interface, where users can search and query the ads displayed by the service over the past year.

#### Example

**Irene Influencer:** "You no longer need to mention a product promotion in the video. You just enter the information into the video's additional details and it will be visible to viewers from there. Less work, more videos!"



**Irene the Influencer**

### You can choose how a digital service recommends content to you or refuse it altogether —

**Online platforms:** If an online platform has different ways of recommending content, users must be able to choose the most suitable one for themselves and adjust their variables.

Very large online platforms or search engines: These must also allow users to opt out of profiling.

*Example*

**Simon the Social Media User:** "I can turn off an algorithm that recommends all kinds of useless stuff. So I can focus on updating my real social contacts."



**Advertising must not be targeted at minors and sensitive information must not be used**

**Intermediary services:** When an intermediary service, such as a search engine or social media platform, is reasonably sure that a user is a minor, advertising cannot be targeted at them based on user profiling.

**Online platforms:** Online platforms may not target advertising based on sensitive personal data. Sensitive personal data includes ethnic background, political opinions, religious or philosophical beliefs, trade union membership, genetic data, biometric data, health and sexual orientation and behaviour.

*Example*

**Simon the Social Media User:** "Kids are no longer so obsessed with useless junk when they don't have ads are not constantly stuffed between every video on their phones."



## When can or can't online platforms target ads?

### Sensitive data may not be used for profiling

**Ethnic origin**



**Religious or philosophical beliefs**



**Genetic or biometric data for unambiguous identification**



**Sexual behaviour and orientation**



**Political opinions**



**Union membership**





4REELZ employees interpret the concept of sensitive personal data from a business perspective. The concept of sensitive personal data is broad. Therefore, the company considers that advertising offered to users based on the subject matter of the online content is often a safer option than targeted advertising based on user profiling.

#### 4REELZ

"Hi Kari, aren't you a data protection expert?"

"Expert' is a strong word, but I know something. What's it about?"

Sofia sat down next to Kari and showed him a tablet. "Take a look at this. We're trying to improve our advertising so that users only see things they might actually be interested in. I know the rules of the Digital Services Act say that profiles based on sensitive data should not be used, but I'm not sure exactly what's included."

Kari took the tablet, which was currently showing an ad for yoga classes. "So this ad is shown if..."

"That's for users who have shown an interest in topics related to exercise, Indian culture or history, or stress relief."

"Okay, I'm afraid there are warning signs there," Kari said. "Technically, it's not 'sensitive data', but rather special categories of personal data. The General Data Protection Regulation has a list of them. In the case you just described, the relevant categories are ethnic background, political opinions, religion or belief and health data."

"So if we target ads to people who have shown an interest in the religious and cultural history of yoga, we are targeting ads in a prohibited way based on special categories of personal data?"

"I guess so. But these things have also been interpreted very broadly. So especially if we combine it with other data about the person, it's possible that an interest in exercise or stress might reveal information about the person's physical or mental health."

Sofia leaned back in her chair. "That sounds... really broad."

"Yes. The European Data Protection Board publishes guidelines on the use of targeted ads on social media and has called for caution in targeting ads."

"So what's the answer to this?"

"It may be simpler to only do contextual advertising whenever we are dealing with special categories of personal data – meaning choosing advertising based on the online content viewed."

"Really?"

"That's the safest approach anyway."

"Okay," Sofia nodded. "So let me get this straight? The Digital Services Act prohibits showing ads if a special category of personal data is used for profiling. But as long as showing the ad is not based on profiling, we can show it in similar contexts. So, I can't show this ad to someone who I know is interested in the religious aspects of yoga. But I could add the ad to a video that discusses the religious aspects of yoga, as long as it's shown separately from the viewer's profile?"

"I'd check with a lawyer first, but that's the way it works."

### *Test your knowledge*

The story discusses in which situation it might be allowed to show an ad related to yoga. What would be allowed?

---

- The user's profile shows that they have watched several yoga videos.
- The user is currently watching a yoga video.

SUBMIT

### *Thought exercise*

In addition to the use of sensitive information, advertising targeting minors is prohibited. Why can advertising targeting minors be harmful?

## **Effective intervention in abuses**

Digital services have revolutionised the ways in which we can share and obtain information and conduct business. At the same time, illegal or otherwise harmful content is spreading in unprecedented ways.

If you encounter illegal content such as hate speech or counterfeit products while using digital services in the future, you can be confident that the matter will be tackled more effectively than before. Every digital service must have clear procedures for removing illegal content.

**What is illegal content?** The legality or illegality of content is determined by all applicable laws. Especially in international operations, it can be difficult to ensure the legality of content when when you need to comply with the laws of all countries involved.

If content you have produced has been removed from the digital service you use, you will have more ways to defend your rights and challenge the company providing the digital service in an affordable and agile way.

## New rules for investigating abuses

**As a user, you can report any illegal content you come across.** —

**Intermediary services:** Authorities can order intermediary services, such as social media platforms and search engines, to remove illegal content and require them to provide the contact details of users who have distributed it. The intermediary service must publicly report annually and in machine-readable form the information on content moderation it has done.

**Storage services:** Users must be able to report any illegal content they encounter on cloud services or suchlike. Users must be provided with a system that is easy to find and easy to use. Once a service has received a notification of illegal content, it will make a decision to automatically remove it or after consideration.

If a storage service provider becomes aware of a suspected crime that threatens human a person's life or safety, it must immediately inform the authorities.

### Example

**Simon the Social Media User:** "I've reported obvious scams I have seen in my social media feed in the past, but now I can trust that something will be done about it."

### Example

**Harry the Hairdresser:** "In the past, competitors have used my reputation and name in fraudulent ads to fish for customers, but now I can prevent this by easily reporting abuses."



**Simon the Social Media User**



**Harry the Hairdresser**

## You find out why the service has removed your content. —

**Online platforms:** If your content you produce is subject to removal, your account is closed, or your use of the service is otherwise restricted, the online platform you use must notify you and give you a specific reason.

Users must be able to complain to the platform about the removal of their own content free of charge. The online platform must handle such complaints as quickly, impartially and diligently as possible. Where appropriate, the platform must immediately restore the removed content. Users must be informed of decisions taken on complaints. These decisions must be made under the supervision of a qualified person – an automated solution is not sufficient.

Online platform users also have the right to refer disputes and complaints to an EU-approved out-of-court redress body. Dispute resolution is free of charge to the user or the costs must be reasonable. However, the dispute resolution body cannot make binding decisions. The platform may also refuse to participate in the procedure if a sufficiently similar case has been resolved in the past, which the platform can follow.

- If the resolution is in favour of the user, the online platform will pay the dispute resolution costs (both the dispute resolution body and the user's costs).
- If the resolution favours the online platform, the user will not have to pay the online platform's costs, unless the user is found to have acted in bad faith.

### Example

**Irene the Influencer:** "My videos used to get removed sometimes, and I didn't know why or how to fix it. In the future, I will get a clear reason if my video is taken down, so I know better where to draw the line."

### Example

**Davina the Development Manager:** "Our social media account has previously been frozen when our conflict reporting was reported as inappropriate in a malicious campaign. If something similar happens again, we can effectively contest the allegations and be confident that our account will be reinstated without delay."



**Irene the Influencer**



**Davina the Development Manager**

## Trusted experts monitor content. —

**Online platforms:** Each EU Member State may designate expert organisations as 'trusted flaggers' in their own sector, empowered to notify online platforms of illegal content. The online platform must cooperate with these trusted flaggers, and when a trusted flagger informs the online platform of illegal content, the platform must prioritise and promptly deal with the matter.

If a user consistently posts illegal content or makes obviously unfounded complaints, the online platform may issue a warning. After that, the platform may freeze the user's access to the service for a specified period.

*Example*

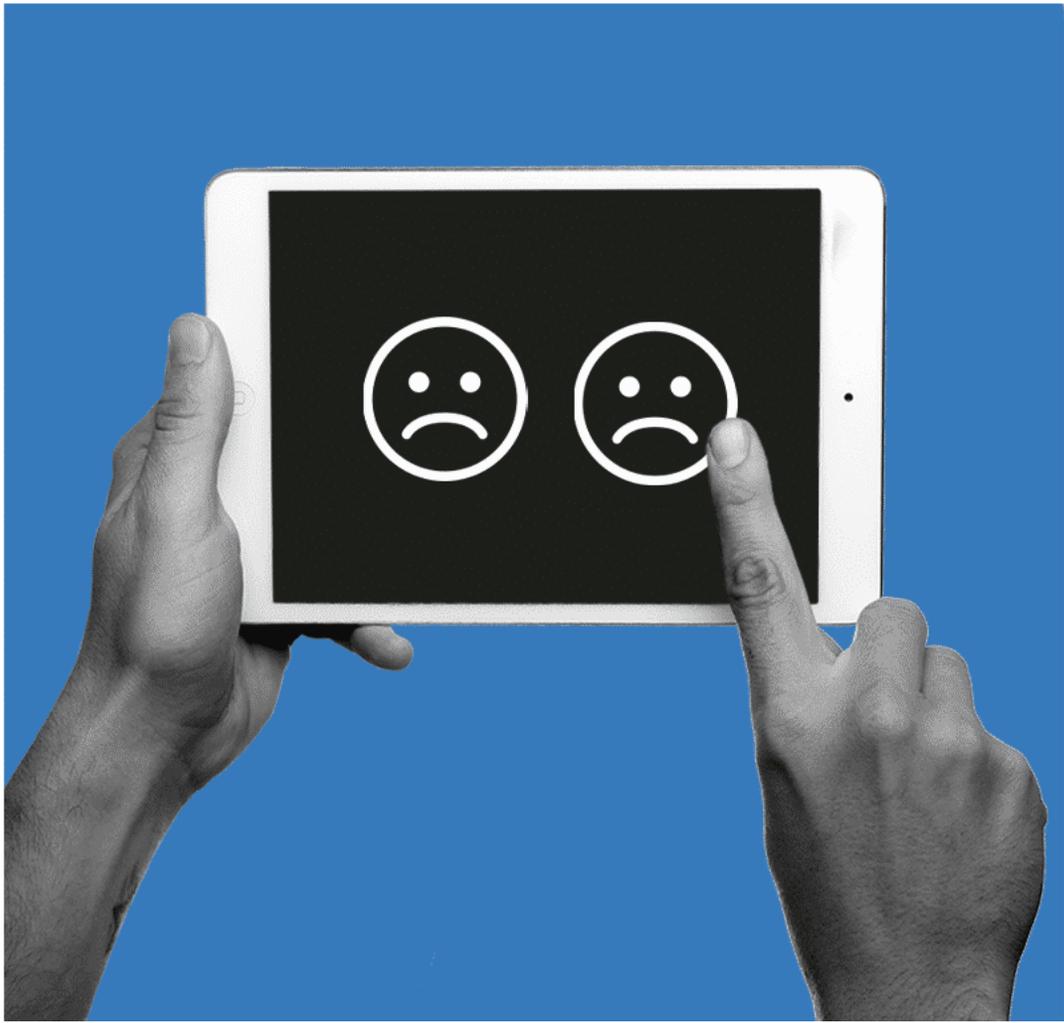
**Rachel the Researcher:** "Our research team has applied for trusted flagger credentials in the area of election interference. We report the posts of fake accounts we find each day during elections. Unlike before, online platforms now remove them quickly and shut down troll accounts."



