AT&T-Time Warner deal sparks calls for scrutiny in Washington

REUTERS, *Washington*

AT&T Inc's proposed $85 billion takeover of Time Warner Inc generated skepticism among both Democrats and Republicans on Sunday, making it more likely that regulators will closely scrutinise the effort to create a new telecommunications and media giant.

The biggest deal of the year, announced just over two weeks before the Nov 8 US election, is a gamble on a victory for Democratic presidential candidate Hillary Clinton and a continuation of the status quo on antitrust and regulatory enforcement.

The Republican candidate Donald Trump, who is trailing Clinton in the polls, has said he would block the takeover.

The billionaire businessman has railed against the media's role in what he has described as a "rigged" election and he believes the acquisition of Time Warner, which owns CNN and Warner Bros, Hollywood's largest film and television studio, would concentrate too much power in one organization.

"AT&T, the original and abusive 'Ma Bell' telephone monopoly, is now trying to buy Time Warner and thus the wildly anti-Trump CNN. Donald Trump would never approve such a deal because it concentrates too much power in the hands of the too and powerful few," Trump economic advisor Peter Navarro said in a statement on Sunday.

Clinton, who has expressed misgivings about other corporate megamergers, has not yet commented on the takeover.

But Senator Bernie Sanders, Clinton's former rival for the Democratic party's nomination, said on Twitter that the administration should "kill" the Time Warner takeover because it would mean higher prices and fewer choices for consumers.

Sanders' comments carry weight because Clinton needs Sanders' coalition of young and left-leaning voters to propel her to the presidency.

Clinton spokesman Brian Fallon told reporters on Sunday there were "a number of questions and concerns" about the deal "but there's still a lot of information that needs to come out before any conclusions should be reached."

The Senate subcommittee on antitrust will hold a hearing on the acquisition sometime in November, said subcommittee chair Senator Mike Lee, a Republican, and the ranking Democrat, Senator Amy Klobuchar.

Tim Kaine, Clinton's running mate and a senator from Virginia, said lawmakers and regulators would have to review the deal and "get to the bottom" of questions over whether the merger would decrease competition.

"Less concentration, I think, is generally helpful especially in the media," Kaine said on NBC's "Meet the Press."

The US Justice Department, not the president, has the power to reject such a deal if it violates antitrust laws. AT&T said it is unclear if the Federal Communications Commission will also have jurisdiction to review the deal.

A spokesman for the Justice Department declined to comment.

AT&T has described the deal as a "vertical merger" because there is no overlap between the two companies and hopes that such a tie-up will get the regulatory green light by the end of 2017.

"In the modern history of the media and the Internet, the US government has always approved vertical mergers like ours, because they benefit consumers, strengthen competition, and, in our case, encourage innovation and investment," David McAtee, AT&T senior executive vice president and general counsel, said in a statement on Sunday.

The Time Warner takeover mirrors the 2013 $30 billion purchase of NBCUniversal by its rival Comcast, a deal which was cleared after regulators imposed concessions on the cable operator.

The cash and stock deal brings together two very different companies -- one a telecoms company that traces its heritage back to Alexander Graham Bell, the other an entertainment company founded in the Hollywood of the 1920s.

But the tie-up, which is designed to boost the content AT&T can stream over its network, raises concerns that AT&T might try to limit distribution of Time Warner material.

Competitors such as NBCUniversal, Twenty-First Century Fox Inc and the Walt Disney Co. could find that their content could be put at a disadvantage, some consumer advocacy groups suggested.

"A transaction of this magnitude obviously warrants very close regulatory scrutiny," said Zenia Mucha, chief communications officer for Disney.

NBC Universal, which is owned by Comcast Corp and Fox declined to comment on the merger.

Netflix Chief Content Officer Ted Sarandos, speaking on Saturday at the Institute on Entertainment Law and Business conference at the University of Southern California, said he expected a close examination of the deal by regulators.

Senators Lee and Klobuchar said their subcommittee would "carefully review" the merger to make sure it does not harm consumers. Lawmakers may pursue inquiries into the merger and build support for or against it, but it is ultimately up to the Justice Department to approve, block or place conditions on the deal.

Two of the biggest congressional critics of the mega-mergers among media companies and elsewhere in the US economy said late on Saturday that they would take a hard look at this deal.

