

# **Representations and Warranties**

Representations and warranties are statements of fact in relation to the company being sold, given by the seller to the buyer on closing, and serve to allocate risk between the parties.

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## **Regulatory Approval**

Regulatory approval is the permission granted by a regulatory body for a company to proceed with a proposed action, such as a merger or acquisition.

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## **Material Adverse Change (MAC) Clause**

A MAC clause is a provision in a contract that allows a buyer to back out of a deal if the seller experiences a significant negative event that might affect its value.

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# Legal Due Diligence

Legal due diligence is the process of collecting, understanding and assessing all the legal aspects of a deal during the due diligence process in M&A.

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# Indemnity Clause

An indemnity clause is a contractual transfer of risk between two contractual parties generally to prevent loss or compensate for a loss which may occur as a result of a specified event.

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# Escrow

Escrow is a legal concept describing a financial instrument where an asset or escrow money is held by a third party on behalf of two other parties that are in the process of completing a transaction.

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# Asset Purchase Agreement

# **(APA)**

An APA is a legal agreement between a buyer and a seller that finalizes terms and conditions related to the purchase and sale of a company's assets.

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## **Antitrust Laws**

Antitrust laws are regulations that promote competition and limit monopoly by regulating the conduct and transactions of businesses.