**Rachel the Researcher**

*Business story*

**What if posts have to be removed from the service and users complain?**





4REELZ is planning to introduce a new procedure for user complaints about the removal of content.

#### 4REELZ 1/2

*Conversation log on 4REELZ's internal channel  
Thursday, May 22nd at 13:26*

Tanja: Hi, do you have a moment? I might need your help.

Jonni: Sure, go ahead.

Tanja: Did you know that we've been working on our complaints procedure for content removals?

Jonni: Yes, it's part of the "Ready for Digital Services Act" package. But don't small businesses need an internal complaints procedure? I thought it didn't have to be in place until next year. How is it already causing work?

Tanja: You're right, it doesn't apply to us yet, but we're a growing company. We're expected to have a complaints procedure that's user-friendly and easy to use. I have asked the developers to build a pilot program and test it before the law starts to apply to us.

Jonni: I see.

Tanja: We tested the system by introducing it to some of our users in advance and also collected feedback on it. And we got feedback, which is great. But we also really have to deal with the complaints that came through the pilot. One user in particular complained that we had removed a video that was earning them money. Under the new rules, we have to deal with the complaint quickly and carefully. And of course we did.

Jonni: But let me guess what happened next. You refused to restore the video and now you've been threatened with a breach of contract that causes the user who uploaded the video to lose income. And that's why you decided to contact me, because I'm in charge of our mediation matters?

Tanja: You see, it's precisely because of your insight that I appointed you to this role.

### Test your knowledge

So 4REELZ had given users a way to complain about removed content. Why?

---

- The complaint option had to be made because the Digital Services Act required it.
- The complaint option was made because the company expects to grow to a size where the Digital Services Act requires a complaint option for users.

SUBMIT

#### 4REELZ 2/2

Jonni: Does this user have any grounds to accuse us of a breach of contract or anything like that? Will they really do that?

Tanja: According to the lawyers we consulted, it's possible. Either way, if they try something, it would be much cheaper and easier if we could use mediation instead of going to court.

Jonni: Okay. There's nothing stopping us from using these out-of-court dispute resolution procedures, even though we don't have to.

Jonni: After all, the Digital Services Act says that users must be given alternatives for dispute resolution. The user must be able to choose an approved out-of-court dispute resolution body if they wish.

Jonni: But there's nothing that requires them to use one. The user can go to court if they want to.

Tanja: So we're in trouble?

Jonni: Not necessarily. There are already dispute resolution bodies. They are appointed in every EU member state. So we could encourage users to use them.

Tanja: It's worth a try. What if the dispute resolution body decides against us?

Jonni: It's not a binding decision. Technically we could ignore it. But I think that we would comply with it.

Tanja: Okay, thanks. I just wanted to make sure I wasn't mixing things up. I'll double-check with the lawyers. Let's see what they say.

### Test your knowledge

If 4REELZ refuses to restore the user's content, what options does the user have?

- The user can demand the use of a dispute resolution body.
- The user can be given the opportunity to seek a solution from a dispute resolution body.
- The user can, in any case, sue the company if they wish.

SUBMIT

*Thought exercise*

How will content production change when content disappears for a reason and incorrect removals may need to be challenged?

**Answer:** —

Users will be able to resolve disputes cheaply and quickly without going to court. This may lower the threshold for content producers to defend their rights. This will increase legal certainty for users and potentially also trust in the fairness of platform operations.

*Business story*

**How to identify illegal content?**



4REELZ's content moderation team reflects on the difficulty of identifying "illegal content". By law, a company is not liable for content published on its platform if the moderators are unaware of it.

#### 4REELZ 1/2

Alex, the head of 4REELZ's moderation team, was alerted when his computer beeped twice. Two new reports, both from other moderators.

Alex quickly checked the first report. Apparently, someone had uploaded a video that had background music and the copyright holder of the music had requested the platform to remove the video. The previous moderator had written in the notification: "There is music in there, but it's just playing in the background while the video is being shot. Do we really need to do anything?"

It was a good question. Alex knew that the Digital Services Act requires the removal of "illegal content" and that there were some guidelines for identifying it. But the tangle of national and international laws, complex rules and exceptions, and strange borderline cases means that defining something as "illegal content" is quite difficult.

#### *Test your knowledge*

How can illegal content be identified?

---

- The Digital Services Act defines what is illegal.
- Illegality is determined based on all applicable laws.

SUBMIT

#### 4REELZ 2/2

There were some good things too. As one lawyer said, "Article 6(1) of the Digital Services Act says that storage services are not liable for user-submitted content if they are unaware that something illegal is happening. And if they do notice something illegal, they must take action quickly." Unfortunately, this didn't help when the report of illegal content came in. It was time to ask the lawyers what to do.

Alex had just started writing a message to the legal department when someone knocked on his door. He saw one of the moderators, Tom, standing in the doorway. "Hey, sorry to interrupt, I just wanted to check if you've had a chance to look at the report I sent?"

"Huh, not yet, sorry. I'm still working on the previous one," Alex said, inviting Tom in. "What's up?"

Tom sat down. "Short version: a user on our site uploaded videos that show him breaking into people's homes. We received a report from one of these trusted flaggers demanding that we remove the video."

"Sounds like a clear case. What's the problem?"

"The problem is that I've been pretty busy and this report has been in the queue for a while. Now the reporter says we haven't acted fast enough. Apparently, this party is a trusted flagger, so I probably should have prioritised the case?"

Alex sighed. "That's right. Do you remember the training we had on the Digital Services Act? It talked about groups that can get trusted flaggers status. Apparently, these are supposed to be independent groups that specialise in identifying illegal content. They are also supposed to publish an annual report on what they have done and whether the platforms took them seriously."

"So I should have put them at the front of the queue ahead of others?"

"In the future, pretty much. But for now, it's okay. 4REELZ was still a small business a few months ago, and even though we've grown to a medium-sized company, we still have a year before we really have to follow these rules. We need to build a system that helps us automatically detect these reports."

"Okay. Do you want me to handle this case or will you?"

"Leave it to me. I have to finish this copyright case, but then I'll get right it."

### *Thought exercise*

Can you think of any organisations that could act as trusted flaggers in their field, meaning that they would identify illegal content? Different types of illegal content can include the misuse of music, counterfeit products, hate speech, defamation and unsubstantiated health claims.

## **Transparent policies**

When was the last time you read the terms of use for the digital service you use? Few of us do, and few of us can understand how the digital service works when the terms of use are new and difficult to interpret.

With the Digital Services Act, the time of these vague terms of use and ways of doing things is over.

Digital services will have to operate ethically. They will be expected to analyse risks and communicate their practices transparently and understandably. For digital service users, this means a safer, more predictable and reliable user experience where fundamental EU rights, such as freedom of speech, freedom of the press and pluralism can be fully realised.

## **New rules to increase transparency in running digital services**

### **You will easily learn how the platform works.** —

**Platform services:** The service must clearly and simply explain its content moderation policy without using jargon. This information must be written in clear, simple, understandable, user-friendly and unambiguous language. Services aimed at minors must also explain things in a way that is appropriate for minors. Users must be informed of any changes to the policy.

**Very large online platforms or search engines:** These must also publish information in users' own languages and in a machine-readable format.

### *Example*

**Simon the Social Media User:** "It helps if I really understand the rules of these services. Even children are clearly told what kind of content they can produce when they make their own mini-games on a gaming platform."

*Example*

**Irene the Influencer:** "I no longer have to ask my agent what content is allowed, because the rules are explained in clear language."



**Simon the Social Media User**



**Irene the Influencer**

**You can trust the platform and the sellers.** —

**Online platforms:** The service must ensure that its web or user interface does not mislead or manipulate users. For example, users must be able to make decisions about the use of their own data and the visibility of their content, without being directed by the service to make choices desired by the service. The user's choices must also be respected, and they cannot be repeatedly asked for permission for something they have already refused.

**Marketplaces:** Marketplaces must adhere to a high level of consumer protection. The service must know its business users and openly disclose their business-related information before business users can start offering their products and services on the platform: business contact details, a copy of their identification document, payment details and a business registration number or equivalent. If a marketplace becomes aware that a trader's offer is illegal, it must notify all known customers, either publicly or directly, for the past month.

*Example*

**Harry the Hairdresser:** "Now I can buy more products online with confidence, because there is better information about the sellers and products. Before, there was always the fear that the bottle might just contain diluted pine soap."



**Harry the Hairdresser**

## You know who to contact if you have a problem. —

**Intermediation services:** The service must have a contact point where users can communicate electronically, quickly and in a user-friendly way with its representatives. Users must be able to contact a real person if they need to – a virtual agent or chatbot is not enough.

