

**Thresholds
 for Hart-
 Scott-Rodino
 Pre-merger
 Filings
 Change on
 March 2,
 2005**

THE HART-SCOTT-RODINO ACT

The Hart-Scott-Rodino (HSR) Act requires that parties to certain transactions make a pre-merger filing with the Department of Justice and the Federal Trade Commission (FTC) if the transaction is over a certain size. In 2000, an amendment to the HSR Act changed the size-of-transaction threshold from \$15 million to \$50 million. Those amendments also required the FTC to revise the jurisdictional thresholds for pre-merger filings annually, commencing with the fiscal year starting September 30, 2004. In January 2005, the FTC promulgated new rules complying with 2000 Amendments. Effective March 2, 2005, the minimum threshold for the size-of-transaction test will be modified from \$50 million to \$53.2 million.

In addition, there is a separate threshold for deals involving smaller companies, based on the “size-of-party” test. The old \$50 million size-of-transaction test was only applicable if one party to the transaction had assets or revenues of \$10 million or more and the other party had assets or revenues of \$100 million or more. If the size-of-party test was not met, the size-of-transaction test was \$200 million. The new thresholds are:

Original Threshold	Adjusted Threshold
\$10 million	\$10.7 million
\$100 million	\$106.2 million
\$200 million	\$212.3 million

The rules implementing the threshold changes also affect other monetary thresholds of the pre-merger notification filing process. For example, the exemption for the acquisitions of foreign assets (18 C.F.R. 802.50) that do not generate sales into the U.S. of more than \$50 million has been adjusted to \$53.1 million.

Finally, the thresholds for filing fees have been modified. Under the new rules, the thresholds are:

Value of Assets or Voting Securities to be Held	Fee Amount
Greater than \$53.1 million but less than \$106.2 million	\$45,000
\$106.2 million or greater but less than \$530.7 million	\$125,000
\$530.7 million or greater	\$280,000

The amendments to the HSR regulations that implement these changes and a press release describing them can be found at: <http://www.ftc.gov/opa/2005/01/fyi0506.htm>.

FOR MORE INFORMATION

If you would like additional information about the Hart-Scott-Rodino Act or would like to learn more about Kelley Drye Collier Shannon’s Antitrust practice, please visit www.kelleydrye.com.