

Nvidia terminates bid to buy Arm

Article

The news: Nvidia and Softbank, the owner of Arm, confirmed yesterday that the \$40 billion deal to buy the British chip designer has sunk after buckling from the mounting pressure of regulation and litigation.

How we got here: Nvidia announced it planned to buy British chip designer Arm in 2020. Various regulatory bodies swooped in to warn that Arm's acquisition by a leading tech company could put competitors at a disadvantage, [per](#) The New York Times.

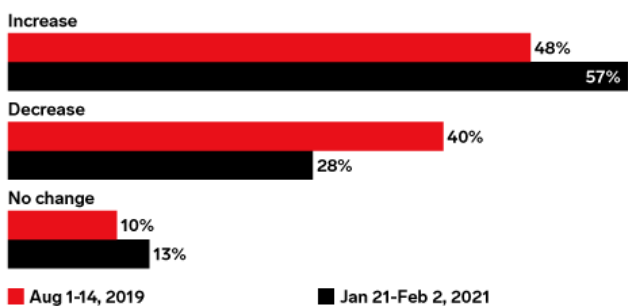
- The **European Commission**, a branch of the EU, opened a formal investigation into the deal in October 2021, and the UK's **Competition and Markets Authority (CMA)** similarly began investigating the acquisition in November.
- The US **Federal Trade Commission (FTC)** announced last month that it was suing to block the merger because of its potential to “stifle competing next-generation technologies.”
- The negative press and mounting regulator backlash surrounding the deal had detrimental effects on Nvidia's and Softbank's short-term bottom lines and marked Arm as a difficult company to acquire.

What's next? Now that the deal is off, Softbank's next recourse is to take Arm public, likely in March, per the Times. Meanwhile, Nvidia hopes to continue working with Arm. “Though we won't be one company, we will partner closely with Arm,” Nvidia CEO **Jensen Huang** said.

- The outcome of this aborted acquisition is a red flag for Big Tech mergers as well as a victory for regulators like the FTC, the European Commission, and the UK's CMA.
- Expect Big Tech mergers to continue in 2022, but companies will need to tread carefully and ensure that they can minimize regulatory fallout on various fronts.
- Not only are regulators on high alert for antitrust deals, they act decisively. The UK's CMA quickly swooped down on Meta's acquisition of Giphy and ordered it to sell the GIF search engine.

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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