

Antitrust & Trade Regulation

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2019 HSR Thresholds Announced by Federal Trade Commission

By **Jack Sidorov**, **Jeffrey Blumenfeld**, and **Jeffrey M. Shapiro**

The Federal Trade Commission has announced new premerger notification thresholds that will take effect April 3, and thus apply to transactions closing on or after that date. Under the 2001 amendments to the Hart-Scott-Rodino (HSR) Act, 15 U.S.C. 18a, the act's jurisdictional thresholds are adjusted annually to reflect changes in nominal (non-inflation-adjusted) gross national product. The newly announced adjustments will increase the HSR Act thresholds by approximately 6.6 percent.

As a result of annual adjustments, HSR thresholds will have risen 80 percent from those established by the 2001 HSR Act amendments, once the 2019 thresholds take effect.

Adjustments to size-of-transaction thresholds

Transactions that are never reportable: The new minimum size-of-transaction threshold will be \$90 million, an increase of \$5.6 million from the current \$84.4 million threshold. Thus, a transaction that results in holdings of \$90 million or less will not require HSR notification.

Transactions that are always reportable: At the other end of the size spectrum, a transaction that results in holdings of more than \$359.9 million will trigger HSR notification and waiting requirements, unless an exemption from filing applies.

Transactions that may be reportable: For transactions resulting in holdings falling between these two size-of-transaction thresholds (that is, greater than \$90 million but no greater than \$359.9 million), whether HSR applies depends on whether both parties meet the size-of-person thresholds.

Adjustments to size-of-person thresholds

The adjusted size-of-person thresholds are \$18 million and \$180 million, meaning that acquisitions resulting in holdings greater than \$90 million but

no greater than \$359.9 million will not require HSR notification unless one person has total assets or annual net sales of \$18 million or more and the other person of \$180 million or more. (Note that, additionally, if the acquired person is not engaged in manufacturing, it must have annual net sales of \$180 million or total assets of \$18 million.)

What else changes?

The HSR Rules (16 CFR parts 801-803) provide several exemptions that contain dollar value limitations described by the parenthetical "(as adjusted)." Those limitations (for example, the nexus with commerce limitations for the exemptions for acquisitions of foreign assets (16 CFR 802.50) and acquisitions of voting securities of a foreign issuer (16 CFR 802.51)) will be adjusted upward, as shown in the table below.

The HSR Rules also provide, for voting securities acquisitions, "notification thresholds" (see 16 CFR 801.1(h)) setting forth levels of holdings that would require another HSR notification. (Note, however, that once the 50 percent level is reached, no additional notification is required.) As the dollar values for these notification thresholds are set forth with the parenthetical "(as adjusted)," they will similarly be adjusted upward, as shown in the table below.

The 2001 amendments established a sliding scale for HSR filing fees, with fees of \$45,000, \$125,000 or \$280,000 based on the transaction value. While the filing fees themselves are not adjusted annually, the points at which the different fees apply are adjusted, so that the \$45,000 fee will apply to transactions valued in excess of \$90 million but less than \$180 million, the \$125,000 fee to transactions valued at \$180 million or greater but less than \$899.8 million, and the \$280,000 fee to transactions valued at \$899.8 million or greater.

HSR Thresholds

(in millions)

Base Threshold (HSR Act or Rules)	2018 Threshold	2019 Threshold (effective April 3, 2019)
\$10	\$16.9	\$18
\$50	\$84.4	\$90
\$100	\$168.8	\$180
\$110	\$185.7	\$198
\$200	\$337.6	\$359.9
\$500	\$843.8	\$899.8
\$1,000	\$1,687.8	\$1,799.5

Contacts

Please contact the listed attorneys for further information on the matters discussed herein.

JACK SIDOROV

Senior Counsel

T: 202.753.3799

jsidorov@lowenstein.com

JEFFREY BLUMENFELD

Partner

T: 202.753.3810

jblumenfeld@lowenstein.com

JEFFREY M. SHAPIRO

Partner

T: 973.597.2470

jshapiro@lowenstein.com

LEIV BLAD JR.

Partner

T: 202.753.3820

lblad@lowenstein.com

ZAREMA A. JARAMILLO

Partner

T: 202.753.3830

zjaramillo@lowenstein.com

MARITA A. MAKINEN

Partner

T: 212.419.5843

mmakinen@lowenstein.com

STEVEN E. SIESSER

Partner

T: 212.204.8688

ssiesser@lowenstein.com

NEW YORK

PALO ALTO

NEW JERSEY

UTAH

WASHINGTON, D.C.

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