The service must also have an EU contact point where different authorities can communicate with the service.

### Example

**Davina the Development Manager:** "We run ads on our website, so we also had to add the option to speak to a customer service representative to the chatbot. Overall, we needed to make our contact channel information more visible."

### Example

**Rachel the Researcher:** "A lot of the disinformation we found has been on the platforms of international digital giants. Luckily, they now have a contact point in the EU, so it's a straightforward process."



**Davina the  
Development Manager**



**Rachel the Researcher**

## Large platforms must mitigate the social risks posed by their activities. —

**Very large online platforms and search engines** can pose risks to both their users and to society.

These four categories of systemic risks need to be thoroughly assessed:

- Risks related to the dissemination of illegal content. Illegal content may include child sexual abuse material or illegal hate speech. Risks may also concern other types of service misuse for criminal or illegal activity (such as the sale of prohibited goods or services, including dangerous or counterfeit products or illegally traded animals).
- Impacts on the exercise of fundamental rights, such as human dignity, freedom of expression and information, media freedom and pluralism, the right to privacy, non-discrimination, children's rights and consumer protection. Providers of very large online platforms and search engines should assess risks to children's rights and take into account, for example, how easy it is for minors to understand how the service works and how they may be exposed to content through it that may harm their health or physical, mental and moral development.
- Negative impacts on democratic processes, public debate and elections, and public safety.
- Services are designed, operated or used (possibly for manipulative purposes) in a way that is detrimental to public health or the protection of minors. This may cause serious harm to a person's physical and mental well-being or lead to gender-based violence. Such risks can also arise from coordinated disinformation campaigns on public health. Risks may also arise from the design of the service's user interface, for example, by deploying technologies to entice users to use the service.

To counter these risks, they must:

- conduct a thorough risk analysis and minimise the identified risks that may arise from the use of the service
- cooperate with the EU and independent auditors
- establish their own independent internal monitoring office
- commission an annual independent audit of their activities
- provide the Commission, where appropriate, with access to the necessary information to ensure compliance with the rules and the required risk management
- provide approved researchers with access to their data to enable them to better identify and understand systemic risks in the EU and to assess the adequacy, effectiveness and impact of risk management.

#### *Example*

**Rachel the Researcher:** "Individual fake posts are one thing, but the risks to democracy and European values posed by the platforms as a whole are even more important. Our team closely monitors platform risk assessments and audits and regularly contacts their internal monitoring offices."



**Rachel the Researcher**

#### *Business story*

**Expanding a digital service into a marketplace**





4REELZ is looking to expand its business model. It wants to offer its users a marketplace for additional paid services and is considering its obligations under the Digital Service Act. We follow the management team's meeting.

#### 4REELZ

Jaana stood up. "So far, our users have been able to upload videos to our service, but they have had to edit their videos using different tools. Our new project will change that. It should also help diversify our sources of income."

"The project is two-fold. First, we will expand the editing tools we offer our users so that they can add audio and effects directly to their videos on their phones. Then we'll create a marketplace where users can buy and sell music, effects and the like to other users for use in their videos. The seller will have a marketplace for their graphics, music and more. The video maker will have easy access to them. And we get a cut of the sales. Everyone wins."

Jaana sat down after speaking.

The chairperson of the meeting nodded. "Thank you, Jaana and the sales team. And what about Leevi and the Legal team?"

It was Leevi's turn to stand up. "We sent you a memo that covers issues such as VAT and intellectual property. But I also want to bring up the Digital Services Act in this meeting. This new project would make us a service provider "allowing consumers to conclude distance contracts" with us. This means that we need to build our marketplace in such a way that we collect the necessary identification data from the traders and display it to users. We must seek to verify that they provide this information. We also need to do random checks with business registers and others to ensure that the sellers' information and services are legal."

Viljo, from the planning department, frowned. "Okay, but what does that actually mean?"

"Well, traders are already expected to provide this information to their customers before a sale. However, the Digital Services Act requires us to actually make sure that this information is available. Also, when we add this information, we have to make it as user-friendly as possible, so we need to think about that when designing the seller's registration page. It means that the seller has to provide us with this information or they will not be able to register on the platform. The rule does not apply to individuals, only to companies and individuals classified as traders. We need to consider how to reliably distinguish between different users."

"And what about the obligation to check whether traders offer illegal goods or services?" the chairperson asked.

"The legislation gives examples of checking national commercial registers and VAT information, or of asking traders to provide reliable evidence that what they say is true. The good thing is that we are not required to take excessive or costly action as long as we do our best to verify the information.

"This is clear. Well, I guess we need to think about this properly, do our best, and then make sure we document our actions as thoroughly as possible."

#### *Thought exercise*

How might your own online shopping behaviour change if you could better trust each seller and the authenticity of their products?

What are your thoughts on the fact that every small business selling products online has to prove that they are a genuine enterprise and provide the platform with accurate information about itself?

### **Interview: Robert Torvelainen, how is Wolt preparing for the new regulation?**

Robert Torvelainen is the EU regulatory expert at the food delivery company Wolt. Here he explains how the company is preparing for the new obligations under the Digital Services Act.

*Instruction: Turn on subtitles by clicking the CC icon at the bottom of the video.*



#### *Test your knowledge*

How is Wolt preparing for the new obligations under the Digital Services Act?

By collecting information about the sellers using Wolt's platform, such as restaurants.

- By disclosing the operation of their recommendation algorithms.
- By collecting information about food buyers.
- By publishing their own transparency report before the Digital Services Act comes into effect.

SUBMIT

### Interview: Sari Tegström, what is RegTech technology used for?

Sari Tegström is a management consultant. In this video, she explains what RegTech, or regulatory technology, is and how it can bring various benefits and ease to companies navigating complex regulations and using data.

*Instruction: Turn on subtitles by clicking the CC icon at the bottom of the video.*



#### Test your knowledge

What characteristics of RegTech does Sari mention in the video?

- RegTech is not just technology, but also knowledge and expertise.

- Automating processes subject to regulation ensures that the company operates correctly.
- The retail sector is the largest user of RegTech.
- RegTech is typically a type of cloud-based solution.
- RegTech can be used, for example, in reporting data regulation issues to regulatory authorities.

SUBMIT

## Points to remember

1

The **Digital Services Act applies to a wide range of digital services**, such as search engines, social media platforms, app stores and other marketplaces. Digital services are divided into different categories in the Act, each with different obligations to act more responsibly:

a. An **intermediary service** is a digital service that transmits data, content or commerce between individuals and companies. It can be divided into three subgroups:

1. **The basic transfer of information and content**, which is the basis of all digital services.
2. **Caching or temporary storage of information**, which involves the automatic, temporary and short-term storage of information. Such services are crucial for large online services to ensure smooth and efficient data transfer over the internet.
3. **Storage and retention of user data**, which includes cloud-based services for photos or various website services and web hosting services that allow you to create and manage your own blog or company website.

b. A **digital platform** is a digital service that distributes user-generated content to a wide audience and provides a meeting place for people, such as a social media platform or app store.

c. **Very large digital platforms or search engines** are digitally significant services that play an important role in society. They are subject to the main obligations under the Digital Services Act. The European Commission maintains an [up-to-date list](#) of very large online platforms and search engines. Examples include Google and Microsoft search engines, as well as well-known platforms such as Facebook, Instagram, TikTok, Twitter, Snapchat, LinkedIn, and YouTube. On the e-commerce side, Apple and Google's app stores are on the list, as are Amazon, Alibaba, Booking.com, and Zalando.

2

The **Digital Services Act applies to a large number of companies that provide digital services**. If you are a digital service provider, remember that it can take time to prepare properly for the changes. However, the heaviest obligations apply to very large digital platforms and search engines, with far more exceptions for small businesses. Small businesses are exempt from the following obligations:

- a. Internal complaints handling system
- b. Alternative out-of-court dispute resolution
- c. Trusted flaggers

- d. Measures to prevent and protect against abuse
- e. Transparency reporting obligations for digital platform providers, except for information on monthly users at the request of the digital service coordinator or the Commission
- f. Planning and organisation of application programming interfaces (APIs)
- g. Advertising on digital platforms
- h. Transparency of recommendation systems
- i. Protection of minors online
- j. Obligations applicable to marketplaces

3

**Advertising targeting will become more transparent.** Digital platforms will no longer be allowed to target advertising to minors or based on sensitive personal data. They will also have to inform users when they are being targeted with advertising and disclose when content is sponsored and who paid for the advertisement. Platforms must also disclose when content creators publish content paid for by someone else.

4

**Illegal content will be removed more effectively** from digital services, and lawful content will remain online more reliably. All storage services must have notification and action procedures for handling illegal content. Online platforms must also have an internal system for handling complaints. Users can challenge a decision made by the platform through an alternative out-of-court dispute resolution procedure.

5

**Every intermediary service must have a single point of contact** for users, national authorities and EU authorities.

6

**The Digital Services Act will open up data on the activities of intermediary services.** All intermediary services must publish annual reports on content moderation. In addition, online platforms and very large online platforms and search engines must publish more detailed information on their activities annually.

Continue

## 4. Restrictions on digital giants

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**The largest companies offering digital services have a lot of social power – and now even more obligations. The Digital Markets Act will benefit small and medium-sized enterprises, making the competitive landscape fairer compared to digital giants.**

### *Test your knowledge*

True or false? The Digital Markets Act only obliges large companies to change their business practices.

---

- True
- False

SUBMIT

The key reforms of the Digital Markets Act that will benefit you as a potential user of, or competitor for, digital gatekeeper services are grouped into three themes in this section:

1

More options for digital gatekeeper services may emerge.

2

Others may also benefit from the data assets of digital gatekeepers.

3

When you use the services of a digital gatekeeper, you will get fairer algorithmic recommendations and search results.

Each theme first describes the starting point that the reforms introduced by the Digital Markets Act aim to make fairer. Through the example stories, we encourage you to think about how the reforms will affect you as a business or an individual, and what opportunities they may bring.

