# Microsoft’s investment in OpenAI may face EU scrutiny, officials say

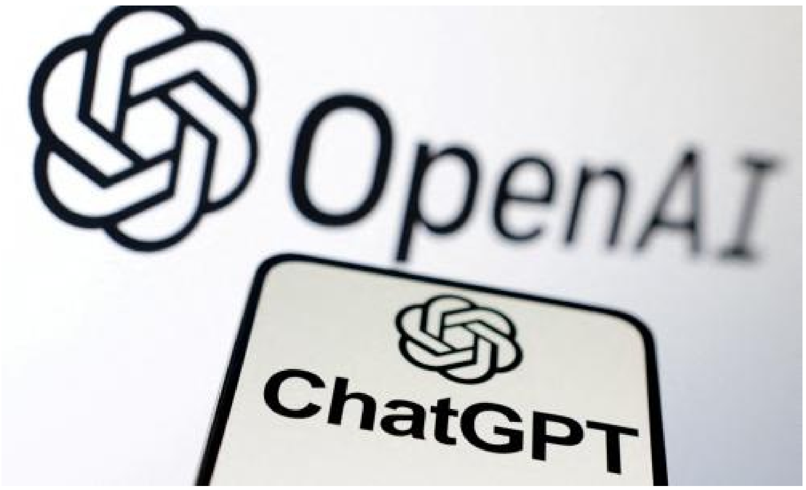
Publication Date: 2024-01-09

Author: Alex Hern

Section: Technology

Tags: Microsoft, Technology sector, OpenAI, ChatGPT, European Commission, Mergers and acquisitions, European Union, news

Article URL: [https://www.theguardian.com/technology/2024/jan/09/microsoft-investment-openai-chatgpt-european-union-eu-merger-investigation](https://www.theguardian.com/technology/2024/jan/09/microsoft-investment-openai-chatgpt-european-union-eu-merger-investigation)




Microsoft’s multibillion-dollar investment in the ChatGPT developer OpenAI could face a merger investigation in the European Union, officials have said. Microsoft is the largest minority investor in OpenAI Global LLC, a “capped profit” subsidiary company that is controlled by OpenAI Inc, the non-profit majority owner of the organisation. Its investment, given in the form of cloud-computing credits as well as cash, officially gives it no control of the company itself, but the possibility of a maximum of a 100-times return on its capital. The European Commission said on Tuesday it was “checking whether Microsoft’s investment in OpenAI might be reviewable under the EU merger regulation”. OpenAI’s unusual corporate structure was thrust into the limelight last year, when its chief executive, Sam Altman, was ousted and then reappointed in a bitter struggle with the non-profit’s board. Despite having no legal sway over the outcome, Microsoft intervened heavily in the dispute, in part by offering Altman and any other OpenAI staff a job in its own organisation. Since the conflict, OpenAI’s own description of Microsoft’s involvement has changed. In November, a chart on the company’s website detailing its structure described Microsoft as a “minority owner”. That chart was then quietly updated to read “minority economic interest” instead. Before that update, the UK’s Competition and Markets Authority said in December it was gathering information about the precise relationship between Microsoft and OpenAI. The EU’s investigation into AI and virtual worlds will also involve “looking into some of the agreements that have been concluded between large digital market players and generative AI developers and providers”, to investigate their impact on market dynamics. Last month Dragoș Tudorache, an MEP and the lead on the artificial intelligence committee in the European parliament, told the Guardian it was vital the EU did not make the mistakes of the 2000s when emerging tech companies, including Facebook, were allowed to dictate the terms of their service. Without regulation on the content or effective control of acquisitions and mergers, they were able to dominate the market by snapping up companies and also competing with traditional media without paying for content, undermining the business models of rivals.