

Microsoft's \$69bn takeover of Activision a step closer to being blocked by UK watchdog

The UK's competition watchdog has moved a step closer to potentially blocking Microsoft's planned \$69bn (£56bn) takeover of Call of Duty gaming firm Activision.

In a provisional ruling, the Competition and Markets Authority (CMA) said the proposed tie-up could lead to higher prices, fewer choices and less innovation for UK gamers.

The massive deal, [first announced over a year ago](#), was designed to bolster Xbox maker [Microsoft's](#) position in the lucrative gaming market.

Signing up subscribers has become a priority for big tech firms as traditional growth areas such as ad sales becomes less reliable.

But Microsoft's strategy has been met with a series of complaints from competitors, including Sony, and regulators globally.

The US Federal Trade Commission (FTC) has already moved to block the deal on similar competition grounds, with a hearing due in August.

The CMA began its in-depth probe in September last year after deciding further work on its implications was warranted.

The regulator said on Wednesday that it had given both parties the opportunity to resolve its concerns through possible remedies before a final decision was to be reached.

That would be announced by 26 April, the statement said.

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It explained: The CMA provisionally found that weakening competition by restricting the access that other platforms have to Activision's games could substantially reduce the competition between Xbox and (Sony) PlayStation in the UK, in turn harming UK gamers.

Xbox and PlayStation compete closely with each other at present and access to the most important content, like CoD, is an important part of that competition.

"Reducing this competition between Microsoft and Sony could result in all gamers seeing higher prices, reduced range, lower quality, and worse service in gaming consoles over time."

Martin Coleman, who chairs the CMA's investigation panel, added: "It's been estimated that there are around 45 million gamers in the UK, and people in the UK spend more on gaming than any other form of entertainment including music, movies, TV, and books.

"Strong competition between Xbox and PlayStation has defined the console gaming market over the last 20 years.

"Exciting new developments in cloud gaming are giving gamers even more choice.

"Our job is to make sure that UK gamers are not caught in the crossfire of global deals that, over time, could damage competition and result in higher prices, fewer choices, or less innovation.

"We have provisionally found that this may be the case here."

Microsoft and Activision were given until 22 February to submit their responses – including to the CMA's proposed remedies.

It has consistently batted off the criticism of regulators but

entered a 10-year commitment to offer Call of Duty, the popular first-person shooter series, to Nintendo and Sony platforms.

It was yet to respond to the CMA's provisional findings.