

FTC ANNOUNCES INCREASED HSR AND INTERLOCKING DIRECTORATE THRESHOLDS

Corporate & Business Law Alert
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I. HSR Act Thresholds

The U.S Federal Trade Commission (FTC) recently announced the revised transaction thresholds that trigger a requirement to file a premerger notification and report form under the Hart-Scott-Rodino Antitrust Improvements Act (HSR Act). The FTC revises the thresholds annually based on changes in the gross national product. The new thresholds will be effective on February 27, 2017.

With these recent adjustments to the HSR thresholds, the parties to a transaction must file an HSR notification if a deal meets one of two tests:

1. The total value of a proposed transaction exceeds **\$323 million**; or
2. The total value of a proposed transaction exceeds **\$80.8 million**, and one party has at least **\$16.2 million** in total assets or annual sales, and the other party has at least **\$161.5 million** in total assets or annual sales.

The HSR Act requires parties engaged in certain transactions (including certain mergers, acquisitions, asset sales, joint ventures, and exclusive license deals) to file a notification and report form with both the FTC and Department of Justice, Antitrust Division (DOJ) prior to closing. Reportable transactions cannot be consummated until after a designated period of time (usually 30 days). Although there are certain exemptions to the HSR filing requirements, the \$80.8 million threshold is a key threshold to keep in mind. Any transaction that falls below that threshold is exempt from the filing requirements. However, transactions falling below the HSR Act threshold are not immune from antitrust scrutiny, and can be challenged by relevant authorities before or after the transaction closes.

The filing fees under the HSR Act, which are not similarly indexed, have not been adjusted in over a decade and will continue as follows:

Value of Transaction

Filing Fee

\$80.8 million to \$161.5 million

\$45,000

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\$161.5 million to \$807.5 million

\$125,000

\$807.5 million or more

\$280,000

II. Interlocking Directorate Thresholds

The FTC announced revised thresholds for the prohibition on interlocking directorates under Section 8 of the Clayton Antitrust Act of 1914 (the “Clayton Act”). Under the revised thresholds, which became effective on January 26, 2017, a single person cannot serve as an officer or director of two competing corporations if each corporation has capital, surplus, and undivided profits in excess of \$32,914,000. This prohibition does not apply if the competitive sales of either corporation is less than (a) \$3,291,400, or (b) 2% of such corporation’s total sales, or the competitive sales attributable to each corporation are under 4% of each corporation’s total sales. The terms competitive sales and total sales have specific meanings under the Clayton Act.

If you have any questions relating to the HSR Act, the Clayton Act, or other antitrust issues, please contact:

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