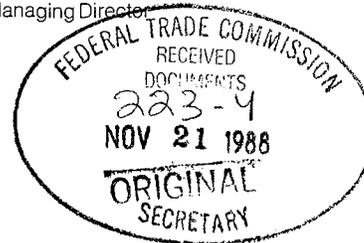


The Chase Manhattan Bank, N.A.  
1 Chase Manhattan Plaza  
New York, New York 10081

John A. Reid, Jr.  
Managing Director



November 18, 1988

Secretary  
Federal Trade Commission, Room 136  
Washington, D.C. 20580

Assistant Attorney General  
Antitrust Division  
Department of Justice, Room 3214  
Washington, D.C. 20530

Re: Proposed Changes to Premerger Notification Rules

Gentlemen/Ladies:

You have requested comments on proposed changes, as set forth in 53 Fed. Reg. 36831 (9/22/88), to the premerger notification rules in 16 CFR Parts 801, 802 and 803. The principal proposal would exempt acquisitions of not more than 10% of the voting securities of an issuer from the present premerger notice and waiting period requirements regardless of size and investment intent. Presently an acquisition of 10% or less of an issuer's securities is exempt if it involves securities worth less than \$15,000,000 or is made "solely for the purpose of investment."

You have also solicited comments on two alternative proposals: (1) an exemption for transactions of up to 10% of an issuer's voting securities only if the securities are placed into escrow pending antitrust review (the "escrow proposal"); (2) an exemption for transactions of up to 10% of an issuer's voting securities where there is no notice to, and filing requirement of, the issuer, but where the acquiror, prior to consummating the transaction, must submit specified documents to the Federal Trade Commission and the Justice Department (the "optional notification proposal").

We support the principal proposal. As noted in your request for comments, the Hart-Scott-Rodino Act was passed in connection with the concern that some anticompetitive transactions could not be effectively "unscrambled" because they were consummated before the antitrust agencies could

review the facts and take preventative measures. Congress recognized, however, that the Act should not be applicable to all transactions by enacting specific exemptions. Congress further recognized that enumerating all exemptions was difficult and granted broad discretion to the Commission, with the concurrence with the Assistant Attorney General, to exempt "classes of . . . transactions which are not likely to violate the antitrust laws."

We concur with your conclusion that transactions involving acquisition of 10% or less of an issuer's securities are not likely to violate the antitrust laws. As noted in your proposal, few transactions involving acquisitions of 10% or less of an issuer's voting securities have historically provided any kind of anticompetitive concern in the 10 years of experience with the present rule. Accordingly, it seems that, at least in the vast majority of cases, the present rule covers transactions which Congress never intended the Hart-Scott-Rodino Act to reach.

We oppose the escrow proposal and the optional notification proposal. Each imposes cumbersome and costly procedural requirements on a class of transactions that the Hart-Scott-Rodino Act notification requirements do not frequently identify as anticompetitive. The optional notification proposal is especially undesirable in this regard, requiring extensive information from the acquiror that will in the vast majority of cases not uncover any anticompetitive combinations and tying up governmental resources that could be better focussed on transactions more likely to have anticompetitive effects.

Very truly yours,

*John A. Rodino, Jr.*