

European Parliament passes the Digital Services Act (DSA) and the Digital Markets Act (DMA)

On Tuesday, Parliament held the final vote on the new [Digital Services Act \(DSA\)](#) and [Digital Markets Act \(DMA\)](#), following a deal reached between Parliament and Council on 23 April and 24 March respectively.

The new EU digital rulebook sets out unprecedented standards on the accountability of online companies that will be **applicable across the whole of the EU**.

The DSA was adopted with 539 votes in favour, 54 votes against and 30 abstentions. The DMA, with 588 in favour, 11 votes against and 31 abstentions.

DSA: What is illegal offline, should be illegal online

DSA aims to limit the spread of illegal content and disinformation online, enhance the accountability and transparency of algorithm and deal with content moderation and targeted advertising.

The new obligations include:

- **New measures to counter illegal content online and obligations for platforms to react quickly.**
- **Strengthened traceability and checks on traders in online marketplaces.**
- **Increased transparency and accountability of platforms.**
- **Bans on misleading practices and certain types of targeted advertising** (specially on children and the ones based on sensitive data).

Online platforms and search engines with 45 million or more monthly users will have to comply with stricter obligations. These include:

- **Preventing systemic risks** (such as the dissemination of illegal content, adverse effects on fundamental rights, on electoral processes and on gender-based violence or mental health).
- **Being subject to independent audits.**
- **Provide users with the choice to not receive recommendations based on profiling.**
- **Facilitate access to their data and algorithms** to authorities and vetted researchers.

DMA: A list of 'do's' and 'don'ts' for gatekeepers

DMA sets rules on what big online platforms acting as a gatekeepers (platforms whose dominant online position make them hard for consumers to avoid) will be allowed to do and not do in the EU. It blacklists certain practices and enables the Commission to carry out market investigations and sanction non-compliant behaviour.

To prevent unfair business practices, those designated as gatekeepers will have to:

- **Allow third parties to inter-operate with their own services.**
- **Allow business users to access the data they generate in the gatekeeper's platform.**

Gatekeepers can no longer:

- **Rank their own services or products more favourably** (self-preferencing) than other third parties on their platforms.
- **Prevent users from easily un-installing any pre-loaded software or apps**, or using third-party applications and app stores.
- **Process users' personal data for targeted advertising**, unless consent is explicitly granted.

Enforcement

Rules will be applied directly and uniformly across the EU. **Each platform should designate a legal representative.** DG Connect, DG Competition, the Commission Legal Service, and the JCR, in cooperation with enforcement authorities in Member States, will supervise the DSA/DMA implementation. In this regard, **each Member State will have a regulator** with the necessary powers to enforce the rules. Moreover, Commission will create the **European Centre for Algorithmic Transparency**, which will hire world-class scientific talent in data science and algorithms that will complement and assist the enforcement teams. Also, Commission will rely on a **network of trusted flaggers**, such as NGOs. A share of the new staff required will be financed through a fee that Commission will collect from large online platforms and search engines.

Sanctions

Companies face a fine of up to **10% of annual global turnover for violations of the DMA, or up to 20% in case of repeated non-compliance, and 6% for violations of the DSA.**

Quotes

[During the debate](#), Christel Schaldemose (S&D, DK), rapporteur for the Digital Services Act said: **“The digital world has developed into a Wild West, with the biggest and strongest setting the rules. But there is a new sheriff in town —the DSA. Now rules and rights will be strengthened. We are opening up the black box of algorithms so that we can have a proper look at the moneymaking machines behind these social platforms”.**

Andreas Schwab (EPP, DE), rapporteur for the Digital Markets Act said: **“The purpose of the digital single market is that Europe gets the best companies and not just the biggest. This is why we need to focus on the legislation's implementation. We need proper supervision to make sure that the regulatory dialogue works. It is only once we have a dialogue of equals that we will be able to get the respect the EU deserves; and this, we owe to our citizens and businesses”.** **“The big tech companies will have to prove to authorities that they abide by the law.** It will no longer be anymore the European Commission running behind the companies”, he added.

Also, [European Commission welcomed the adoption](#) by the European Parliament of the EU's new rulebook for digital services. Margrethe Vestager, EU executive vice-president for a Europe Fit for the Digital Age, said: "Big platforms will have to refrain from promoting their own interests, share their data with other businesses, enable more app stores. Because **with size comes responsibility —as a big platform, there are things you must do and things you cannot do**".

Thierry Breton, EU commissioner for the Internal Market, wrote: "10 years ago, a page was turned on 'too big to fail' banks. Now —with DSA & DMA— we're turning the page on 'too big to care' platforms. **We are finally building a single digital market, the most important one in the 'free world'**".

Next steps

Following the adoption of the acts in the first reading by the European Parliament, both texts now have to be formally adopted by the Council of the European Union. It is expected the **adoption by the Council in July (DMA) and September (DSA)**. After their signature, the acts will be published in the EU Official Journal and enter into force twenty days after publication.

The DSA will be directly applicable across the EU and will apply fifteen months or from 1 January 2024 (whichever comes later) after the entry into force. As regards the obligations for very large online platforms and very large online search engines, the DSA will apply earlier - four months after they have been designated as such by the Commission.

The DMA will start to apply six months following its entry into force. The gatekeepers will have a maximum of six months after they have been designated to comply with the new obligations.