

## **Current regulation governing acquisition financing**

### **Abstract**

The thesis deals with financing of share deal acquisition operations. The first chapter points out idiosyncrasies of acquisition operations, providing context for the rest of the thesis.

The second chapter deals with loan financing, one of the two financing methods described. The chapter starts off with Czech Civil Code's rules governing loans and goes on to provide an overview of stipulations used in corporate banking practice, including the usual arrangement of rights and obligations of lenders and borrower in case of syndicated loans. A subchapter about credit risk rounds off the second chapter. Not restricted to public law regulation, it describes derivatives used to hedge against credit risk and touches upon the influence of regulation on cost of loan financing.

The third chapter is about bond financing. It offers a robust overview of Czech rules governing bonds as nominate debt securities and their issue. The consequent subchapter on placement of bonds handled by an investment firm serves as an equivalent of the banking practice-focused subchapter. Subjects that perform various tasks after placement in order to simplify the administration of a given issue are a topic which completes the third chapter.

The conclusion of the thesis sets out the criteria which influence the decision between bank loan and bonds. The author argues for small-volume bond issues used as an auxiliary financing method. The very end of the thesis faces the future of acquisition financing; by noticing the shift in Czech case law concerning secured claims in insolvency proceedings and by questioning the rationale for the need for an opt-in to apply the Czech Act on Bonds to select innominate debt securities.

**Klíčová slova: bank loan, bonds, acquisition financing, credit risk management, capital adequacy**