

additional 1.51 percent, for a total of 10.57 percent, of the voting shares of MidSouth Bancorp, Inc., Lafayette, Louisiana, and thereby indirectly acquire MidSouth National Bank, Lafayette, Louisiana.

**B. Federal Reserve Bank of Dallas** (Genie D. Short, Vice President) 2200 North Pearl Street, Dallas, Texas 75201-2272:

1. *Rodney G. Kroll*, Waco, Texas, to acquire 23.0 percent; *Tommy G. Salome*, Crawford, Texas, to acquire 21.8 percent; *Newman E. Copeland*, Waco, Texas, to acquire 11.5 percent; *Scott J. Salmans*, Waco, Texas, to acquire 11.5 percent; *Rondy T. Gray*, Waco, Texas, to acquire 11.5 percent; *Charles B. Turner*, Waco, Texas, to acquire 11.5 percent; *James H. DuBois*, Waco, Texas, to acquire 4.6 percent; and *Time Manufacturing Company*, Waco, Texas, to acquire 4.6 percent, of the voting shares of First Riesel Corporation, Riesel, Texas, and thereby indirectly acquire First State Bank, Riesel, Texas.

Board of Governors of the Federal Reserve System, September 10, 1997.

**Jennifer J. Johnson**,

*Deputy Secretary of the Board.*

[FR Doc. 97-24446 Filed 9-15-97; 8:45 am]

BILLING CODE 6210-01-F

## FEDERAL TRADE COMMISSION

### Comment and Hearings on Joint Venture Project

**AGENCY:** Federal Trade Commission.

**ACTION:** Notice of second opportunity for comment and public hearing on Joint Venture Project.

**SUMMARY:** The Federal Trade Commission ("FTC" or "Commission") is requesting public comment about issues to be addressed in the Joint Venture Project that the Commission has authorized. The Project is being undertaken by the Commission in collaboration with the Department of Justice. Comments may be provided to the Commission in writing as specified below. In addition, the Commission will hold public hearing concerning these issues in November, 1997.

The Joint Venture Project grows out of public hearings held by the FTC in the fall of 1995, at which businesses reported that global and innovation-based competition is driving firms toward ever more complex collaborative agreements that sometimes raise new competition issues. Some commenters at those hearings also requested clarification and updating of current antitrust policy toward business collaborations among competitors.

The Joint Venture Project will address whether antitrust guidance to the business community can be improved through clarifying and updating antitrust policies regarding joint ventures and other forms of competitor collaborations. As has been generally noted, businesses may find it desirable to collaborate with rivals in order to achieve a large variety of goals: Attain economies of scale; increase capacity and market access; minimize risk; avoid duplication; transfer, commercialize, or distribute technology efficiently; combine complementary or co-specialized capabilities; or better appropriate the returns of innovation. Some competitor collaborations, however, raise antitrust concerns about the degree to which competition among rivals has been curtailed. In such cases, antitrust enforcers must assess whether and to what extent competition is harmed.

Issues relevant to why and how competitors wish to collaborate with their rivals, and the impact those arrangements have on competition, are of interest to the Commission in connection with the Joint Venture Project. In order to better inform itself as to these issues, the Commission engaged in a first round of public comment and hearings regarding issues identified in a notice published on April 28, 1997, at 62 FR 22945. Now the Commission is seeking comment and testimony regarding additional issues, including some issues that the first round of comments and testimony have indicated warrant follow-up attention.

The Commission's April 28 notice sought information relating to many of the issues associated with the potential anticompetitive effects of competitor collaborations. Consequently, the factual questions in this notice deal primarily with possible efficiencies. Specifically, the FTC is seeking comment at this time on the following issues:

#### Factual Questions Relating to Competitor Collaborations

The Commission is interested in better understanding the efficiencies that may be generated by competitor collaborations.<sup>1</sup> As an aid to understanding, the Commission has included the following questions as examples of the kinds of factual information in which the Commission is interested. Those who respond should

<sup>1</sup>For purposes of this notice, "competitor collaborations" should be understood as including all collaborations, short of a merger, between or among entities that would have been actual or likely potential competitors in a relevant market absent that collaboration.

neither feel constrained by those questions nor compelled to answer each one, however.