Please note that digital gatekeepers may also be subject to the obligations of the Digital Services Act discussed in the previous section.

## Digital Markets Act

Digital Markets Act, DMA

Came into force on 1st November 2022

Became applicable from 2nd May 2023

Only applies to the largest core platform service providers (so-called gatekeepers), which the Commission names separately. The European Commission maintains an [up-to-date list](#) of core platform services and gatekeepers

Instead of obligations, it opens up significant opportunities for SMEs

Gatekeepers will be required in future to act more fairly towards smaller businesses

### Interview: Tone Knapstad, what is the Digital Markets Act about?

Tone Knapstad is a researcher specialising in the Digital Markets Act. In this video, she explains which companies the Act affects. She also clarifies how it differs from the Digital Services Act and what benefits it brings to users and businesses.

*Instruction: Turn on subtitles by clicking the CC icon at the bottom of the video.*



### *Test your knowledge*

What are the special features of the Digital Markets Act mentioned in the video?

- It creates fairer opportunities for competition.
- It sets fair ground rules for digital giants or gatekeepers.
- It creates better market access opportunities for SMEs.
- It enables different instant messaging services to work together.

SUBMIT

Continue

## **More options for gatekeeper services**

If you use a digital giant's marketplace or another gatekeeper's core platform service for your business, you may have found that you cannot offer your products or services on other online platforms – at least not on better terms or at lower prices.

In addition to their core platform services, gatekeepers often offer ancillary services such as identification or payment services. If a gatekeeper requires the use of ancillary additional services in conjunction with its core platform service, we as users have no real choice between competing options.

Core platform services also include different devices and operating systems (especially smartphones, their operating systems and app stores). Gatekeepers may seek to keep their hardware features hidden from others and thus make their own apps better than their competitors. They can also force their own apps onto users' devices, preventing the installation of alternatives and requiring the use of their own ancillary services (such as payment, location and identification) in the apps.

## New rules to give users more freedom to choose their digital services

### As a service customer, you are free to switch to a competitor's service —

The gatekeeper must allow users - both individuals and businesses - the ability to transfer their data efficiently. Data transfer is possible in real-time, for example through high-quality application programming interfaces. Users have more choice of service provider, and multihoming is easier.

Users must also have immediate and free access to all the data they have provided and generated when using core platform services. They have the right to receive this data in a usable format.

The gatekeeper must not technically or otherwise restrict users' ability to

- start using different software applications and services
- access online content or services
- switch internet service providers.

Even if a company operates on a gatekeeper's platform, it must be able to offer the same products and services elsewhere, at different prices and on different terms. Even if a company acquires a customer through a core platform service, it can still contract or sell to that customer outside the platform. And even if a company's service uses services that are ancillary to the core platform service (such as login), customers cannot be forced to use them if other alternatives are available elsewhere.

#### Example

**Irene the Influencer:** "In this industry, you have to go where the audience goes. The hottest platforms of two years ago are soon history. It's pretty radical that I can transfer content I want, with views and comments, to a new platform when it's time to leave the old service behind. So, I don't have to start from scratch on a new platform."

#### Example

**Harry the Hairdresser:** "I am an importer of these natural cosmetics products and I sell them to my customers. An important part of my sales takes place on the Beta marketplace, but I prefer to sell supplements directly to my regular customers, and at a slightly lower price when the commission taken by the intermediary service is removed."



**Irene the Influencer**



**Harry the Hairdresser**

## You are free to use additional services provided by companies other than digital giants

Gatekeepers offer several additional functions that are useful for businesses, among them identification services, payment services, web browsers and map services. Companies are free to use these additional functions or they can choose alternative ones provided by other companies. The gatekeeper cannot therefore force a company to use only its own services.

Examples:

- You can use the payment functions on your smartphone other than the manufacturer's own payment function.
- In an operating system, you can choose which browser to use. The pre-installed one can be removed.
- A user of a social media service cannot be forced to sign up for other services in the same product family.

### *Example*

**Davina the Development Manager:** "A large part of our content is for subscribers. Previously, we had to use Beta's services for sales and customer identification, and the service fees were quite high. Now, we can use our own identifiers and handle orders and additional sales without intermediaries, even if customers found us through Beta's social media channels."



**Davina the Development Manager**

## You can remove pre-installed software from your smartphone —

The gatekeeper cannot dictate which applications are used in the system it provides. This applies especially to smartphones. Users have the right to uninstall pre-installed applications that are not essential to the system's usage. A gatekeeper must not only require the use of its own applications or app store but must offer users the opportunity to use alternatives efficiently.

If your company develops applications, the gatekeeper must allow and make it technically feasible for your ancillary service to be installed and used effectively, for example on smartphones. Gatekeepers must not restrict end-users' freedom of choice by technically preventing the switching or subscribing to software applications and services.

In the case of hardware development (such as smartphones), the device or operating system provided by the gatekeeper must allow other product manufacturers equal access to the device's technical features so that they can develop their own solutions and applications as alternatives to those provided by the gatekeeper.

Examples:

- In the future, it will be possible to install alternative app stores on smartphones. This will increase competition, which will in turn promote reasonable and competitive prices for applications and freedom of choice for users.
- Users can disable the manufacturer's pre-installed map app and install another company's map service instead.

### Example

**Simon the Social Media User:** "I bought a new phone for my child, and it was filled with weird games and social media services. In the past, these pre-installed applications could not be removed, but luckily I was able to uninstall them now so that my kids don't accidentally wander into dangerous waters."



## You can send instant messages from one service to another —

When another company requests it, the gatekeeper's instant messaging system must be interoperable with other instant messengers. This means that the gatekeeper cannot prevent a user from messaging with a user on another system.

In the future, messages between two users and within groups must be able to be sent smoothly from one system to another. In addition to text messages, it must be possible to send images, audio messages, videos, file attachments, and audio and video calls. This obligation does not apply to traditional phone number services, such as text messages.

Examples:

- A user of instant messaging service X can send a message to a user of instant messaging service Y.
- A user of service Y can be added to a group on service X.
- You no longer have to think about which instant messenger to use to reach a particular person, you can just contact them - messages travel between instant messaging systems.

*Example*

**Simon Social Media User:** "It used to be really difficult when you had to remember which instant messenger to use for each friend and colleague. Luckily, we've moved past that Stone Age era and all instant messaging systems work together, just like phones."



*Business Story*

**Competing companies are free to advertise to users and direct them away from the digital giant's services**





Game company UG is facing problems promoting its other products to its players.

#### UG

UG game company has a popular game called PuluPeli. It can be played both in the app and via UG's website on the browser. As the game's popularity has grown, more and more users have downloaded the game as an app. The gatekeeper BetaApps is the most popular app store, with most downloads coming from there. In the game, players can also buy extra lives and equipment for their pigeon. Buying extra game features is cheaper when playing on the website than on the app. This is because BetaApps charges a fee for all purchases made from apps downloaded from BetaApps. The fee is collected through Beta's own payment service, BetaPay. One of the game's developers, Antti, ran into problems running ads for the game and was sent to talk to a lawyer.

"I noticed that we can't advertise offers on BetaApps downloaded PuluPeli app that would direct players away from it to our website," Antti explained. "We would like to have seasonal offers on our website, but we can't advertise such them on the app. That's why marketing is difficult."

The lawyer frowned: "You mean you can't add such an offer to the app's ad inventory?"

Antti nodded.

"Well, Beta can't prevent you from advertising your offers on their advertising platform."

"I can see why they don't want to allow it, as it means we would be redirecting users from the game app to our own website. Of course, this would improve the visibility of our other games, but what would it mean for Beta? It wouldn't be as profitable for them."

"But Beta has to allow such offers in the app," the lawyer explained. "Even if the ad directs users away from their platform, so that they can get a lower price."

"Okay. So we have to take further action. And now that I'm here, I want to let you know that we're giving up BetaPay payment service and introducing our own payment service in the app."

"That's interesting!"

"Yeah, the team has worked hard to develop the payment service. But we've already encountered some problems testing them in the PuluPeli app."

The lawyer assured Antti that Beta could not demand the use of BetaPay in the game app: UG is entitled to introduce its new payment service. "And remember, if the problems continue, Beta can't prevent you from reporting the matter to the authorities or from leaving their platform altogether."