Senator Richard Blumenthal, who is on the Senate Judiciary Committee, noted the proposed acquisition would combine a wireless company, a pay-TV provider and a studio.

"I will be looking closely at what this merger means for consumers and their pocketbooks and whether it stands up to the rigorous review standards set by the Department of Justice's antitrust division in the last few years," he said.

Canada-EU failure signals more bad news for free trade deals

AFP, *Washington*

THE collapse of free trade talks between Canada and the European Union Friday is yet another sign of increasingly stiff resistance to economic globalization.

Despite seven years of talks between Ottawa and Brussels, the CETA Treaty crashed into a wall Friday after being rejected by the Belgian region of Wallonia, making it impossible for the European Union to approve the deal.

That was an ominous sign for another ambitious treaty, the Transatlantic Trade and Investment Partnership between the United States and the EU, which also faces strident opposition on both sides of the Atlantic.

And one huge deal already struck, the Trans Pacific Partnership between the United States and 11 other Pacific Rim countries, is foundering because of the refusal so far of the US Congress to ratify it.

And now, both candidates for the White House, Democrat Hillary Clinton and Republican Donald Trump, say they do not support the treaty.

It is a sharp reversal of a quarter-century since the fall of the Berlin Wall of support in the world's leading economies for freer trade and globalization. Now, the enthusiasm for breaking down borders appears to be fizzling out.

"We are seeing the results of several decades of failures by political leaders to take the concerns over trade seriously," said Edward Alden of the Council on Foreign Relations in Washington.

For many years accusations have mounted that the progressive breaking down of trade barriers and removal of import duties in advanced economies has caused deindustrialization and huge job losses to developing countries.

"We're seeing a backlash caused by that neglect for the losers from trade," said Alden, author of the book "Failure to Adjust: How Americans Got Left Behind in the Global Economy."

Debra Steger, a former Canadian negotiator at the World Trade Organization, sees a rising tendency to blame a country's economic problems on foreigners.

"People are blaming it all on immigrants or goods coming into the country," she told AFP.

"They want to blame it on something that's coming from outside, not on technological changes or on bad national policies."

Frightened by Britain's vote in June to withdraw from the European Union and the success of Donald Trump's protectionist speeches, the world's economic leaders have in recent months sought to blunt the attack on globalization.

Meeting in Washington earlier this month, the finance ministers of the G20 leading economies admitted as a group that economic growth has not been "equitable" and that more needs to be done to spread the benefits of lowered borders.

Samsung offers upgrade programme for South Korea Note 7 customers

REUTERS/FILE

A customer uses his Samsung Electronics' Galaxy Note 7 as he waits for an exchange at company's headquarters in Seoul, South Korea.

REUTERS, *Seoul*

SAMSUNG Electronics is offering an upgrade programme option to Galaxy Note 7 customers in South Korea who trade in their recalled device for a Galaxy S7 phone, marking its latest attempt to retain customers.

In a statement on Monday, Samsung said customers who trade in their Note 7 phone for either a flat-screen or curved-screen version of the Galaxy S7 can trade up for a Galaxy S8 or Note 8 smartphone launching next year through an upgrade programme.

The world's top smartphone maker permanently ended Note 7 sales due to continued reports of fire from the flagship device. In addition to offering refunds or exchanges for a Galaxy S7 smartphone, Samsung has already offered financial incentives amounting to 100,000 won ($88.39) to affected customers in South Korea.

Users in the upgrade programme will need to pay only half the price of a Galaxy S7 device, rather than the full amount, before exchanging to the S8 or the Note 8, Samsung said.

In offering the Note 8 upgrade option, Samsung indirectly reinforced previous statements that the Note series will not be discontinued. The company said the availability of such a programme in other markets will be dependent on the situation in each country. It did not elaborate.

Samsung has stepped up marketing and promotion for its Galaxy S smartphones to try to make up for some of the lost sales. The Note 7's collapse is already costing Samsung $5.4 billion won in operating profit between the third quarter of this year and the first quarter of 2017.

Some analysts say Samsung will need to offer incentives to affected customers as part of their efforts to limit long-term damage to its brand and reputation from the Note 7's failure.

