

Regulators scramble to update merger guidelines as Big Tech continues acquisition spree

Article

The news: The US Federal Trade Commission (FTC) and the Department of Justice (DOJ) are launching a joint public inquiry to initiate an overhaul of existing merger guidelines that may

be out of date and ineffective in today's Big Tech reality.

What this means: Regulators are reviewing how they approve mergers and acquisitions and are working to adopt more effective rules for today's billion-dollar tech acquisitions. In context, **the last set of rules was written in 2010** for a very different acquisitions landscape, [per](#) The Register.

The review will look at how the merger review process is applied to free services, such as those from **Google** and **Facebook**. It will also look at advertising-based models that offer free services to users.

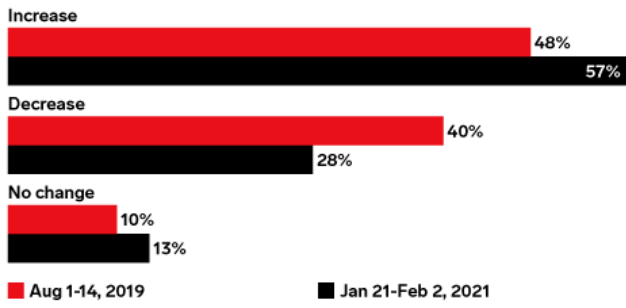
- **FTC Chair Lina Khan** said the time was ripe for merger reviews. 2021 global deals collectively tipped the scales at **\$5.8 trillion**, a record-high number.
- "Times have changed because the advent of the digital economy has transformed industry," said **Jonathan Kanter, the DOJ's assistant attorney general**. "The digital revolution has not only impacted new markets like tech, but markets across our economy, many of which have been rebuilt from the inside out."
- The DOJ received twice the number of merger filings in 2020 vs. 2019, which has put a strain on the processing department, per **David Lawrence, counsel to the assistant attorney general**.
- The consolidation trend is on track to continue in 2022. **Microsoft** announced Tuesday it was [acquiring](#) **Activision Blizzard** for nearly **\$70 billion**. And last week, **Take-Two Interactive** [committed](#) to buy **Zynga** for **\$13 billion**.
- The Biden Administration has made [antitrust reform](#) a priority, with mergers and acquisitions high on the list of regulatory targets.

What's the catch? Government regulators are [squaring off](#) against more powerful monolithic Big Tech companies that will likely redouble their efforts to stall future antitrust regulations.

- The FTC's Khan noted Big Tech companies have devoted "tremendous resources" on acquisitions that are "largely outside of our purview." Deals worth less than **\$92 million** [do not require approval](#) from antitrust regulators.
- Reviewing and implementing new merger regulations could take a long time, creating a vacuum for Big Tech to continue acquiring new companies.

How Do US Adults Think the Government Should Change Its Regulation of Big Technology Companies?

% of respondents, Aug 2019 & Feb 2021



Note: ages 18+; e.g., Amazon, Facebook, Google; responses of "no opinion" not shown
Source: Gallup as cited in company blog, Feb 18, 2021

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