Because real-world examples are usually the most informative, the Commission would prefer information concerning competitor collaborations that actually have been undertaken. However, recognizing that businesses may wish to protect confidential information about some collaborations, the Commission also encourages the use of hypothetical fact patterns to describe and discuss the efficiencies that may result from collaborations among competitors.

#### Questions

What kinds of efficiency benefits are most frequently attributed to competitor collaborations, e.g., economies of scale, risk reduction, or learning advantages?

To what extent are differences in assets or technology among prospective participants important to the possible efficiency benefits from a competitor collaboration?

What contractual problems do prospective competitor collaboration participants encounter in designing an arrangement to achieve efficiency gains, and how have those problems been solved? What types of agreements or mechanisms are most frequently or most successfully used to align incentives? To safeguard the value of assets or efforts that individual participants might contribute to the collaboration? To deal with possible disputes among the participants? Are particular contractual problems more pressing in certain kinds of ventures, or in certain industries, than in others?

How and under what circumstances do variations in a competitor collaboration's governance structure—such as variations in individual participants' abilities to affect the collaboration's level of output or to control portions of its productive capacity—affect the collaboration's ability to achieve efficiencies?

Under what circumstances might restrictions on the ability of participants to compete promote legitimate efficiency goals? Specifically, when and how can restrictions on price, quality, advertising, geographic scope, or other dimensions of competition contribute to legitimate efficiency ends? Are some restrictions more closely related to the formation of a competitor collaboration, while others are needed to help the collaboration run smoothly after it is formed?

Under what circumstances might various exclusivity provisions be related to the efficiency goals of the competitor collaboration? Examples could include

agreements that participants satisfy all of their input needs from the collaboration or that participants refrain from competing with the collaboration, either unilaterally or as part of another group.

When can information exchanges (including exchanges of competitively sensitive data) among participants in a competitor collaboration be necessary to achieving efficiencies?

How and under what circumstances do restrictions on membership in or access to assets controlled by a competitor collaboration promote efficiency? What criteria do firms employ in initially selecting co-participants when establishing competitor collaborations?

Can reciprocal buying agreements among participants or restrictions on participants' activities outside the collaboration's market have efficiency rationales?

Under what circumstances do restraints in competitor collaborations give rise to efficiencies that are experienced over the long run or that affect competition in a dynamic sense (such as through incentives for innovation) rather than in the short run?

What factors affect determinations to pursue business goals through traditional joint ventures as opposed to alternative mechanisms such as short-term contracts, long-term contracts, licensing and franchise agreements, minority equity investments, strategic alliances, and asset acquisitions? When are the various alternatives relatively good or relatively poor substitutes in achieving efficiency goals?

Has the mix between traditional joint ventures, short- and long-term contracts, licensing or franchising, minority equity investments, strategic alliances, and asset acquisitions changed over time? If so, what factors are responsible?

In what ways does the initial agreement as to the duration of a competitor collaboration affect its ability to achieve efficiencies?

Antitrust law often considers whether efficiency goals might be achieved with less competitively restrictive alternatives. What factors must participants in competitor collaborations take into account (other than potential antitrust liability) in determining the breadth of a competitive restraint? Are there real-world examples in which relatively narrow restraints were ineffective in achieving efficiency goals?

To what extent has non-exclusivity—the ability of the participants in a competitor collaboration to compete with the collaboration—reduced the anticompetitive effects of competitor

collaborations? What factors tend to demonstrate that a competitor collaboration is non-exclusive in fact as well as on paper?

### Policy and Legal Questions Relating to Competitor Collaborations

The Commission also is interested in better understanding the extent to which antitrust law and the antitrust agencies' current policy guidelines have successfully dealt with issues raised by competitor collaborations and how the usefulness of antitrust guidance might be improved. The following questions are suggestive of issues that would be of interest in responses, but, again, the questions are not intended to constrain or to require responses.