The South Korean firm is facing legal challenges from customers, as well. Harvest Law, a domestic law firm, said on Monday one of its lawyers, Peter Young-yeel Ko, and 526 others have filed a lawsuit in a South Korean court against Samsung seeking compensation of 500,000 won ($442.61) per person. Samsung did not immediately comment on the suit.

The firm is also facing a proposed class action lawsuit from three Galaxy Note 7 customers in the United States.

Tata Sons removes Cyrus Mistry as chairman

HINDUSTAN TIMES, *New Delhi*

Tata Sons removed on Monday Cyrus Mistry as its chairman, almost four years after he was appointed as the first chief of the conglomerate from outside the immediate Tata family.

Ratan Tata, 78, who Mistry had replaced on December 29, 2012, was appointed as the interim chairman of the over $100 billion salt-to-software conglomerate for four months during which a search committee will look for a replacement.

Tata Sons did not cite any reason behind Mistry's removal. People familiar with the company's way of working said it was an unprecedented move in which a functioning chairman was removed.

"Tata Sons today announced that its Board has replaced Mr. Cyrus P. Mistry as Chairman of Tata Sons....The Board has named Mr. Ratan N. Tata as Interim Chairman of Tata Sons," a press release said after a board meeting in Mumbai.

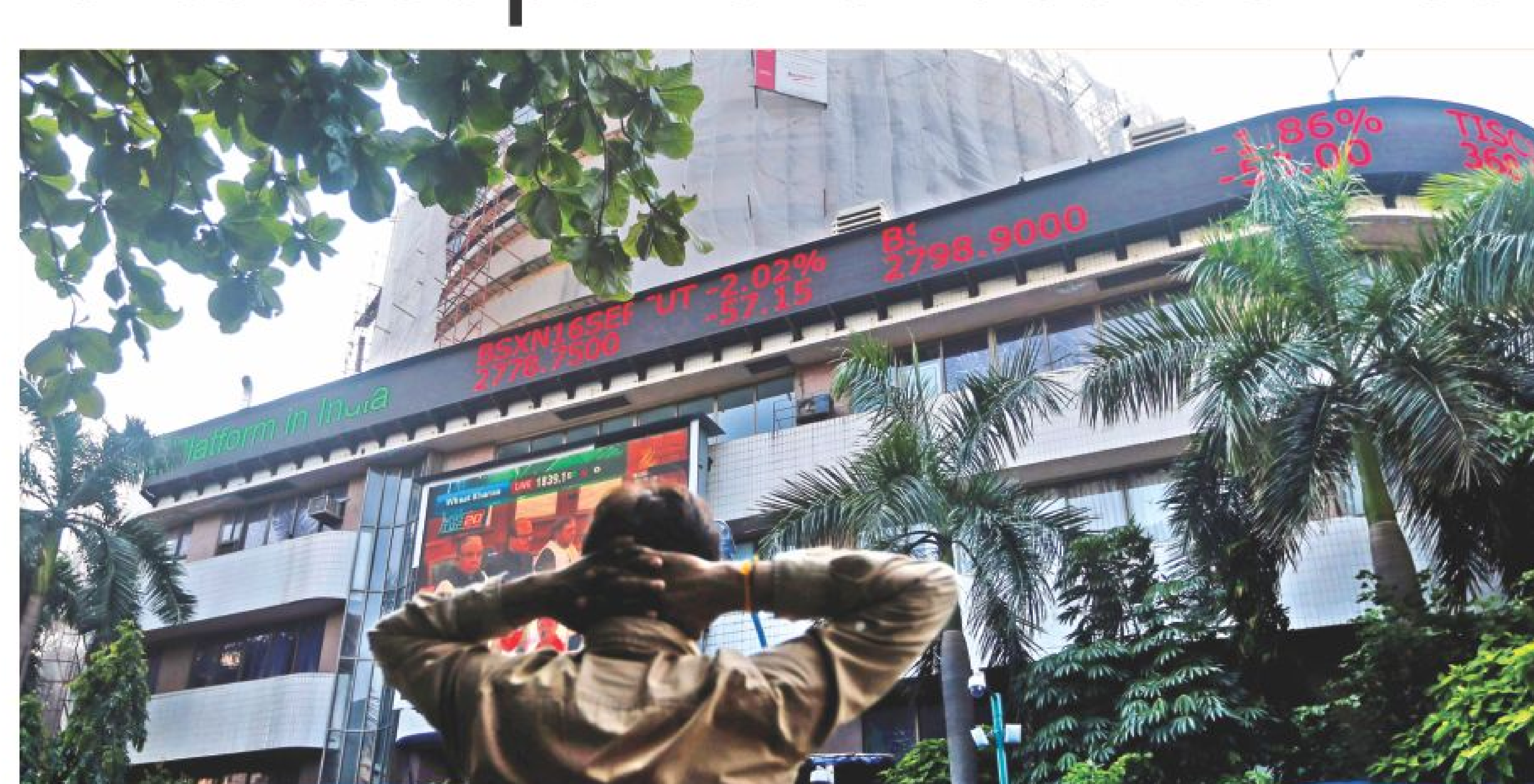
The selection panel comprised "Mr. Ratan N. Tata, Mr. Venu Srinivasan, Mr. Amit Chandra, Mr. Ronen Sen and Lord Kumar Bhattacharyya, as per the criteria in the Articles of Association of Tata Sons".

