

CFIUS Blocks Magnachip Semiconductor Deal

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As predicted, and addressed in a previous [client alert](#), Chinese private equity (PE) firm Wise Road Capital and U.S.-based Magnachip Semiconductor Corp. (Magnachip) [terminated their billion dollar deal](#) after failing to receive approval from the Committee on Foreign Investment in the United States (CFIUS). As referenced in Magnachip's [August 27, 2021 SEC filing](#), CFIUS indicated at that time that it "has not identified any mitigation measures, including those proposed jointly by [the parties], that CFIUS believes would adequately mitigate the identified risks." Despite receiving approval from CFIUS to withdraw and refile the transaction on September 13, 2021, it appears that the parties subsequent filings and responses to inquiries were still insufficient to demonstrate adequate measures to mitigate the risks to national security identified back in June, when CFIUS first ordered the deal to be put on hold. As a result of the termination of the agreement, Magnachip will receive \$70.2 million, [of which \\$19.2 million will be deferred up to March 31, 2022](#).

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