

Federal Reserve's Comprehensive Consolidated Supervision Determination for Chinese Banks Has Broader Implications

May 11, 2012 | Client Update

The Federal Reserve's decision this week to confer Comprehensive Consolidated Supervision status to three state-owned Chinese banks has been long awaited and paves the way for major Chinese banks to enter retail commercial banking in the United States by acquiring U.S. banks. We view the Federal Reserve's decision, which is the first CCS determination with respect to a major jurisdiction in nearly 10 years, as encouraging for banks from other emerging economies that wish to expand their activities in the United States by acquiring U.S. banks or electing to become financial holding companies. Since many developed economies have attained CCS status, the key markets that might, over time, indirectly benefit from the China CCS determination include Dubai, India, Malaysia, Saudi Arabia, Singapore and South Africa. Brazilian and Mexican banks already benefit from earlier CCS determinations. There are, however, a few lessons to be learned from the Chinese experience.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

William F. Barron

+1 212 450 4182
william.barron@davispolk.com

Luigi L. De Ghenghi

+1 212 450 4296
luigi.deghenghi@davispolk.com

Li He

+852 2533 3306
li.he@davispolk.com

Margaret E. Tahyar

+1 212 450 4379
margaret.tahyar@davispolk.com

William L. Taylor

+1 212 450 4133
william.taylor@davispolk.com

This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's privacy notice for further details.

Related materials

[Read the full update](#)