CEOs at the operating company level were not touched in the rejig.

Mistry had worked as the deputy chairman of Tata Sons, the holding company of the Tata Group, for more than a year before the board announced that he would succeed Tata.

Before that, he was the managing director of infrastructure company Shapoorji Pallonji Group.

India's proposed algo trading rules cast pall over bourse IPOs



REUTERS

A man watches a large screen displaying India's benchmark share index on the facade of the Bombay Stock Exchange building in India.

REUTERS, *Mumbai*

A proposed crackdown on algorithmic trading in India could hurt the earnings of the country's two main stock exchanges just as both bourses prepare to make their much-awaited stock market debuts.

The Securities and Exchange Board of India (SEBI) in August outlined new proposals aimed at curbing high frequency trading (HFT) in the country, amid fears that retail investors would be disadvantaged against such advanced and expensive systems.

The new rules - expected to be finalised in coming months - come at an awkward time for India's two main bourse operators, National Stock Exchange (NSE) and BSE Ltd, which are both drumming up investor interest for their respective planned listings.

Some market participants contend the regulations would hit market liquidity, which could hurt exchange operators' earnings and valuations, particularly those of NSE.

"Obviously, HFT regulations will have a bearing when the rules and impact are clear," said a senior banker involved in the NSE's IPO process.

The NSE, the larger of the two exchanges, has not disclosed how much money it would seek to raise via the listings. However, top lender State Bank of India in July sold a 5 percent stake in NSE for 9.11 billion rupees, valuing the bourse at 182 billion rupees ($2.7 billion).

As the vast majority of the so-called HFT being targeted by the regulations occurs on NSE, investors expect it would be hit hardest by new curbs.

The NSE, whose board approved its IPO plans earlier this month, is India's largest bourse with average daily volumes of about 3.6 trillion rupees ($54 billion) in equity derivatives and 214 billion rupees ($3.2 billion) in equities.

Its rival BSE Ltd is a base for mid- and small-cap stocks, typically less appealing to HFT firms. BSE averages 557 million rupees ($8.4 million) in equity derivatives and about 34 billion rupees ($506.5 million) in equities.

The head of the BSE - Asia's oldest exchange - has already downplayed concerns about SEBI's proposed regulations, in August saying the rules would boost market confidence.

In its prospectus filed last month, BSE flagged regulatory risks, but stopped short of highlighting proposed SEBI regulations.

NSE and BSE declined to comment for this article. SEBI did not respond to Reuters' requests for comment.

To be sure, there are few clear signs of what new rules, if any, SEBI will introduce and how these would affect exchange volumes. The curbs being considered range from randomising trade orders to random speed bumps on orders.

IPO bankers are reluctant to discuss how these rules will impact valuations, though one source familiar with NSE's IPO plans estimates uncertainty around the rules could knock tens of millions of dollars off its IPO valuation.

The threat of tougher regulations comes as exchanges benefit from a boom in listings, with India seeing the most IPOs in six years, and as rising inflows from retail and foreign investors bolster trading volumes.

NSE's operating profit rose 11.6 percent to 2 billion rupees from a year ago, while the BSE saw operating profit advance 45.4 percent to 610 million in the same period.