

Third Point Funds Fined for HSR Violation

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The Federal Trade Commission recently obtained a fine from Third Point LLC and three of its funds for alleged violations of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 that arose in connection with the merger of Dow Inc. and E.I. du Pont de Nemours & Company. Third Point held shares of Dow prior to the merger in 2017 and, as a result of the merger, received shares of the new company, DowDuPont Inc. It is notable that the HSR violation did not arise from the open market purchase of voting securities, but rather the passive conversion of voting securities of one issuer into voting securities of another issuer.

This enforcement action by the FTC serves as a reminder to investors to remain cognizant of any changes to their voting security holdings, as HSR reporting obligations can be triggered by passive acquisitions of shares even where an investor did not cause the merger or control either party involved.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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