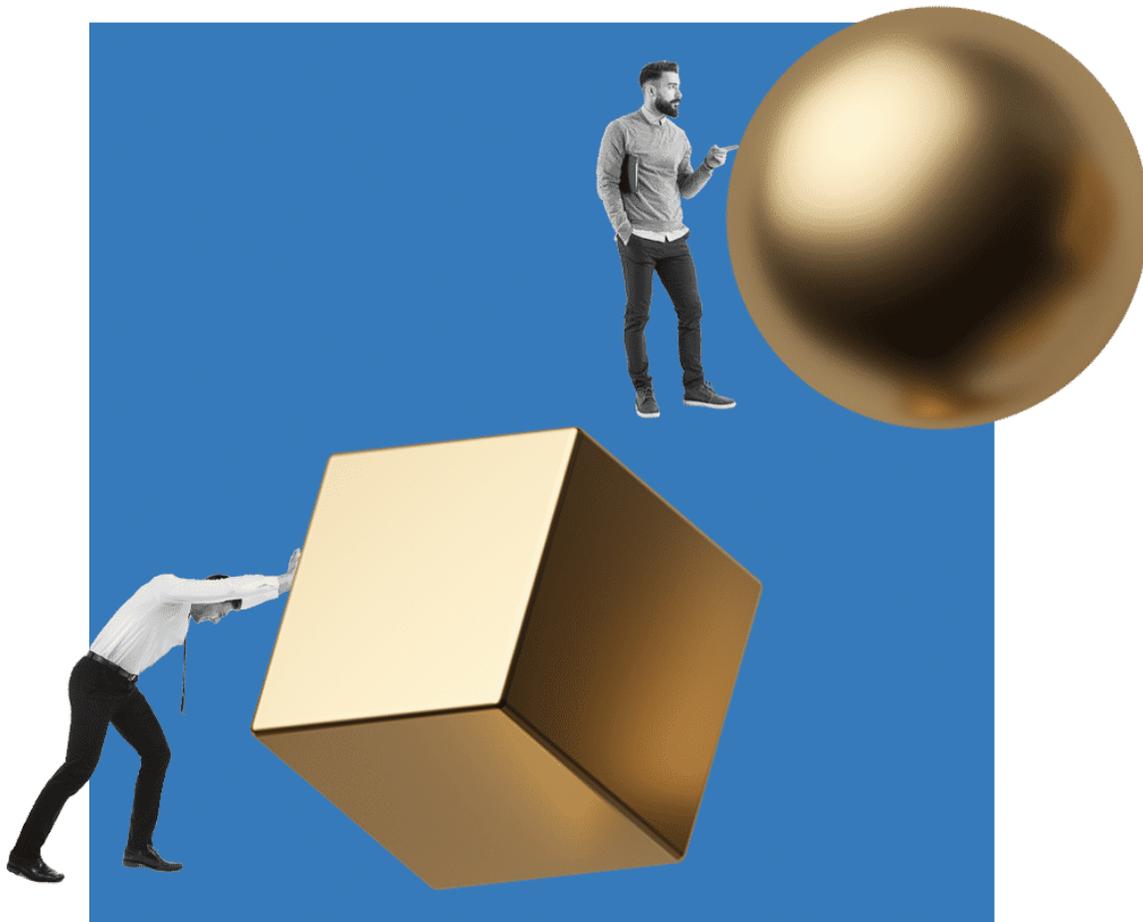
Antti said he didn't think the situation would come to that. He was relieved to know that Beta could not prevent such changes from being made to PuluPeli.

#### *Thought exercise*

For example, in smartphone app stores, the owner of the marketplace can typically take a 30 percent margin on sales. If apps can use other payment services to make purchases, that margin is lost. Do you think this makes prices more affordable for users? And how might app stores react? Can they operate without these margins?

#### *Business Story*

**The services of a large company must not hinder the use of smaller apps**





UG is facing new problems after introducing its own payment service app.

#### UG

UG's payment service works like a charm. It has been released as its own app in various app stores. But UG has noticed that its payment service is not popular in apps downloaded through BetaApps and is wondering why. Game developer Antti investigated and reported his findings to the team.

"I noticed that our payment app has been getting bad reviews on BetaApps. I read the reviews, and it seems that the app doesn't work properly. There are clearly problems with money transfers, and the app seems to work very slowly. The instability has raised questions about how safe it is to use. I don't understand what's going on because we didn't have this problem during testing."

"I haven't noticed anything in my own app," one colleague said. But another interrupted. "The problems only appear in apps downloaded through the BetaApps store for Beta's operating system phones."

"It can't be true," Antti said angrily.

"If this is the case, the problem may be in the compatibility of the payment service app with Beta's operating system. In that case, it won't work properly on phones running that operating system," the colleague continued.

Antti recalled the conversation with the lawyer and said, "That's right! If that's the case, it's not allowed. The platform must not interfere with our payment service, unless our payment service would compromise the integrity of Beta's operating system."

"I don't think this is happening, and if it were, Beta would have to justify it. Let's run some tests, just to be sure."

"By the way, are we sure we have all the technical specifications to ensure that our app is compatible?" one of the programmers asked.

Antti wasn't sure. "Since we have the right to receive all information in a usable format, we should have the right information. But let's check this too."

While running tests, the team found a new problem: team members with Beta's operating system phones were unable to set up UG's payment app as their default app. Only Beta's BetaPay payment app could be used as the default payment app.

Antti recalled that this might not be legal if Beta had made the block deliberately. "Making it difficult or impossible to set our payment service as the default is illegal. I better go see the lawyer again."

### *Thought exercise*

Have you noticed your smartphone or computer recommending certain apps for you, perhaps repeatedly? How many users notice or bother to choose an option not recommended by the system?

## **The gatekeeper's data assets benefit others too**

The largest digital service providers have access to vast amounts of data on their users.

If you use a digital giant's social media platform or other gatekeeper core platform service in your business, you may find that the gatekeeper also offers its own products or services that compete with yours. Unless you have access to the same user data as the gatekeeper, you're in an unfair competitive position.

In the future, users competing with the gatekeeper's offerings must have equal access to the same data about the core platform's users as the gatekeeper. This will further level the playing field to make competition fairer.

## **New rules on sharing data**

### **Digital giants are not allowed to combine user data from different services without permission**

Without the user's consent, it is prohibited to:

- combine personal data between the gatekeeper's own services and other services;
- register users with the gatekeeper's different services to combine personal data;
- use personal data obtained from other services for advertising (such as when a user logs in to a new service with a social media account).

### *Example*

**Simon the Social Media User:** "I wonder if I can now trust that the messages I write in instant messaging apps or emails won't influence the ads I see on social media?"



**Simon the Social  
Media User**

### **Digital giants are not allowed to use the data they collect about their users to compete with business users of the platform**

The gatekeeper collects a lot of information about users' movements on its platform. The gatekeeper must not use this information to gain an advantage over companies operating on its platform. If the gatekeeper uses the data, for example to recommend certain products to customer groups based on their behaviour, this data must also be available to the service's business customers, while respecting their privacy.

A search engine service provider competing with the gatekeeper must have access to consumer behaviour data on fair, reasonable and non-discriminatory terms. This data will allow the competitor to optimise its service and compete on an equal footing with the gatekeeper's core platform services.

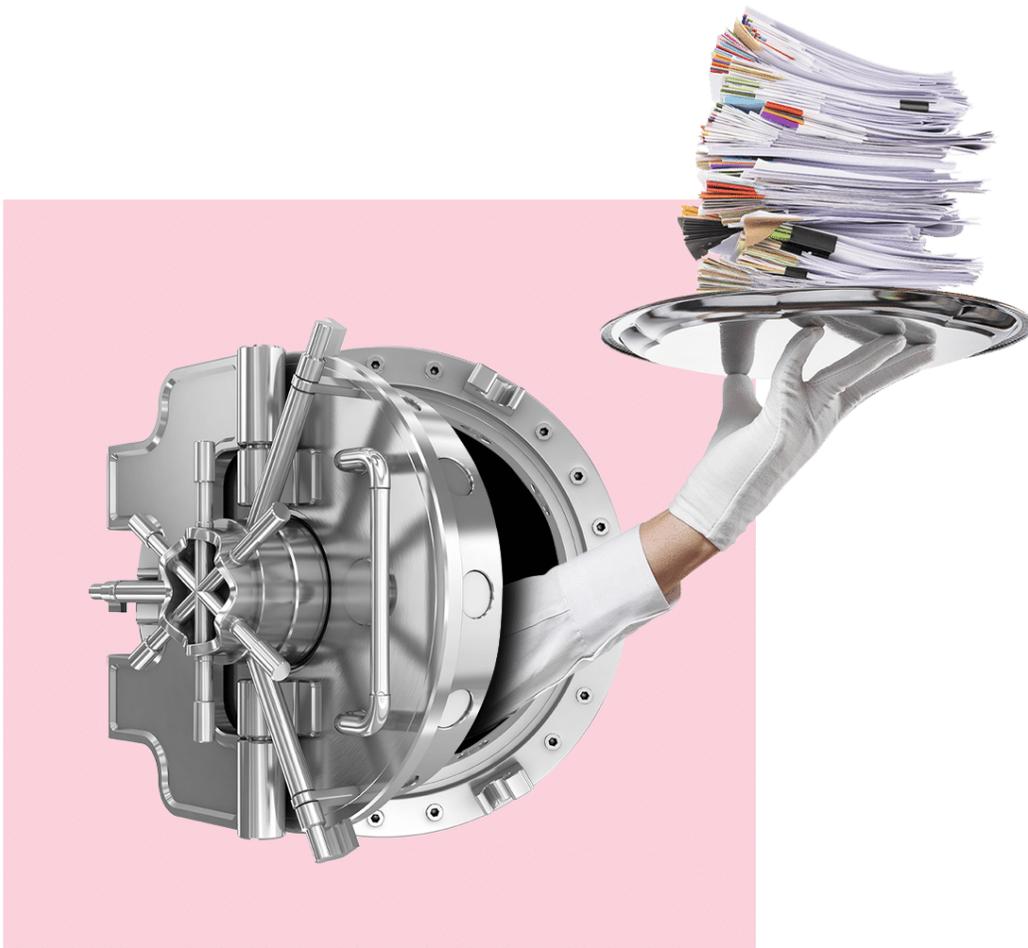
#### *Example*

**Harry the Hairdresser:** "My confidence in Beta has increased as I now have better analytics about the groups of people who browse my products and services. Under EU regulations, I should have the same accurate view as the platform. This makes it easier to plan advertising campaigns."



**Harry the Hairdresser**

**When can access to data be granted?**





Gaming company UG would like to gain access to more detailed information about its users and customers on the Beta platform.

#### UG 1/3

Aino, the CEO of the game company UG, has heard that the Digital Markets Act entitles the company to access certain data collected by gatekeeper Beta. She arranges a meeting with lawyer Atte Tournay to discuss what data UG can access.

"Let's get straight to the point. Do you use any of Beta's services?" Atte asked.

Aino: "We use several, such as its app store and search engine."

Atte: "When you use such a core platform service or its ancillary service, you can request access to the data collected in connection with your use of the service."

"When you talk about data, does this also include collected personal data?"

Atte confirmed that this was indeed the case. "But in such cases the user data must be directly related to you. User consent is needed for their data to be shared."

#### *Test your knowledge*

So, user data from the app store is shared to some extent with the app developer. What data is shared?

- All user data is shared without limitation.
- Only data that directly relates to the developer's app is shared.
- Data is only shared if the user has consented to sharing it with that specific app developer.
- Data is shared without asking the user.

