

MEMO# 13434

June 29, 2001

FTC AMENDS PREMERGER NOTIFICATION RULES - RELATED REVISIONS TO ICI SUMMARY OF NON-1940 ACT INVESTMENT RESTRICTIONS

[13434] June 29, 2001 TO: CLOSED-END INVESTMENT COMPANY COMMITTEE No. 10-01 COMPLIANCE ADVISORY COMMITTEE No. 28-01 INVESTMENT ADVISERS COMMITTEE No. 16-01 SEC RULES COMMITTEE No. 50-01 UNIT INVESTMENT TRUST COMMITTEE No. 18-01 RE: FTC AMENDS PREMERGER NOTIFICATION RULES - RELATED REVISIONS TO ICI SUMMARY OF NON-1940 ACT INVESTMENT RESTRICTIONS The Federal Trade Commission (FTC) has issued interim and proposed amendments to its premerger notification rules, 1 which require the parties to certain mergers or acquisitions to file reports with the FTC and with the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice and to wait a specified period of time before consummating such transactions. The rule amendments, which became effective February 1, 2001, implement recent amendments to the Hart-Scott-Rodino Antitrust Improvements Act of 1976.2 The interim rules, along with interim rules governing certain internal procedures, and proposed amendments designed to clarify and improve the effectiveness of the rules, are available at www.ftc.gov/bc/hsr/hsr.htm. The rule amendments reflect legislative changes to the Hart-Scott-Rodino reporting requirements that were signed into law on December 21, 2000.3 The significant changes include: (1) an increase in the size-of-transaction threshold for reportable transactions to \$50 million (in place of the previous \$15 million threshold); (2) elimination of the 15 percent size-of-transaction threshold; and (3) implementation of a tiered filing fee structure. As a result of the increased size-of-transaction threshold, the exemption from the reporting requirement for certain institutional investors, including registered investment companies, applies to the acquisition of voting securities (1) made directly by an institutional investor; (2) in the ordinary course of business; (3) solely for investment; and (4) as a result of which, the investor would hold 15 percent or less of the outstanding voting securities of the issuer. 1 66 Fed. Reg. 8680-8729 (February 1, 2001). 2 The Hart-Scott-Rodino Antitrust Improvements Act of 1976 is codified at Section 7A of the Clayton Act, 15 U.S.C. 18a. 3 See Pub. L. 106-553, 114 Stat. 2762. 2Please note that the amendments to the premerger notification rules affect our 1999 Summary of Non-1940 Act Investment Restrictions.4 We therefore have attached a revised copy of pages 25 through 28 of the 1999 Summary that reflects the recent changes. Kathy D. Ireland Associate Counsel Attachment Attachment (in .pdf format) 4 See Memorandum to Closed-End Investment Company Committee No. 19-99, Compliance Advisory Committee No. 21-99, SEC Rules Committee No. 45-99, and Unit Investment Trust Committee No. 14-99, dated June 14, 1999 (distributing the 1999 Summary of Non-1940 Act Investment Restrictions).

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