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MOFCOM Lifts Many, But Not All, Hold Separate Requirements Previously Imposed as Conditions to Clearance of Hard Disk Drive Deals

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Over three years ago, MOFCOM conditioned its clearance of two hard disk drive transactions on unprecedented hold separate remedies which precluded realization of many of the synergies and cost savings that the transactions were designed to achieve. MOFCOM now removes some of these restrictions, allowing the parties belatedly to capture some of those efficiencies.

This week, China's Ministry of Commerce (MOFCOM) lifted some of the worldwide hold separate conditions on Western Digital's 2012 acquisition of Hitachi's hard disk drive ("HDD") business and Seagate's 2011 acquisition of Samsung's HDD business, citing a changed competitive landscape and acknowledging that merger integration would facilitate synergies and reduce costs. MOFCOM allowed the companies to integrate production and research & development for their acquired businesses. But MOFCOM left in place (for two more years) significant hold separate requirements applicable to the sales forces of Western Digital and Hitachi GST.

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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