SUBMIT

**UG 2/3**

"How much do we have to pay for access to the data?" Aino asked as she examined her papers.

Atte assured her that access is free of charge. "It should even be given in real-time."

"What if we offered a new game-related marketplace that competes with Beta's core platform service? Is there anything that can help us compete with the larger platform service?" Aino wondered.

"Well, users can request the transfer of their data produced on the core platform service. This is free, and Beta must ensure that the transfer works. This should make it easier for users to switch to your platform, but you still need to get users to want to switch."

*Test your knowledge*

When can user data be transferred from a digital giant's core platform service like BetaApps to a smaller company's digital service, such as a UG app store?

- When registering as a UG user, the user's profile data is automatically transferred from BetaApps.
- When registering as a UG user, the user can choose to transfer their profile data from BetaApps.
- UG can request the data of all BetaApps users.

BetaApps must provide the user's data in a usable format upon request.

BetaApps is not required to provide the user with a copy of their data.

SUBMIT

### UG 3/3

Fortunately, UG has a good marketing team working hard to promote the company's new services. Aino is interested in how to access BetaSearch's search results and user data.

Unfortunately, Atte has to disappoint her. "This kind of access right only applies to companies that provide network search engines, not to in-store search."

He also pointed out that some of the rules are intended to restrict Beta's actions. "For example, Beta knows how many times PuluPeli has been downloaded, what users buy, and how much money they spend on the game app through Beta's payment service. If this data is not publicly available, Beta cannot use it to plan its own competing game. Beta also cannot combine all user information it has without the users' consent."

Aino asked: "So, if we found out that Beta has combined the data we produced on the core platform service with other data, this wouldn't be allowed?"

"In fact, this restriction doesn't apply to UG because you are a company," Atte clarified. "This only applies to end users who aren't business users like you."

"So, in fact, many of the obligations related to the use of data focus more on what the gatekeeper, in this case Beta, is allowed to do?"

"In short, yes," Atte confirmed.

### *Test your knowledge*

What are the limitations on how Beta uses user data?

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Beta can only recommend content or display ads to users based on user data that is also available to platform business users.

Beta can combine user data from BetaApps, BetaPay, and MyBeta to better profile users if the users give their consent.

SUBMIT

## Recommendations and search results are determined more fairly in gatekeeper services

A digital giant is not allowed to unfairly highlight its own content. Digital giants' app stores or other gatekeeper core platform services are often an important service channel for other companies trying to reach users.

When you use a gatekeeper's core platform service, you may find that the gatekeeper treats its own services or products more favourably than its competitors. This may happen at the expense of a company that puts its own apps on the gatekeeper's app store for sale.

You may also find that certain software applications or services are pre-installed on your smartphone or computer. This is another example of how the gatekeeper can artificially weaken our freedom of choice as users and competition in the marketplace.

## New rules for fair visibility of digital services and advertisements

### A digital giant is not allowed to unfairly highlight its own content

The gatekeeper must not favour its own products in search results or content recommendations. In addition, access to the gatekeeper's app stores, search engines, and social media services and the user data they collect must be provided fairly, without favouritism. Companies must therefore have the same accurate information about their customers as the gatekeeper.

The gatekeeper must not apply unreasonable terms in its app stores that give the gatekeeper an unfair advantage over platform business users.

A company that uses the gatekeeper's core platform services will be in a better competitive position compared to the gatekeeper if it can compete on service quality (the best offer wins). The gatekeeper may not apply any special treatment in the ordering of products or services in the core platform service by legal, commercial, or technical means for its own products or services or those offered by platform business users under its control. The order must be determined on fair terms.

#### Example

**Harry the Hairdresser:** "Customers have told me that when they searched for my products, Beta's search engine often offered other competing products first. I think this stopped when the EU rules came into force."

#### Example

**Simon the Social Media User:** "Earlier, there were ads and promotions first in the search results, which Beta clearly wanted me to see among the real search results. Now it feels like the search results are more in line with what I was looking for."



**Simon the Social Media User**



**Harry the Hairdresser**

### Advertisers using a digital giant's get accurate information about the effectiveness of their ads

The gatekeeper must give advertisers performance data on their ads taking place on its platform free of charge. This data must be provided for all ads, daily and free of charge. The gatekeeper must also provide measurement tools that allow the advertiser to independently examine the performance of their ads.

Advertisers must have free access to information that helps them understand the price paid for each online advertising service offered. This will help in comparing the cost of using the gatekeeper's advertising services with those of competing services.

Upon request and where possible, the gatekeeper must disclose information so that the advertiser and content provider can understand the price paid for each offered different advertising service at each stage in the current advertising value chain. The gatekeeper must provide free access to advertising performance measurement tools and data upon request that the advertiser or content provider needs to conduct their own independent examination of their advertising performance.

#### *Example*

**Harry the Hairdresser:** "I now receive very good info about the performance of my ads. I've stopped using one advertising platform because its price was too high compared to the benefits I got."

#### *Example*

**Davina the Development Manager:** "We systematically run ad campaigns that combine organic and paid visibility. Beta's analytics services have improved tremendously, so we can now more accurately analyse the overall impact of advertising and make adjustments."



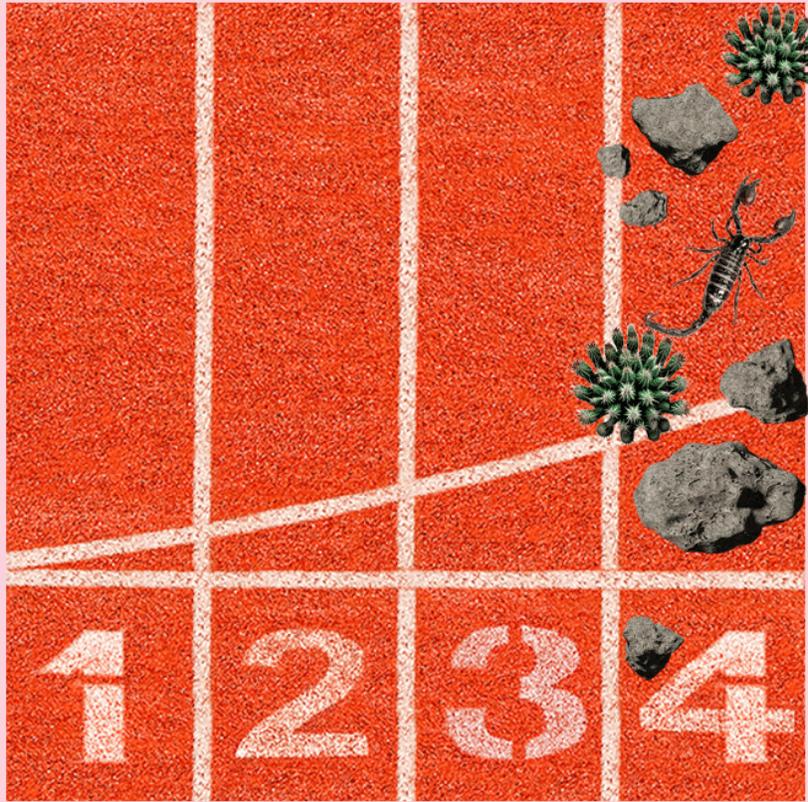
**Harry the Hairdresser**



**Davina the  
Development Manager**

*Company Story*

**A digital giant's own services must not be forcefully prioritised**





Gatekeepers must not favour their own services by the way it positions search results. UG's game developer Antti and lawyer Atte Torney discuss unusual search result findings.

## UG

Game developer Antti noticed that when using Beta's BetaSearch search engine, Beta's payment service BetaPay always comes first in the search results. BetaPay has established its position, but UG's payment service has become very popular in the six months since its launch. The initial problems have been solved. The popularity is reflected in both usage and downloads. Antti raised the issue over coffee with the lawyer.

"Is BetaPay perhaps marked as sponsored content in the search engine?" Atte asked.

"No, it's part of the results, not paid advertising. In fact, it's above the sponsored ads. I've checked it," Antti explained.

"It could be that BetaPay is just searched for much more than your payment service. That would explain why it's so high in the search results."

"True. But still, when I use other search engines, our payment service suddenly appears much higher, even first. This puzzles me," Antti said.

"Hmm. It could still be that people go to Beta's search engine to search for its payment service to download it. Or for instructions or reviews. So the results might actually show the most popular service. But if it's not sponsored and there is no basis for classifying it as first, it sounds like they're favouring their own service in the positioning, which isn't allowed. The point of the ban is to prevent gatekeepers that offer a variety of services from using this leverage to conquer new markets."

Antti looked confused.

"If, for example, a company that owns a shoe factory also owns its own stores where it sells shoes directly to consumers, the company has an incentive to sell the shoes to its own stores at a lower price. The same is true for Beta. It has its own search engine BetaSearch, which many use to find, for example, payment services. But it cannot use its position as the owner of the search engine to treat its own services more favourably than others."

"How can they decide the order?" Antti wondered.

Atte: "The positioning must be based on transparent, fair, and non-discriminatory criteria. The same applies to indexing and the use of search robots."

Antti: "Actually, I've seen the same thing in their app store BetaApps. The app store puts BetaPay first when searching for payment services, even when I search for our payment service by name."

"Clear. The same applies here. Beta should not favour its own service."

#### Thought Exercise

Can you think of examples where a marketplace sells both third-party products and products under their own brand? Does the chain favour its own products by giving them more visibility in advertising or placement?

#### Answer: —

For example, physical grocery chains produce products under their own brand name, which are on the shelves among other products. Store chains compete for shelf space with their own products against other producers.

Also, in smartphone app stores, there are services owned by the app store owner and those equivalent services made by others, which compete for visibility.

### Interview: Jukka-Pekka Kaleva, how does the new regulation affect the gaming industry?

Jukka-Pekka Kaleva advises the gaming industry on regulatory issues. In this video, he explains the opportunities that the Digital Markets Act can bring to game developers and his concerns about how digital giants will react.

