
Financing of M&A Transactions by Chinese Commercial Banks

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The China Banking Regulatory Commission (CBRC) issued the “Guidelines for Risk Management of Merger and Acquisition Loans by Commercial Banks” (Guidelines) on December 9, 2008. They went into effect that same day. The Guidelines allow qualified Chinese commercial banks to provide commercial loans to acquirers to finance merger and acquisition (M&A) deals. Until issuance of the Guidelines, financial institutions had been prohibited from directly financing acquisitions. Issuance of the Guidelines marks a major step forward from past prohibitions on leveraged acquisitions. For more on the M&A transactions covered by the Guidelines, see our recent [Email Alert](#).