

Antitrust Alert

January 26, 2017

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 \$78.2 million to \$80.8 million. The new size thresholds will apply to transactions consummated on or after the effective date (February 27, 2017).
- Parties contemplating merger or acquisition activity are strongly encouraged to consult antitrust counsel to determine whether premerger notification is required.



Update – FTC Revises Hart-Scott-Rodino Thresholds Effective February 27, 2017

On January 19, 2017, 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”).¹ 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, February 27, 2017.

Revised HSR Premerger Notification Thresholds²

The Size-of-Transaction Threshold

The minimum transaction size test has increased from \$78.2 million to \$80.8 million (an approximate 3.3 percent increase). Thus, under the revised thresholds, HSR Act filings will be required (unless otherwise

¹ See FTC Announces Annual Update of Size of Transaction Thresholds for Premerger Notification Filings and Interlocking Directorates, available [here](#).

² 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 January 19, the FTC also announced the annual revisions to the interlocking directorate thresholds under Section 8 of the Clayton Act. The new thresholds, effective January 26, 2017, are \$32,914,000 for Section 8(a)(1) and \$3,291,400 for Section 8(a)(2)(A). Click [here](#) for the full list of revised thresholds.

exempted) for a transaction that results in the acquiring person holding more than \$80.8 million of the acquired person's voting securities or assets.

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 \$80.8 million but less than \$323 million, unless one party to the transaction has \$161.5 million in annual net sales or total assets and the other party has \$16.2 million in annual net sales or total assets. Any transaction that is valued at more than \$323 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 \$323 million.

HSR Act Filing Fee Thresholds

The full list of original and adjusted thresholds effective February 27, 2017 are as follows:

Original Threshold	Adjusted Threshold
\$ 10 million	\$ 16.2 million
\$ 50 million	\$ 80.8 million
\$ 100 million	\$ 161.5 million
\$ 110 million	\$ 177.7 million
\$ 200 million	\$ 323 million
\$ 500 million	\$ 807.5 million
\$ 1 billion	\$ 1,615 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 \$80.8 but less than \$161.5	\$ 45,000
\$161.5 to less than \$807.5	\$125,000
\$807.5 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. Moreover, persons who fail to file when required to do so face potential civil penalties of up to \$40,654 per day per violation. In August 2016, the maximum daily potential civil penalty was increased from \$16,000 per day to \$40,000 per day. Click [here](#) for more detail. Effective January 24, 2017, the maximum civil penalty amount increased to \$40,654, to implement the annual inflation adjustment as

required by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. Click [here](#) for more detail.

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