NAM to FTC: Withdraw Proposed Merger Rules

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The NAM is pushing back on proposed changes by the Federal Trade Commission and the Department of Justice that would expand filing requirements drastically for companies considering mergers, harming manufacturers of all sizes.

What's going on: In June, the FTC—with the agreement of the Antitrust Division of the DOJ—announced an overhaul of the premerger notification rules under the Hart-Scott-Rodino Act.

• The HSR Act requires companies to provide notice to the FTC prior to consummating a merger, but the FTC's proposed changes would lead to as much as a sevenfold increase in the time it takes to file the HSR form, according to the proposal.
• The proposed amendments would also necessitate complex and lengthy information reporting, as well as significantly enhanced document production—resulting in disclosure overload for companies pursuing mergers or acquisitions.

Why it matters: M&A activity is critical to the manufacturing industry. Larger businesses use M&A for efficiency and expansion, while smaller companies benefit from opportunities for capital formation and growth.

• The burdensome nature of the FTC's proposal could disincentivize or delay promising, pro-consumer deals.

Manufacturers speak out: Last week, the NAM urged the FTC to withdraw the proposed changes to "protect businesses' ability to grow and drive economic expansion in the United States."

• The proposal would result in significant costs and delays for manufacturers, "stifl[ing] job-creating growth in the manufacturing industry without any corresponding benefit to the agencies, merging parties or the public," NAM Vice President of Domestic Policy Charles Crain told the FTC.
• "If adopted, the proposal would dramatically increase the information that merging entities would be required to provide to the agencies before consummating a transaction … postponing the opportunities and job-creating investments that these transactions can create," he added.

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