

Corporate & Financial Weekly Digest

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Revisions to HSR Premerger Notification Form Expected Soon

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The Federal Trade Commission (FTC) is expected to announce significant changes to the Hart-Scott-Rodino (HSR) Premerger Notification Rules, the Premerger Notification and Report Form, and the accompanying Instructions in the next several weeks. The changes, which may have been presaged by proposals issued by the FTC for public comment last August, may impose significant new reporting requirements on private equity and other funds, where one of a family of funds is making an HSR investment. The public will know which of the proposed changes were adopted when the FTC releases the new form.

Three of the proposed changes, if adopted, will have substantial impact on financial buyers and other acquirers who operate multiple funds or other investment vehicles. First, HSR filers who share common managers with other entities will need to provide information on the other commonly managed entities—defined as "associates" in the amended Rules—even though they are separately owned. Thus, funds that now share a common manager, or partnerships that share a common general partner, with the HSR filer will now be treated as "associates" of the filer, and the filer will need to disclose information about them.

Second, acquiring firms will need to disclose whether their "associates" (or businesses that are owned by the associates) receive revenues from the same line of business as the acquired firm. This will require that the filer inquire into the business holdings and revenue sources of its associated entities.

Third, acquiring firms will also need to disclose minority holdings (holdings of 5-50%) of their associates in entities that also drive revenues from the same industry as the acquired firm.

For financial investors, private equity, and families of funds, these proposed amendments to the HSR Rules are potentially quite significant. These changes will be addressed in a Katten Client Advisory shortly after the FTC's public announcement.

Click [here](#) to read the proposals issued by the FTC in August 2010.