

# United States Senate

WASHINGTON, DC 20510-2309

July 22, 2015

The Honorable Loretta Lynch  
Attorney General  
United States Department of Justice  
950 Pennsylvania Avenue, NW  
Washington, DC 20530

The Honorable Edith Ramirez  
Chairwoman  
Federal Trade Commission  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Dear Attorney General Lynch and Chairwoman Ramirez:

I am writing to encourage you to examine Apple's current dealings with app developers to determine whether the company is engaging in anticompetitive behavior in the music streaming market. As the digital music industry continues to evolve, we must ensure that this relatively new market allows for meaningful competition and that consumers have access to important information about the products and services available to them. While I am encouraged to see increased competition in this market, I am concerned about certain business practices that have the potential to limit choices and raise prices for consumers.

One of the most innovative companies of our time, Apple is world-renowned for producing high-quality products and offering excellent customer service. However, the recent launch of Apple Music has brought to light a number of restrictions Apple places on app developers, including its own competitors in the music streaming market, that rely on Apple's operating system to offer their products and services to all consumers with Apple devices. Apple currently charges a non-negotiable 30 percent fee on revenues from in-app purchases made through apps operating on Apple devices. Apple then enforces this fee through rules and guidelines found in its licensing agreements with app developers. Among other things, these agreements prevent apps from communicating important information to their users, such as why prices for the same product can vary significantly depending on the operating platform or the technology a consumer uses to make the purchase.

In the case of music streaming services, Apple's licensing agreements have prevented companies from using their apps to inform users that lower prices are available through their own websites, to advertise the availability of promotional discounts, or to complete a transaction directly with a consumer within their app. These types of restrictions seem to offer no competitive benefit and may actually undermine the competitive process, to the detriment of consumers, who may end up paying substantially more than the current market price point.

Increased competition in the music streaming market should mean that consumers will ultimately benefit through more choices of better products and at lower prices. I am concerned, however, that Apple's position as a dominant platform operator may actually undermine many of the potential consumer benefits of its entry into the market. To protect consumer choice and promote greater transparency of pricing, I ask that you review Apple's business practices with respect to its competitors in the music streaming market.

I appreciate your attention to this matter. Should you have any questions, please do not hesitate to contact Leslie Hylton of my staff at (202) 224-5641.

Sincerely,

A handwritten signature in blue ink that reads "Al Franken". The signature is fluid and cursive, with a long horizontal line extending to the right.

Al Franken  
United States Senator