



Research Topic : Regulation and Supervision of Foreign Banks in Mainland China after China's accession to WTO

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Banks always play a significant role in economy because it channels funds from depositors to investors; create money during the loan making process; and run payment system. Almost all banking systems have its traditional fragility, which comes from the very nature of banking business. It poses a threat to the integrity of a economy. Thus, banking industry is always regulated and supervised by government. Bank regulation entails making and issuing specific regulations and guidelines governing the structure and conduct of banking business, under the authority of legislation, while bank supervision involves the monitoring, inspecting, and examining of banking organizations to assess their conditions and their compliance with relevant laws and regulations. So far as foreign banks are concerned, they are a challenge to the regulators and supervisors worldwide. The basic principle of regulation and supervision of foreign banks is that foreign banks should not be exempted from supervision, which should be sufficient and effective to regulate and supervise the foreign banks. With the accession to WTO, China has to open its financial market. It is certain that more and more representative offices, subsidiaries and branches of foreign banks and joint venture banks will be established in Mainland China in the coming years. The Chinese authorities is now facing the question of, on the one hand, how to strengthen and improve the current regulatory and supervisory system to meet the requirements of WTO, and to ensure the safety and soundness of domestic banking industry on the other hand.



Research Topic : Cross-Border Mergers & Acquisitions

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The past decade saw the surge of cross-border mergers and acquisitions. The world cross-border transactions grew from 3,152 deals (\$ 61.1 billion) in 1991, to 4,923 deals (\$ 349.6 billion) in 1998 and 6,223 deals (\$ 814.3 billion) in 1999. The ever-increasing percentage of international trade in GDP of almost every country leads to the consensus on the importance of competing in the global markets. Liberalization of governmental restrictions, easing of the cross-border cash flows and convenience in business communications all facilitate the occurrence of large scale of international combination. No firms regarded safe from a takeover potentiality. M&As have become the main way to successful entry into new product markets and into new geographic markets. Major international conflicts over mergers such as those involving McDonnell Douglas and Honeywell/GE have attracted so much attention in the press in recent years. One of the main reasons is that those mergers often involve large and well-known firms that are of symbolic importance to their nations.

Although the debate on the value added by merger activities is regarded as one of the most heated issues, there is consensus to impose control on mergers both because of their consequence and its potential for monopoly. This is the most important reason why the number of jurisdictions having established their own merger control systems keeps increasing. There is an obvious trend to harmonize the merger systems, and it is also appealing to firms engaged in international business. Merger control systems often require the negotiating parties to pre-notify the planned mergers to competition authorities, and then the authorities use their respective substantial standards to decide whether the merger should be permitted. By harmonization of these requirements, conflicts will be resolved and cost will be saved. Harmonization would inure to the benefit not only of corporations, but also of consumers.

However, China has not such legal system by far. M&A activities are merely subject to Company Law, Securities Law and some administrative regulations. The first question confronted by legislators of merger control regime is whether or not it is appropriate and necessary to establish such a system when taking all the social, economic and political factors into account. Some merger arrangements promote economic efficiency while others merely facilitate collusion among competitors. What is the goal of a particular merger control regime? How to distinguish mergers creating efficiencies from those having anticompetitive effects? Through research work, I will try to find the solutions to these questions.