*Instruction: Turn on subtitles by clicking the CC icon at the bottom of the video.*



### Test Your Knowledge

What benefits are estimated in the video that the Digital Markets Act can bring to the gaming industry?

- New mobile game marketplaces can improve game discoverability among thousands of others.
- The game company will have better profit margins when users can make in-game purchases through the game company's own payment service.
- Game developers can develop new services using data obtained from large digital platforms.

SUBMIT

### Points to remember:

1

**The Digital Markets Act only obliges the largest companies, the gatekeepers, to act more fairly.** A gatekeeper is an very large company that manages a **core digital service** – a digital service so essential that its use cannot easily be avoided within the EU. There are many different core digital services, including search engines, social media services, video-sharing platforms, instant messaging services, operating systems, mobile phone app stores, cloud services, learning platforms or advertising services.

2

In practice, core digital services are also very large online platforms or search engines, which case they must also comply with the obligations of the Digital Services Act. Like for the large companies under the Digital Services Act, the Commission will name the gatekeepers (the first list will be published on 6.9.2023).

3

**The Digital Markets Act benefits small and medium-sized enterprises** competing with gatekeepers in the provision of digital services. Competition will become more equal, among other things, because:

- a. A tech giant must enable its users to transfer their data to competitor services free of charge.
- b. A tech giant may not use data not publicly available to compete with companies that use its services.
- c. A tech giant may not prevent companies using its services from making complaints or seeking changes to agreements or terms.
- d. Companies using the services of tech giants can complain about gatekeepers' actions that are contrary to good business practices – for instance discriminatory access conditions, unjustified closure of business user accounts and unclear reasons for removing your products from the product range.

Continue

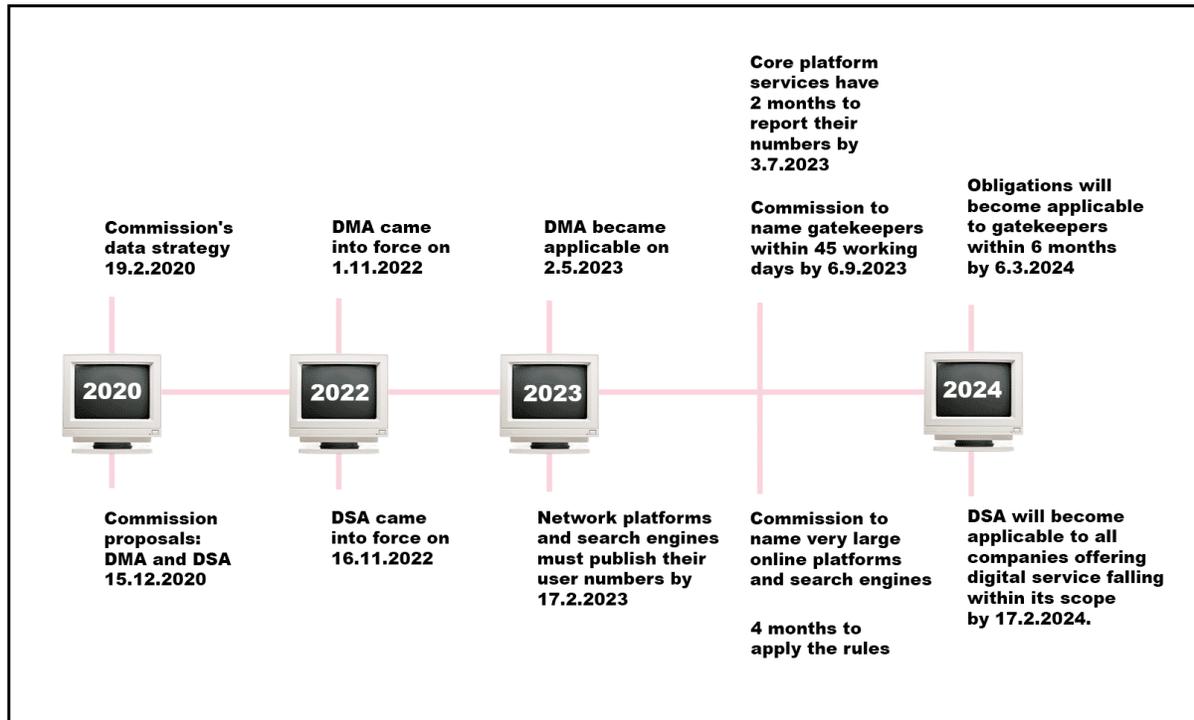
## 5. Summary

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**In this section, you can review the key contents of the training and familiarise yourself with FAQs**

Digital Markets Act	Digital Services Act
Digital Markets Act, DMA	Digital Services Act, DSA
Came into force on 1st November 2022	Came into force on 16.11.2022
Became applicable from 2nd May 2023	Applies from 17.2.2024
Only applies to the largest core platform service providers (so-called gatekeepers), which the Commission names separately. The European Commission maintains an <a href="#">up-to-date list</a> of core platform services and gatekeepers	Concerns all companies offering intermediary services, from small businesses to those operating in the EU internal market or offering services to EU users
Instead of obligations, it opens up significant opportunities for SMEs	Significant exceptions for small and micro-enterprises
Gatekeepers will be required in future to act more fairly towards smaller businesses	Clarifies the procedures of content distributed online

The Digital Services Act will apply from 17.2.2024 to all companies offering digital services falling within its scope. The Digital Markets Act has already been in force since 2.5.2023 and the gatekeeper obligations are in force from 6.3.2024 onwards.



## The digital services covered in the training

Let's delve deeper into the different types of digital services that are subject to the Digital Services Act and the Digital Markets Act.

The Digital Services Act (DSA) applies to all companies, regardless of size, that offer digital services. The DSA sorts digital services into different categories, each with slightly different obligations: intermediary services, online platforms and very large online platforms or search engines. Let's take a closer look at them.

### 1. Intermediary services transfer data between users

There are many names for this. The DSA divides intermediary services into three categories.

#### 1. Pure data transfer

In the EU, 90% of adults use the internet for various purposes: messaging, information retrieval, shopping, banking, reading news... All internet services require data migration, meaning the transfer of data and content between different parties.

#### 2. Data caching

Data caching refers to data transfer that involves the automatic, temporary, and short-term storage of data. Such services are crucial for large online services to ensure smooth and efficient data transfer over the internet.

#### 3. Storage services

Storage services store and retain user data. A familiar example of a storage service is a cloud service that provides online storage space for things like your own photos. Storage services also include companies that offer various website services and web hosting, allowing you to create and manage your own blog or company website.

*Example*

**Davina the Development Manager** (like almost everyone), uses only pure data transfer intermediary services. Davina's media company needs an internet connection and a domain name (company.fi) to operate. It obtains these from different intermediary services.



## 2. Online platforms, such as social media platforms, distribute user-generated content —

An online platform is an intermediary service that, at the user's request, distributes user-generated data and content to a wide audience. It also provides a meeting place for people and businesses.

Online platforms include social media services, app stores, and marketplaces where we can make agreements with companies to buy products or services. For example, food delivery services use platforms to connect consumers, restaurants and couriers.

*Example*

Irene the Influencer, uses an online platform. She publishes her content on social media services for other users and also runs her own business. So does Harry the Hairdresser. In the EU, 40% of businesses use online platforms to reach consumers.

*Example*

4REELZ is a fictional example of an online platform provider with a social media service. There are about 10,000 online platforms operating in the EU, of which small and medium-sized enterprises run about 90%.



### 3. Very large online platforms or search engines play a major role in society —

The Digital Services Act imposes different obligations on intermediary services, depending on their size, mode of operation and importance. The most significant obligations apply to very large online platforms and search engines (VLOPs = Very Large Online Platforms, VLOSEs = Very Large Online Search Engines).

An online platform or online search engine is considered very large if it has at least 45 million active service recipients per month in the EU (10% of the EU's 450 million inhabitants). Due to their large user base, these online platforms and search engines have a particularly significant role in public discourse and business.

The European Commission maintains an [up-to-date list](#) of very large online platforms and search engines. In 2023, some of the named VLOSEs include Google and Microsoft search engines, while many familiar platforms such as Facebook, Instagram, TikTok, Twitter, Snapchat, LinkedIn, and YouTube are identified as VLOPs. On the e-commerce side, Apple and Google's app stores are named as VLOPs, as are Amazon, Alibaba, Booking.com, and Zalando.

#### *Example*

4REELZ is a fictional online platform, but it is not very large. By contrast, Beta and its fictional social media service MyBeta are examples of a very large online platform. The search engine BetaSearch is an example of a potentially very large search engine.



The **Digital Markets Act** applies to core platform services provided by the largest companies, known as gatekeepers. Core platform services are such essential intermediation services that their use cannot easily be avoided in the EU. The gatekeepers who administer them can, if they wish, influence social debate, trade and communication. For this reason, their activities will be subject to stricter fairness requirements. In practice, core platform services are also very large online platforms or search engines, which means that they also have to comply with obligations under the Digital Services Act.

#### 4. Gatekeeper's core platform services, which are of key importance in the EU

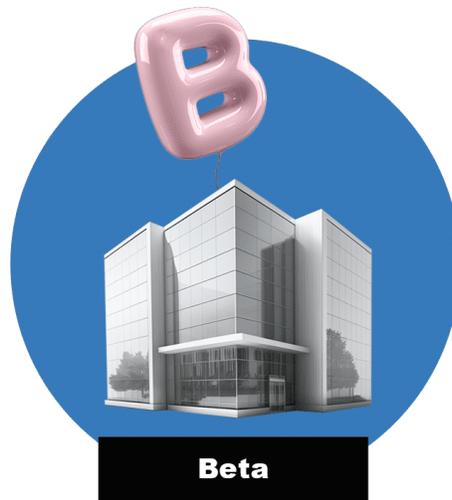
Core platform services are intermediary services that have a central role in connecting different users. They are very large. A core platform service has over 45 million end-users per month in the EU. They also have over 10,000 active business users annually in the EU during the last financial year.

