



Basis Points – January 11, 2022

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Above the Fold

SEC Now Wants More Access to Private Companies

Publicly traded firms are heavily scrutinized and are required to divulge tons of information for the privilege of having their share exchangeable by anyone. Having your shares openly traded can also bring other costs, regulations and challenges that outweigh the benefits of being public. For some companies, like Dell Computer for instance, it was best for them to “go private,” to get out from under public and regulatory scrutiny, and thrive.

But now, it seems the SEC (Securities and Exchange Commission) is working to remove regulatory advantages for larger, private companies. The regulator is particularly interested in “unicorns,” which are private companies worth \$1 billion or more. Though the push is still in early

stages, the SEC is reportedly proposing that these firms be required to routinely publish information about their financial health and operations, along with tightening the requirements and qualifications that investors must meet in order to invest in them.

Of course, this feels more like a targeted attack on specifically-sized operations as SEC Commissioner Allison Lee, who is calling for the new rules, noted: “I’m not interested in forcing medium- and small-sized companies into the reporting regime.” According to research firm CB Insights, there are 959 private companies valued at more than \$1 billion, nearly double the 513 counted at the end of 2020.

Three Things

1. *Monster Gaming Deal Reshapes Landscape* – The highly popular maker of classic gaming system titles such as “Grand Theft Auto,” “NBA 2K” and others will be expanding into the world of mobile gaming. In a cash and stock deal announced yesterday, Take-Two Interactive Software Inc. will purchase mobile app maker Zynga Inc. for around \$21 billion. The deal represents a 64% premium to Zynga’s stock price on Friday and positions the new company to capitalize on the quickly expanding mobile gaming market. Deal activity in the gaming sector has been extremely heavy over the last couple years or so as software and hardware makers jockey to capture market share in this very lucrative vertical (which has obviously benefited from pandemic lockdowns).
2. *Facebook (and Others) Poaching Microsoft Talent* – According to the Wall Street Journal, around 100 key personnel from Microsoft’s augmented-reality (AR) team, have [defected](#) over to Meta Platforms Inc. (formerly known as Facebook). It seems that workers with AR or VR (virtual reality) are being offered generous compensation to leave, with some seeing already bountiful salaries doubled.
3. *Google Crying the “Blues” Over Android Text Messages* – If you’re an iPhone user, you know that a green-colored text message bubble usually means the person on the other end is using an Android device. Apple’s iMessage, which is exclusive to its devices, has become something of a status symbol with younger users and is packed with features that aren’t available to Android users. Photos and video quality are also compromised when sending texts between Apple and Android devices, and Google is now calling Apple a “bully,” with reps from the company using public forums to motivate Apple to open up the service to everyone. But iMessaging for all is unlikely, as internal documents showed that Apple does indeed use iMessage as a way to “lock-in” iPhone users and essentially ostracize Android texters.

Did You Know?

The First Text Message

Those of us who are old enough remember pagers, and even the ability to send text-like messages to someone's pager via a messaging service, but that wasn't real "texting." SMS (or short message service) was first developed by the French-German firm GSM in 1984. The first official text message (sent from a PC to a phone) was delivered on Dec. 2, 1992. Nokia was actually the first manufacturer to support user-sent text messages on its GSM platform in 1993, and was also the first to add a full keyboard to its 9000i Communicator phone in 1997.

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