

802. Series A is only selling as type of future
of many in the same category this is

This material may be subject to
the confidentiality provision of
Section 7A (h) of the Clayton Act
which restricts release under the
Act

was selling

in segment of his business
it would not be exempt. VC

WRITER'S DIRECT DIAL NUMBER

FOI-10 Acquisition price may be computed
as stated in letter but
must be compared to the assets fair

October 29, 1990

NOV 23 10 53 AM '90

Dear Victor:
Market value. The higher of the two is the valuation for N-S-R
We would appreciate your views on the following hypo-
thetical question:

A is a \$100 million person whose business includes

time of delivery, A has decided to dispose of its forward con-

A is arranging for B, a \$10 million person, to take
over its portfolio of contracts with respect to the group of

intend to compute as follows:

CONTRACTS FOR WHICH CURRENT PRICE LEVELS

(at current price levels) from those
contracts for which current price levels
are less favorable than contract price.

3. Subtract 2 from 1



[REDACTED]

For example, if the potential positive margins total \$20 million, and the potential negative margins total \$7 million, the price would be \$13 million.

B will retain profits earned on any contracts which turn out to be profitable and perform at a loss A's obligations under any contracts which turn out to be unprofitable. B will not acquire rights to any facilities of A or contracts with personnel of A. A remains free to resume trading in the commodities if A decides to do so.

Actual margins are inherently speculative and will depend on price levels in existence at the time of deliv[er]ing. The value

of annual U.S. consumption of the commodities.

In these circumstances it is proposed to treat the transaction as either (1) a transaction in the ordinary course of business because the essence of trading in commodities is the transfer of contract rights and the transaction will not result

non-reportable at the price as computed above, which it is believed fairly reflects the value of the portfolio transferred, is less than \$15 million.

We would greatly appreciate your views as to which is the appropriate procedure.

Sincerely yours,
[REDACTED]

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