

Qualcomm requests national security review of Broadcom bid

March 5 2018



Broadcom submitted its initial takeover offer the day after a White House meeting between US President Donald Trump and Broadcom CEO Hock Tan

US chipmaker Qualcomm postponed its annual shareholders' meeting after secretly requesting a national security review of Broadcom's bid to

take over the company, the Singapore-based Broadcom announced Monday.

Qualcomm shareholders were due to meet Tuesday, but Broadcom said it was informed Sunday night Qualcomm secretly filed a voluntary request on January 29 for US regulators to investigate the deal, and was ordered to postpone the meeting for 30 days.

"It should be clear to everyone that this is part of an unprecedented effort by Qualcomm to disenfranchise its own stockholders," Broadcom said in a statement.

The Committee on Foreign Investment in the United States (CFIUS) can review any acquisition by a foreign corporation of a US firm that may have an impact on [national security](#), and can recommend the President block the deal. CFIUS has blocked some deals, but frequently foreign companies withdraw once it appears a transaction will be prohibited.

Broadcom said it will fully cooperate with the review, but rejected any national security concerns since it is a US-controlled company, and is in the process of relocating its headquarters back to the United States.

If finalized, the Broadcom-Qualcomm tie-up, estimated at \$117 billion, would be the largest merger in a sector awash with consolidation amid the development of technologies for autonomous vehicles and 5G mobile services.

Qualcomm has repeatedly rejected multiple Broadcom offers it says undervalue the company, and which could face opposition from the antitrust regulators.

The shareholders were due to consider on several candidates to the board of directors supported by Broadcom.

"This was a blatant, desperate act by Qualcomm to entrench its incumbent board of directors and prevent its own stockholders from voting for Broadcom's independent director nominees," the statement said.

CFIUS last year opposed the takeover of US semiconductor manufacturer Lattice by a Chinese state group backed by a US investment fund, and President Donald Trump then blocked the deal.

In the semiconductor sector, the committee—whose deliberations are secret—in 2016 recommended that then-President Barack Obama oppose a [deal](#) between the German group Aixtron and Chinese fund Grand Chip because there was a US subsidiary of the German group.

The transaction between Qualcomm and Broadcom had already had a political backdrop since Broadcom had submitted its initial offer the day after a White House meeting between Trump and Broadcom CEO Hock Tan, who promised to repatriate the company's headquarters.

Qualcomm, one of Apple's main suppliers, is currently engaged in the acquisition of the Dutch group NXP and has indicated the operation will proceed regardless of the outcome of discussions with Broadcom.

Broadcom shares lost 0.8 percent in midmorning trading, while Qualcomm was down 0.6 percent.

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Citation: Qualcomm requests national security review of Broadcom bid (2018, March 5)
retrieved 21 June 2024 from <https://phys.org/news/2018-03-qualcomm-national-broadcom.html>

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