#### Questions

##### The State of Antitrust Law

What aspects of antitrust law regarding the efficiencies of competitor collaborations require clarification? For example, is clarification required regarding the evaluation of efficiency justifications for competitive restrictions, information exchanges, or membership rules?

Have there been any circumstances in which the chosen form of competitor collaboration (such as traditional joint ventures, short- and long-term contracts, licensing and franchise agreements, minority equity investments, strategic alliances, and asset acquisitions) has been affected by uncertainty about antitrust rules or possible costs of antitrust investigation or litigation?

Have there been any circumstances in which antitrust standards regarding less restrictive alternatives, including burdens of proof, have failed to take into account the difficulty in practical terms of fashioning and implementing a theoretically less restrictive alternative?

Antitrust standards for distinguishing legitimate competitor collaborations from "sham" arrangements often have been articulated in terms of "integration" rather than in terms of "efficiencies." Have there been circumstances when the use of integration-based standards has deterred the formation or impaired the operation of competitor collaborations that could have enhanced competition? If so, please give specific real-world examples (or explain in the context of hypothetical facts). Under what circumstances might greater integration signal greater potential for anticompetitive effects as opposed to a greater likelihood of achieving procompetitive efficiencies? Should more specific standards for distinguishing legitimate from sham

arrangements be considered in conjunction with particular types of collaborative activity or particular industries?

To what extent, if any, should the expected evolution of a competitor collaboration be taken into account in determining its state of integration? For example, when, if ever, should rule of reason treatment be accorded a collaboration that fails integration criteria today on grounds that it may pass muster in the near future? How could enforcement agencies evaluate such a likelihood? Would such dynamic considerations be particularly relevant in certain industries or in particular circumstances? If so, where and why?

Antitrust standards for distinguishing competitor collaborations warranting rule of reason review rather than *per se* condemnation have sometimes looked to whether the collaboration has created a new product. What are the factors that should be included in a determination that the fruits of a competitor collaboration constitute a new product? What role should a determination that a competitor collaboration produces a new product play in the assessment of the collaboration's competitive effects?

What role should a determination that a competitor collaboration adds capacity in a relevant market play in the assessment of the collaboration's competitive effects?

What role should a determination that a competitor collaboration is non-exclusive—that is, that it allows its participants to compete independently in the joint venture market—play in the assessment of the collaboration's competitive effects?

What mechanisms should be employed in assessing the net effects of a competitor collaboration (or of a restraint associated with a competitor collaboration) that would likely achieve efficiencies but also would likely harm competition absent the efficiencies?

Are there instances when unusual cost or demand conditions might make it appropriate to modify or qualify general antitrust policy with regard to competitor collaborations? For example, should enforcement policy concerning competitor collaborations be modified when there are substantial scale economies from increasing group size or consumer switching costs, such as may arise in network industries or in standard-setting contexts?

Under what circumstances, if any, should participants be able to assert that membership restrictions are necessary to ensure that members of a competitor collaboration can use cost advantages or innovation to compete more effectively in the output market?

Are there any circumstances under which the competitive effects of restraints associated with a competitor collaboration should be analyzed like the competitive effects of single firm conduct?

Under what circumstances is a competitor collaboration less likely than a merger of the same participants to restrict competition within any relevant market? What adjustments to merger analysis could take these considerations into account? Under what circumstances is a competitor collaboration more likely than a merger to restrict competition within any relevant market? What adjustments to merger analysis could take these considerations into account?

Under what circumstances is a competitor collaboration more likely than a merger of the same participants to achieve efficiencies within any relevant market? What adjustments to merger analysis could take these considerations into account? Under what circumstances is a competitor collaboration less likely than a merger of the same participants to achieve efficiencies within any relevant market? What adjustments to merger analysis could take these considerations into account?

