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## *Reduced HSR Thresholds Announced for 2021*

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Effective on March 4, 2021, the mandatory notification thresholds under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), will decrease the Size of Transaction threshold from its current \$94 million to **\$92 million**, and other thresholds will be correspondingly reduced as well. The revised thresholds were published today in the Federal Register, and become effective in 30 days. The mandatory notification thresholds apply to all transactions that close on or after March 4, 2021.

### **Background: The Hart-Scott-Rodino Antitrust Improvements Act of 1976**

The HSR Act provides that, where certain jurisdictional thresholds are met, parties intending to merge or make acquisitions must (absent any applicable exemptions) furnish the Premerger Notification Office of the FTC and the Antitrust Division of the Department of Justice with prescribed information regarding their respective businesses and the proposed transaction and wait a specified period of time before consummating the transaction. The statutory "waiting period" stays consummation of the transaction for a minimum of 30 days (15 days in the case of bankruptcy or cash tender offers), absent a grant of early termination.

### **Revised Notification Thresholds**

The 2000 amendments to Section 7A of the Clayton Act mandate annual adjustments of the HSR Act thresholds each year, based on changes in the gross national product. Due to the U.S. GDP contraction in 2020, the revised jurisdictional thresholds for this year decrease the dollar amount limits for the Size of Transaction and the Size of Person at which parties to a transaction are required to make an HSR filing, as well as the filing fee thresholds.

It is unusual for the HSR reporting thresholds to dip (the last time being in 2010, following the economy's contraction in 2009). Any transactions that were expected to be exempt from HSR notification based on the 2020 thresholds should be reevaluated if closing may occur after March 4, 2021.

An overview of the updated thresholds for the most common HSR filing issues is included below.

**New Jurisdictional Thresholds**

	<b>Revised 2021 Thresholds</b>	<b>2020 Thresholds</b>
<b>Size of Transaction Test</b>	The Acquiring Person will hold, as a result of the transaction, an aggregate total amount of voting securities, assets, and/or interests in non-corporate entities of the Acquired Person valued in excess of <b>\$92 million</b> .	\$94 million
<b>Size of Person Test</b>	Transactions valued at more than <b>\$368 million</b> are reportable, regardless of the size of person test above.	\$376 million
	One party has annual net sales or total assets of <b>\$184 million</b> or more and the other party has annual net sales or total assets of <b>\$18.4 million</b> or more.*	\$188 million \$18.8 million
<b>Subsequent Acquisitions of Voting Securities</b>	Voting securities valued at <b>\$184 million</b> or more;	\$188 million
	Voting securities valued at <b>\$919.9 million</b> or more;	\$940.1 million
	Voting securities constituting 25% of the issuer's securities if valued at more than <b>\$1,839.8 million</b> ; and	\$1,880.2 million
	Voting securities constituting 50% of the issuer's securities if valued at more than <b>\$92 million</b> .	\$94 million

\* Where the target is not engaged in manufacturing, it must have total assets of \$18.4 million or annual net sales of \$184 million to satisfy the lower Size of Person threshold.

**New Filing Fee Thresholds**

<b>Filing Fee</b>	<b>Revised 2021 Filing Fee Thresholds</b>	<b>2020 Thresholds</b>
\$45,000	Transactions valued at more than <b>\$92 million</b> but less than <b>\$184 million</b> .	\$94 million \$188 million
\$125,000	Transactions valued at <b>\$184 million</b> or more but less than <b>\$919.9 million</b> .	\$188 million \$940.1 million
\$280,000	Transactions valued at more than <b>\$919.9 million</b> .	\$940.1 million

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