

# Microsoft completes \$69bn deal to buy Call of Duty maker Activision Blizzard

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Microsoft has completed its \$69bn (£57bn) deal to buy Activision Blizzard, the maker of games including Call of Duty and World of Warcraft, after the UK's competition watchdog cleared the acquisition. The Competition and Markets Authority (CMA) had moved to block the deal in April, citing concerns that Microsoft – the maker of the Xbox gaming console – would dominate the nascent cloud gaming market. Last month, however, the watchdog said a revised deal that included selling cloud gaming rights outside Europe to Activision's French rival Ubisoft had substantially addressed its concerns, indicating the tie-up would be approved. The CMA confirmed the deal clearance on Friday and Microsoft announced it had completed the transaction hours later in a regulatory filing. Sarah Cardell, the CMA's chief executive, said the regulator had ensured Microsoft could not have a "stranglehold" over cloud gaming, which allows users to stream video games stored on remote servers to their devices. "As cloud gaming grows, this intervention will ensure people get more competitive prices, better services and more choice," Cardell said. Cardell was critical of Microsoft in the statement, saying the company had initially persisted with a deal structure that would not work before amending its proposal. "Businesses and their advisers should be in no doubt that the tactics employed by Microsoft are no way to engage with the CMA," she said. "Microsoft had the chance to restructure during our initial investigation but instead continued to insist on a package of measures that we told them simply wouldn't work." The evolution of the regulatory process behind the deal has surprised some experts, after the CMA signalled it would block the deal in April. Then in July, it supported Microsoft's decision to pause an appeal against a prohibition and said it would hold discussions about a restructured transaction. Cardell said the CMA's reputation had not been damaged by the back-and-forth over the deal. "The reputation of the CMA is very strong as a consequence of this process," she said. "It is very clear that we have stood firm in the face of a lot of comments and that we have held our ground, that this deal could only proceed if our concerns were addressed." Gustaf Duhs, a partner at the UK law firm Stevens & Bolton and a former CMA lawyer, defended the watchdog's approach, saying anomalies in the case were not of the CMA's making and pointing to Cardell's statement that the organisation "does not want this process to be followed in future cases". Nevertheless, Max von Thun, the Europe director at the Open Markets thinktank, said there was a "serious risk that in their dealings with the CMA, merging companies and their advisers will no longer take no for an answer". The CMA said Microsoft's concessions on cloud gaming would allow Ubisoft to offer multi-game subscription services, help ensure that cloud gaming services could use non-Windows operating systems for Activision content, and keep prices for such services

competitive. The concessions, which include a 15-year deal with Ubisoft, prevent Activision titles from being offered exclusively on Microsoft's Xbox Cloud Gaming service. Activision had accused the UK of being "closed for business" after the original CMA veto. The US company's chief executive, Bobby Kotick, said in a note to staff on Friday that the company was looking forward to "bringing joy and connection to even more players around the world". Brad Smith, the president of Microsoft, who had described the CMA's original decision to block the deal as the "darkest day" in the company's UK history, said on Friday he was grateful for the decision and that it would "benefit players and the gaming industry worldwide". "Today is a good day to play," the Microsoft Gaming chief executive, Phil Spencer, said in a post on X. He will oversee the Activision business, with Kotick staying on until the end of the year. Spencer has touted the purchase as a way for Microsoft to break into the more than \$90bn market for mobile games. Activision makes popular mobile titles including Candy Crush Saga and Call of Duty: Mobile – games that were excluded from the cloud streaming Ubisoft deal. The CMA had appeared increasingly isolated in its position blocking the takeover after its EU counterparts passed the deal – when Microsoft offered alternative concessions on cloud gaming rights in the European Economic Area – and the US competition regulator failed to secure a court injunction to stop it. The US Federal Trade Commission (FTC) is maintaining its opposition to the deal but has been unable to prevent Microsoft and Activision from completing it. Rebecca Allensworth, a law professor at Vanderbilt University, said the FTC was unlikely to succeed in forcing an unravelling of the deal even if an in-house trial blocked it, because a federal court would probably take a different view. "That [in-house] decision would have to hold up in federal court, which seems unlikely because this summer a court refused to stop the deal even without the restructuring that makes it less competitively problematic," she said. The FTC said on Friday it was focused on its appeal but would "assess" Microsoft's agreement with Ubisoft.