#### FTC/DOJ Guidelines

If the Joint Venture Project were to result in the development of guidelines applicable to competitor collaborations, what factors should be considered in demarcating the division between transactions covered by the new guidelines and transactions covered by the existing Department of Justice and Federal Trade Commission Horizontal Merger Guidelines?

**DATES:** Any interested person may submit written comments by December 12, 1997. Requests to participate in public hearings should be submitted by October 17, 1997, or earlier if at all possible. Such requests should identify the requesting party and briefly state the matter than the party wishes to address at the hearings. Public hearings will be held in November, 1997, at the Federal Trade Commission, Sixth Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580.

**ADDRESSES:** To facilitate efficient review of public comments, all comments should be submitted in written and electronic form. Electronic submissions may be made in one of two ways. They may be filed on either a 5 and 1/4 or 3 and 1/2 inch computer disk, with a label on the disk stating the name of the commenter and the name and version of the word processing program used to

create the document. (Programs based on DOS or Windows 3.1 are acceptable.

Files from other operating systems should be submitted in ASCII text format.) Alternatively, electronic submissions may be sent by electronic mail to [jventures@ftc.gov](mailto:jventures@ftc.gov). Submissions should be captioned "Comments on Issues relating to Joint Venture Project—Second Federal Register Notice" and addressed to Donald S. Clark, Office of the Secretary, Federal Trade Commission, Sixth Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580.

Notice of interest in participating in the hearings also should be addressed in writing to the Office of the Secretary at the above address.

**FOR FURTHER INFORMATION CONTACT:** Policy Planning staff at (202) 326-3712.

**SUPPLEMENTARY INFORMATION:** The Commission is examining its role in enforcing antitrust laws in light of the above issues. Public comments and hearings are expected to provide information relevant to determining what, if any, actions may be desirable. The Commission has general authority under the FTC Act to interpret its substantive laws through guidelines, advisory opinions, and policy statements.

By direction of the Commission.

**Donald S. Clark,**

*Secretary.*

[FR Doc. 97-24515 Filed 9-15-97; 8:45 am]

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#### FEDERAL RESERVE SYSTEM

##### Change in Bank Control Notices; Acquisitions of Shares of Banks or Bank Holding Companies

The notificants listed below have applied under the Change in Bank Control Act (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire a bank or bank holding company. The factors that are considered in acting on the notices are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The notices are available for immediate inspection at the Federal Reserve Bank indicated. The notices also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank indicated for that notice or to the offices of the Board of Governors. Comments must be received not later than October 1, 1997.

**A. Federal Reserve Bank of Atlanta**  
(Lois Berthaume, Vice President) 104

Marietta Street, N.W., Atlanta, Georgia 30303-2713:

1. **Jaime Gilinski**, Santafe de Bogota, Columbia; to acquire 100 percent of the voting shares of Eagle National Holding Company, Inc., Miami, Florida.

**B. Federal Reserve Bank of Chicago**  
(Philip Jackson, Applications Officer)  
230 South LaSalle Street, Chicago, Illinois 60690-1413:

1. **James Randel Smith**, Auburn, Nebraska, to retain 33.3 percent; Jerry A. Jobe, Tabor, Iowa, to acquire 33.3 percent; and Grant T. Schaaf, Randolph, Iowa, to acquire 33.3 percent, of the voting shares of Tabor Enterprises, Inc., Tabor, Iowa, and thereby indirectly acquire First State Bank, Tabor, Iowa.

**C. Federal Reserve Bank of St. Louis**  
(Randall C. Sumner, Vice President) 411 Locust Street, St. Louis, Missouri 63102-2034:

1. **Craig Dwight Heath**, Phoenix, Arizona; to acquire 100 percent of the voting shares of Texico Bancshares Corporation, Texico, Illinois, and thereby indirectly acquire Texico State Bank, Texico, Illinois.

Board of Governors of the Federal Reserve System, September 11, 1997.

**Jennifer J. Johnson,**

*Deputy Secretary of the Board.*

[FR Doc. 97-24579 Filed 9-15-97; 8:45 am]

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#### FEDERAL RESERVE SYSTEM

##### Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The application also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the