

FTC Revises Hart-Scott-Rodino Thresholds; Minimum Size for Reportable Transactions Increases to \$90 Million

February 15, 2019

Key Points

- The Hart-Scott-Rodino Antitrust Improvements Act of 1976 requires parties to transactions meeting certain size and other tests to file premerger notification forms with both the Federal Trade Commission and Department of Justice Antitrust Division.
- The minimum transaction size test has increased from \$84.4 million to \$90 million. The new size thresholds will apply to transactions consummated on or after the effective date, which is 30 days after publication in the Federal Register.¹
- Parties contemplating M&A activity are strongly encouraged to consult antitrust counsel to determine whether premerger notification is required.

On February 15, 2019, the Federal Trade Commission (FTC) announced the latest annual revision to the size thresholds governing premerger notification requirements under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, Section 7A of the Clayton Act, 15 U.S.C. § 18a (the “HSR Act”).² The HSR Act requires parties to transactions meeting certain size and other tests to file premerger notification forms with both the FTC and the Department of Justice Antitrust Division and observe a mandatory waiting period prior to closing. The new thresholds will apply to transactions consummated on or after the effective date, which is 30 days following publication of formal notice in the *Federal Register*.³

The Size-of-Transaction Threshold

The minimum transaction size test has increased from \$84.4 million to \$90 million (an approximate 6.6 percent increase). Thus, under the revised thresholds, HSR Act filings will be required (unless otherwise exempted) for a transaction that results in the acquiring person holding more than \$90 million of the acquired person’s voting securities, noncorporate interests, or assets.

Contact

Paul B. Hewitt

phewitt@akingump.com
Washington, D.C.
+1 202.887.4120

Stacy R. Kobrick

skobrick@akingump.com
Washington, D.C.
+1 202.416.5398

Govav Jindal

gjindal@akingump.com
Washington, D.C.
+1 202.887.4234

Corey W. Roush

croush@akingump.com
Washington, D.C.
+1 202.887.4115

Deona T. Kalala

dkalala@akingump.com
Washington, D.C.
+1 202.887.4068

J. Matthew Schmitten

mschmitten@akingump.com
Washington, D.C.
+1 202.887.4543

2019 Adjusted Size of Transaction Thresholds

> \$90 million but < \$180 million

≥ \$180 million but < \$899.8 million

≥ \$899.8 million

25% (if valued > \$1,799.5 million)

50% (if valued > \$90 million)

The Size-of-Person Threshold

The size-of-person thresholds have increased by a similar percentage amount. While the HSR Act size-of-person rules are complex, under the new thresholds no HSR Act filing will generally be required for transactions valued at more than \$90 million but less than \$359.9 million, unless one party to the transaction has \$180 million in annual net sales or total assets and the other party has \$18 million in annual net sales or total assets. Any transaction that is valued at more than \$359.9 million will be reportable under the HSR Act (unless otherwise exempted) without application of the size-of-person test. The potential exemption afforded by the size-of-person test will be inapplicable to transactions valued at more than \$359.9 million.

HSR Act Filing Fee Thresholds

The FTC has also adjusted the tiered filing fee structure as follows:

Value of Transaction (\$ millions)	Filing Fee
More than \$90 but less than \$180	\$45,000
\$180 to less than \$899.8	\$125,000
\$899.8 or more	\$280,000

Parties contemplating merger or acquisition activity are strongly encouraged to consult antitrust counsel to determine whether premerger notification is required. The rules governing the calculation of the relevant filing thresholds and the applicability of particular exemptions to all or part of a transaction are very complex.

Persons who fail to file and observe the waiting period when required to do so face civil penalties of up to \$42,530 per day.⁴

⁴ If Federal Register publication occurs on February 19, 2019, the effective date would then be March 21, 2019.

² See FTC Announces Annual Update of Size of Transaction Thresholds for Premerger Notification Filings and Interlocking Directorates, available [here](#).

³ In addition to the size thresholds highlighted in this alert, most other HSR Act thresholds (for example, relating to various exemptions) have increased as well. On February 15, 2019, the FTC also announced the annual revisions to the interlocking directorate thresholds under Section 8 of the Clayton Act. The new thresholds, effective immediately upon publication in the Federal Register, are \$36,564,000 for Section 8(a)(1) and \$3,656,400 for Section 8(a)(2)(A).

⁴ On February 13, 2019, the FTC announced the maximum daily civil penalty was adjusted for inflation to \$42,530, effective February 14, 2019. Click [here](#) for more detail.