

FTC aims to block Nvidia's \$40 billion Arm purchase with lawsuit

Article

The news: The Federal Trade Commission announced last week that it is suing to block the merger between **Nvidia** and **Arm** because of its potential to “stifle competing next-generation technologies,” [per](#) The Verge.

Why this matters: Nvidia's **\$40 billion** Arm acquisition has been particularly controversial in a period of tightening Big Tech regulation due to its wider implications on the microprocessor

industry and Arm's customers, which are also Nvidia competitors.

- “The FTC is suing to block the largest semiconductor chip merger in history to prevent a chip conglomerate from stifling the innovation pipeline for next-generation technologies,” **FTC Bureau of Competition Director Holly Vedova** said in a statement.
- Since Nvidia competes with many of Arm's customers, regulators worry that Nvidia could use its position to put competitors at a disadvantage. In context, over **200 billion chips** have been made for various devices based on designs from Arm (more than from any other company on record).
- The UK's Competition and Markets Authority (CMA) similarly began **investigating** the acquisition last month, and the European Union opened a formal investigation into the deal in October.

What's next? Nvidia responded by promising it would keep Arm's existing open-licensing model, where the company designs semiconductors for **Apple, Qualcomm, Samsung, Amazon, Microsoft**, and others.

- An Nvidia spokesperson noted in a statement to the Verge that “we will continue to work to demonstrate that this transaction will benefit the industry and promote competition.”
- “The FTC's lawsuit should send a strong signal that we will act aggressively to protect our critical infrastructure markets from illegal vertical mergers that have far-reaching and damaging effects on future innovations,” the FTC's Vedova said.

The problem: Regulatory scrutiny has put the deal in a precarious situation that might result in Nvidia and **Softbank** (which owns Arm) reevaluating the acquisition.

- This sends a strong message to Big Tech, whose mergers, like **Meta's acquisition** of **Giphy**, are being closely scrutinized and acted on. In Meta's case, the UK's CMA ordered it to sell Giphy.
- **Nvidia CEO Jensen Huang** expected the acquisition of Arm to be completed by March 2022. The trio of investigations by the CMA, EU, and FTC and resulting blockage could push out the deadline indefinitely or quash it altogether.