

Microsoft's revamped \$69 billion deal for Activision is on the cusp of going through

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A sign outside the Activision building in Santa Monica, Calif., June 21, 2023. British competition regulators signaled Friday, Sept. 22 that Microsoft's restructured \$69 billion deal to buy video game maker Activision Blizzard is likely to receive antitrust approval by next month's deadline. Credit: AP Photo/Richard Vogel, File

British competition regulators gave preliminary approval Friday to Microsoft's restructured \$69 billion deal to buy video game maker Activision Blizzard, easing a final global hurdle that paves the way for one of the largest tech transactions in history to go through.

The Competition and Markets Authority said the revamped proposal "substantially addresses previous concerns" about [stifling competition](#) in the fast-growing cloud gaming market, which frees players from buying expensive consoles and gaming computers by streaming to tablets, phones and other devices.

The updated offer "opens the door to the [deal](#) being cleared," the watchdog said, though there are lingering concerns. [Microsoft has offered remedies](#) that the watchdog provisionally decided will resolve those issues, and regulators are now getting feedback from "interested parties" before making a final decision.

The announcement shows the U.K. watchdog is close to reversing its [earlier decision to block Microsoft](#) from taking over the maker of hit gaming franchises like Call of Duty and World of Warcraft.

"The CMA's position has been consistent throughout—this merger could only go ahead if competition, innovation and choice in cloud gaming was preserved," CEO Sarah Cardell said. "In response to our original prohibition, Microsoft has now substantially restructured the deal, taking the necessary steps to address our original concerns."

Since the deal was announced in January 2022, Microsoft has secured approvals from antitrust authorities covering more than 40 countries. Crucially, it got a thumbs-up from the 27-nation European Union after agreeing to allow users and cloud gaming platforms to stream its titles without paying royalties for 10 years.

But it hit roadblocks in the U.S. and Britain, where regulators feared Microsoft's purchase of Activision would harm competition and hurt gamers, especially for those using Sony's PlayStation console instead of Microsoft's Xbox.

The U.S. Federal Trade Commission opposed the transaction but lost a court fight to stop it, effectively clearing the path for it to proceed. The FTC's appeal of that decision is still in progress.

The companies agreed to [extend the original July deadline](#) for the deal to close to mid-October to try to overcome the British regulator's objections. The CMA then put its original decision on hold and [opened a new investigation](#) into the revamped proposal.

Microsoft President Brad Smith said the company is "encouraged by this positive development" in the [U.K. watchdog's review process](#).

"We presented solutions that we believe fully address the CMA's remaining concerns related to cloud game streaming, and we will continue to work toward earning approval to close prior to the October 18 deadline," he said.

Activision CEO Bobby Kotick said in a message to employees posted online that the preliminary approval was a "a [significant milestone](#) for the merger and a testament to our solutions-oriented work with regulators."

Under the restructured deal, Microsoft will sell off cloud streaming rights outside of the EU and three other European countries for all current and new Activision games released over the next 15 years to French game studio Ubisoft Entertainment.

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