

Nvidia looking to abandon Arm acquisition to avoid global regulatory blowback

Article

The news: Nvidia is preparing to give up on its highly controversial Arm acquisition in the wake of increased regulatory scrutiny from various fronts.

How we got here: In September 2020, Nvidia announced it planned to buy British chip designer Arm for \$40 billion. Since that time, the deal has been the focus of various regulatory bodies who warned that Arm's acquisition by a leading tech company could put competitors at a disadvantage, [per](#) The Verge.

- The **European Commission**, a branch of the EU, opened a formal investigation into the deal in October 2021, and the UK's **Competition and Markets Authority (CMA)** similarly began [investigating](#) the acquisition in November.
- The **Federal Trade Commission (FTC)** announced last month that it is suing to block the merger because of its potential to “stifle competing next-generation technologies.”
- In China, Beijing [quashed](#) a similar acquisition between **Qualcomm** and **NXP Semiconductors** for **\$44 billion** in 2018, and is expected to contest Arm's acquisition in the same manner.

What's next? Nvidia is reportedly telling partners it does not expect the deal to go through, per Bloomberg, even as Nvidia and Arm's executives are still pleading their case and no final decisions have been made.

- “We remain hopeful that the transaction will be approved,” a spokesperson from **SoftBank**, which currently owns Arm, said in an emailed statement.
- However, SoftBank is said to be “stepping up preparations to take Arm public via an IPO”—a less controversial yet equally profitable way to divest itself of the chip designer.
- **Nvidia CEO Jensen Huang** expected the acquisition of Arm to be completed by March 2022, but investigations by the EU, CMA, and FTC and resulting blockage could quash it altogether.

The big takeaway: The negative press and mounting regulator backlash from this deal could affect Nvidia and Softbank's short-term bottom lines and mark Arm as a difficult company to acquire.

The success of this acquisition, or its failure, could be an indicator of the effectiveness of global regulation on Big Tech.