There are many types of core digital services, including search engines, social media services, video-sharing platforms, instant messaging services, operating systems, mobile phone app stores, cloud services, learning platforms, or advertising services.

The provider of a core platform service is called a gatekeeper. The European Commission maintains an [up-to-date list](#) of core platform services and gatekeepers.

##### Example

Beta is a fictional example of a gatekeeper. Its core platform services could include its social media online platform, payment service, search engine, and app store.



##### Test your knowledge

What kind of digital service is the learning service you use the most? Why is it classified as such?

- 
- A transmission service (only data transfer, caching, storage service)
  - Online platform

Very large online platform or search engine

Gatekeeper's core platform service

SUBMIT

## FAQs: Digital Services Act

### 1. What is the Digital Services Act?

The Digital Services Act (DSA) is a law that aims to improve user safety in online environments and ensure the responsibility of intermediary services such as social media services and search engines for the content they transmit, store, or disseminate. It defines obligations for different intermediary service providers, including transparency in policies and content moderation.

### 2. How do I know which services the Digital Services Act applies to?

The Digital Services Act applies to intermediary services, online platforms and very large online platforms and search engines. The act imposes different levels of obligations on different types of intermediary services. The heaviest obligations are imposed on very large online platforms and search engines.

### 3. What is an intermediary service?

An intermediary service is a digital service that transfers information, content or commerce between individuals and businesses. It has three subcategories of services:

1. **Basic information and content transfer**, which is the basis of all digital services.
2. **Caching, or the automatic, temporary and short-term storage of data**, which is crucial for large online services to ensure smooth and efficient data transfer.
3. **Storing and retaining user data**, which includes cloud services for photos or various website services and web hosting, allowing individuals to establish and manage their own blogs or business websites.

### 4. What is an online platform?

An online platform is a digital service that distributes user content to a wide audience and provides people with a meeting place, such as social media platforms or app stores.

## 1. What is the Digital Services Act?

## 5. What is a very large online platform or search engine?

**Very large online platforms** or **search engines** are socially important digital services subject to the most important obligations under the Digital Services Act. Examples include Google and Microsoft, as well as platforms like Facebook, Instagram, TikTok, Twitter, Snapchat, LinkedIn, and YouTube. On the e-commerce side, Apple and Google's app stores, as well as Amazon, Alibaba, Booking.com, and Zalando, are included in the list.

## 6. How do I know what content is legal and illegal?

The Digital Services Act distinguishes between legal and illegal content. Illegal content is not an entirely straightforward concept but is determined by EU regulations and member state rules. In other words, what is illegal content in Finland may be legal in another member state. The Digital Services Act does not address the definition of illegal content as such, but imposes obligations on intermediary service providers on how to deal with content that is illegal, poses a social risk, or violates the terms of service.

## 7. What should I do if I want to report illegal content?

All storage services like cloud services, website platforms and social media service, must have notification and action procedures for handling illegal content. The procedures must be user-friendly and simple. The storage service provider must promptly inform the complainant of the outcome of the complaint and also inform them of the possibility to appeal the decision.

## 8. What should I do if an intermediary service restricts my content?

All intermediary services must explain why they have restricted a user's content or their ability to use the service. Intermediary services must explain whether the reason is due to illegal content or a violation of the terms of service. The storage service provider must inform the user about how to appeal the decision.

## 9. What should I do if I want to appeal a decision made by the service?

Online platforms must have an internal system for handling complaints. The system may be entirely new or an adaptation of an existing one, as long as it is accessible and user-friendly.

## 10. What should I do if I am not satisfied with the outcome of my complaint, despite appealing?

The decision of online platforms can be challenged in out-of-court dispute resolution procedure, which must be clearly and user-friendly communicated by the online platform. The out-of-court dispute resolution body is certified by the national digital service coordinator, and although it does not issue binding decisions, it requires both parties to come to the table and is a reachable option for the user due to low or no costs.

## 11. What if I can't make a report of illegal content myself – can someone else represent me?

## 1. What is the Digital Services Act?

A non-profit body, organization or association that is established in a member state and committed to monitoring compliance with the Digital Services Act can represent another user in right to report illegal content and appeal the outcome.

## 12. Can I make a report of the intermediary service provider?

In situations where the provider has breached its obligations or compensation for damage is sought, a complaint can be made about the online platform to the digital services coordinator of your member state. The digital services coordinator of your member state will forward the complaint to the coordinator responsible for monitoring the online platform.

## 13. What should I do if I want to be a trusted flagger?

Each member state's digital services coordinator will grant the status of trusted flagger upon application. The applicant must be, among other things, an expert in illegal content, independent of online platforms, and make notifications carefully, accurately, and objectively. The trusted flagger monitors online platforms and reports to the digital services coordinator at least once a year.

## 14. How should digital services prevent illegal content?

Very large online platforms or search engines must conduct a risk analysis of their services and commit to reducing those risks. These digital services can consult experts and representatives of organisations in addition to the Commission and digital services coordinators when making risk analyses and commitments.

## 15. What will happen to advertising?

Online platforms can no longer target advertising to minors or based on sensitive personal data. Online platforms must also inform users when they are targeted by advertising, who paid for the advertisement, what content is sponsored, and when influencers publish commercial collaborations. Very large online platforms or search engines must also maintain an advertising register that allows researchers, organisations, and authorities to investigate ad targeting.

## 16. What new data will be available to researchers under the Digital Services Act?

1. All intermediary services must publish annual reports on content moderation.
2. Online platforms must also provide additional information in their annual reports, such as on the number of disputes resolved out of court and their outcome, service interruptions and their causes, and the use of automated methods in moderation and accuracy information.
3. Online platforms must publish data on their EU user numbers every six months.
4. Very large online platforms or search engines must maintain a public advertising register.
5. Very large online platforms or search engines must provide researchers approved by the digital services coordinator with access to data for research purposes.
6. Very large online platforms or search engines must also publish an annual report on their risk analysis, risk reduction measures, audit report, and implementation report.

### 13. What should I do if I want to be a trusted flagger?

### 17. Who can I contact in case of problems?

Each intermediary service must have a centralised contact point that communicates with users, national authorities and EU authorities.

### 18. Does the Digital Services Act apply only to the largest intermediary service providers? What are the obligations for small and medium-sized enterprises (SMEs)?

The Digital Services Act imposes cumulative obligations on different intermediary services, with the most significant obligations applying to very large online platforms or search engines. Micro and small enterprises that provide online platforms are exempt from some obligations:

1. Internal complaints system
2. Out-of-court dispute resolution
3. Trusted flaggers
4. Measures against abuse and protection against abuse
5. Reporting obligations for online platform providers, except for information on monthly users at the request of the digital services coordinator or the Commission
6. Design and organisation of application programming interfaces
7. Advertising on online platforms
8. Transparency of recommendation systems
9. Protection of minors online
10. Obligations of marketplaces

### 19. Who monitors the enforcement of the Digital Services Act?

The enforcement of the Digital Services Act is shared between the European Commission and member states.

1. The European Commission is responsible for overseeing very large online platforms and search engines and can impose sanctions for violations.
2. Member states are responsible for other types of intermediary services. Each member state must appoint a digital services coordinator or national regulatory authority to oversee companies based in that member state by 17 February 2024.

### 20. What are the powers of the digital services coordinator?

National digital services coordinators have many key tasks, including:

### 13. What should I do if I want to be a trusted flagger?

1. Granting access to data to researchers
2. Granting trusted flagger status
3. Certifying out-of-court dispute resolution bodies
4. Handling complaints against intermediary service providers

### 21. What is the European Board for Digital Services?

The European Board for Digital Services is an independent advisory group of member state digital services coordinators and the Commission, with each member state having one vote. The board can invite experts and observers to its meetings and collaborate with external experts.

## FAQs: Digital Markets Act

### 1. What is the Digital Markets Act?

The Digital Markets Act (DMA) is a regulation that gives the Commission entirely new powers to intervene in the operations of the largest companies providing intermediary services, known as gatekeepers. It lists several prohibitions and requirements that gatekeepers must meet if they aim to operate in the EU's internal market.

### 2. Which companies are affected by the Digital Markets Act?

The Digital Markets Act applies to large companies that are "gatekeepers" between business users and end-users. Secondly, they provide core platform services in at least three Member States. Core platform services cover a long list of different services, such as search engines, social media services, video-sharing platforms, instant messaging services, operating systems, smartphone app stores, cloud services, learning platforms or advertising services. Thirdly, their market position is significant and lasting. The Commission will name these companies by 6 September 2023.

### 3. What does the Digital Markets Act require of gatekeepers?

1. Some rules apply to all core platform services, including:
  - a. Gatekeepers may not combine personal data from core platform services and other services without the user's consent.
  - b. Gatekeepers may not use any data that is not publicly available to compete with business users.
  - c. Gatekeepers must enable end-users to transfer their data to other services free of charge.
2. Other rules apply only to certain core platform services and are more open to detailed definition, for example in the case of an operating system, software app, virtual assistant, web browser, search engine, social media service, non-number dependent

### **1. What is the Digital Markets Act?**

interpersonal communication services.

### **4. Who will oversee the enforcement of the Digital Markets Act?**

The enforcement of the Digital Markets Act belongs to the European Commission. The Commission will name gatekeepers and may request information from them, conduct interviews, conduct on-site inspections and impose measures.

### **5. What is the Digital Markets Advisory Committee?**

The Digital Markets Advisory Committee assists the Commission and provides opinions on the Commission's decisions. Each Member State is represented in the committee.

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## What's next?

- **Inspire** by your own example
- **Motivate** others
- **Challenge** a colleague to participate in training
- **Network** with other learners
- **Have open discussions** about what you have learned
- **Share** knowledge in your workplace

**Thank you for your participation!**

*Working group*

*Meeri Toivanen, expert, Sitra*

*Tarmo Toikkanen, senior expert, Sitra*

*Samuel Wrigley, postdoctoral researcher, University of Helsinki*

*Tone Knapstad, PhD researcher, University of Helsinki*

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