

PUBLICATION

FTC Announces New Thresholds for Pre-Merger Filing

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Under the Hart-Scott-Rodino Act, mergers and acquisitions above a certain size must be reported to the Federal Trade Commission and the Antitrust Division of the Department of Justice before the merger or acquisition is consummated. Those agencies then have thirty days to decide whether to seek additional information about the competitive effects of the deal, which could lead to a subsequent action to block it.

Each year the FTC calculates new thresholds based on inflation, and the agency has announced that the new threshold for pre-merger notification will be \$63.1 million. Deals valued at less than \$63.1 million are not subject to the pre-merger notification requirements of the Act; deals valued above that amount usually are.

Certain types of transactions are exempt from pre-merger notification, including acquisitions of real estate and hotels. Acquisitions of hotel chains, however, including acquisitions of trademarks, reservations systems, etc., are not exempt, although the value of real estate being purchased may be deducted from the value of the deal for purposes of determining whether the pre-merger notification threshold has been met. The new threshold went into effect in March. For more information, please contact John Calender or Phillip Zane in Washington.