

**Insights**

## **FTC ANNOUNCES 2024 THRESHOLDS UNDER HSR ACT**

Jan 23, 2024

The Federal Trade Commission announced the annual revised thresholds for merger notifications under the Hart Scott-Rodino Antitrust Improvements Act of 1976, as amended (“HSR Act”). The thresholds are revised annually based on changes in U.S. gross national product. The new thresholds (“2024 Thresholds”) will become effective 30 days after publication in the Federal Register. Therefore, if publication occurs this week, the 2024 thresholds will become effective in late February and be in effect until the next annual adjustment in January 2025.

### **HSR ACT - 2024 THRESHOLDS**

The HSR Act requires premerger notification of transactions that satisfy the “size of transaction” and “size of person” tests and are not otherwise exempt.

#### **SIZE OF TRANSACTION – 2024 THRESHOLD**

Under the 2024 Thresholds, the size of transaction primary notification threshold will be met if, as a result of a transaction, the acquiring person at the ultimate parent entity (“UPE”) level will hold aggregate voting securities, assets, or non-corporate interests of the acquired person valued at more than \$119.5 million.

For transactions valued at more than \$119.5 million but less than or equal to \$478 million, the parties must also meet the size of person test. Transactions valued at more than \$478 million will be reportable regardless of the size of the parties unless an exemption applies.

| <b>Size of Transaction</b>                |                       |                       |
|---|-----------------------|-----------------------|
|   | <b>Current (2023)</b> | <b>Revised (2024)</b> |
| <b>Primary Notification Threshold</b>     | \$111.4 million       | \$119.5 million       |
| <b>Alternative Notification Threshold</b> | \$445.5 million       | \$478 million         |

#### **SIZE OF PERSON – 2024 THRESHOLD**

Under the 2024 Thresholds, the size of person test will be satisfied where one party to the transaction at the UPE level has total assets or annual net sales of \$239 million or more and the UPE of the other party has total assets or annual net sales of \$23.9 million or more.

| <b>Size of Person</b> |                                  |
|-----------------------|----------------------------------|
| <b>Current (2023)</b> | <b>Revised (2024 Thresholds)</b> |
| \$22.3 million        | \$23.9 million                   |
| \$222.7 million       | \$239 million                    |

## SUMMARY

| <b>Value of transaction</b>  | <b>HSR Filing Required?</b>           |
|--|---------------------------------------|
| \$119.5 million or less  | No                                    |
| More than \$119.5 million, but less than or equal to \$478 million | Only if size of person thresholds met |
| More than \$478 million  | Yes                                   |

## HSR FILING FEES

Filing fees will be based on the 2024 thresholds as follows:

| <b>Revised</b> | 2024 - Size of Transaction as Determined Under Section 7A(a)(2) of the HSR Act | Current filing fee | New filing fee |
|----------------|--|--------------------|----------------|
|                | More than \$119.5 million, but less than \$173.3 million                       | \$30,000           | \$30,000       |
|                | \$173.3 million or more, but less than \$536.5 million                         | \$100,000          | \$105,000      |
|                | \$536.5 million or more, but less than \$1.073 billion                         | \$250,000          | \$260,000      |
|                | \$1.073 billion or more, but less than \$2.146 billion                         | \$400,000          | \$415,000      |
|                | \$2.146 billion or more, but less than \$5.365 billion                         | \$800,000          | \$830,000      |

|  |                         |             |             |
|--|-------------------------|-------------|-------------|
|  | \$5.365 billion or more | \$2,250,000 | \$2,335,000 |
|--|-------------------------|-------------|-------------|

The filing fees will become effective 30 days from publication in the Federal Register, which is expected this week.

### 2024 UPDATES TO CIVIL PENALTIES

The FTC also recently announced increases to the maximum civil penalty amount for violations of the HSR Act from \$50,120 to \$51,744 per day, as required by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. These adjustments took effect January 10, 2024.

### RELATED PRACTICE AREAS

- M&A & Corporate Finance
- International Trade
- Antitrust

## MEET THE TEAM



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