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A milestone for company reorganisations law

Fernando Vives
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The law on structural modifications of commercial companies was finally published in the Official Spanish Gazette on April 4 2009. This law, which entered into force on July 4 2009 (with the exception of cross-border mergers, where the law entered into force immediately following its publication) marks a very important milestone in the Spanish corporate law regime.

The law was unanimously approved by the Spanish parliament after ten months of discussions, based on the proposal drafted by the Corporate/Commercial Law Panel of the General Codifying Commission.

It unifies, extends and revises the existing regime for the structural modification of commercial companies (transformation, merger, spin-off and transfer *en bloc* of assets and liabilities) and regulates the international transfer of the registered office. The law also transposes into Spanish legislation both Directive 2005/56/EC of October 26 2005 on cross-border mergers of limited liability companies, and Directive 2006/68/EC of September 6 2006, amending the Second Council Directive on Companies, and adapts certain provisions of the Corporations Law to the decision handed down by the European Court of Justice on December 18 2008.

The new law incorporates significant developments that will notably facilitate international corporate transactions. Both relocations of registered offices of Spanish companies to foreign countries, and relocations to Spain of registered offices of companies incorporated under the laws of other states, will be now expressly admitted in Spanish law.

The law also regulates, for the first time, intra-community cross-border mergers and

the workers' participation regime, in which at least one of the participating companies is Spanish. Although Spanish practice has already seen examples of both transactions, there was no clear legislation in place – and its implementation, which has been quite exceptional, has been extremely complex.

In domestic mergers and spin-offs, the law establishes significant new provisions which will considerably speed up intra-group reorganisations or transactions agreed to unanimously.

A noteworthy addition in the mergers regime is an article that specifically regulates cases of leveraged mergers, where any of the participating companies have incurred additional debt when financing the acquisition of the control or certain assets of any other participating company. Unfortunately, the final wording of the law, which requires the experts' report on the merger plan to determine if there is financial assistance, introduces a considerable degree of uncertainty on whether these kinds of transactions come under the prohibition on financial assistance set out in article 81 of the Corporations Law. The financial assistance regime, which was to be made more flexible in the initial wording of the bill, has finally remained untouched.

Additionally, the law reshapes two procedures that already existed but were poorly regulated: the first is segregation, falling within the general category of spin-off (and, therefore, subject to a similar regime). A segregation is defined as a transaction consisting of the transfer *en bloc* by universal succession of one or more parts of the assets and liabilities of a company, each comprising a business unit, to one or more companies, with the segregated company receiving in exchange, shares, participation units or ownership interests from the recipient companies.

Likewise, the law develops the regulation on transfers *en bloc* of assets and liabilities of a company to its shareholders or to third parties, thereby providing another interesting

instrument for transferring and restructuring businesses, also subject to the universal succession principle.

The legislator has taken advantage of the opportunity to modify certain sections of the Corporations Law and of the Limited Liability Companies Law, elasticising the regime governing treasury stock, and introducing changes into the regime governing non-monetary contributions, with the addition of important exceptions to the independent expert report requirement.

Lastly, it should be noted that the law is configured as an interim solution until the right moment arrives for a codification or, at least, for a compilation of the law on commercial companies into a unified text. For this purpose, the law mandates the government to re-cast and harmonise in a single legal text the laws regulating capital companies (corporations, limited liability companies and partnerships limited by shares), within 12 months following the publication of the law in the Official Spanish Gazette. It remains to be seen whether the government will be capable of accomplishing such a huge task in such a short space of time.

The law on structural modifications marks a significant change to the Spanish corporate regime, setting up a new framework in which business-restructuring transactions can be performed. It is now the turn of practitioners – the courts, registrars and lawyers – to implement this new framework and clear up certain grey areas laid down by the new law. There is no deadline to do so.

Capital markets – equity

Recommended firms	
Tier 1	Uría Menéndez
Tier 2	Freshfields Bruckhaus Deringer Garrigues Linklaters
Tier 3	Clifford Chance Cuatrecasas Gonçalves Pereira Ramón & Cajal
Tier 4	Allen & Overy Araoz & Rueda CMS Albiñana & Suárez de Lezo Gómez-Acebo & Pombo Lovells Pérez-Llorca

Capital markets – debt

Recommended firms	
Tier 1	Allen & Overy Clifford Chance Garrigues
Tier 2	Cuatrecasas Gonçalves Pereira Linklaters Uría Menéndez
Tier 3	Freshfields Bruckhaus Deringer Gómez-Acebo & Pombo Ramón & Cajal
Tier 4	Araoz & Rueda Baker & McKenzie CMS Albiñana & Suárez de Lezo DLA Piper Lovells Pérez-Llorca

Capital markets – structured finance and securitisation

Recommended firms	
Tier 1	Clifford Chance Cuatrecasas Gonçalves Pereira Garrigues Gómez-Acebo & Pombo
Tier 2	Allen & Overy Freshfields Bruckhaus Deringer Linklaters Ramón & Cajal Uría Menéndez
Tier 3	Araoz & Rueda Baker & McKenzie CMS Albiñana & Suárez de Lezo DLA Piper Lovells Pérez-Llorca

The Spanish capital markets are suffering from a lack of trust. There is a lack of trust in how companies are going to perform this year and a lack of trust surrounding financing. This air of doubt has permeated every aspect of the market, but nowhere is it more evident than in structured finance and securitisation – where the trust was first lost.

“The market has not been quiet, as there have been a number of deals, but it has become a very boring market,” says one partner. “You can hardly say the S word [securitisation] anymore, and new asset classes and backing have disappeared. Now there are more vanilla deals where the originator holds onto the vapour and goes to the European central bank to get liquidity – there is very little sophistication.”

Equity capital markets specialists would probably be grateful for unsophisticated transactions right now but, instead, must make do with a comatose market as IPOs are on hold for less volatile times and capital raising is extremely difficult. Though this did not stop Santander, who issued €7.2 billion in shares in December 2008, lawyers are quick to point out that this was a lonely exception.

Debt has been better, though not much. MTN programmes have kept firms busy, and the government has done its bit by guaranteeing banks’ issuances. Convertible bonds have also found favour among clients.

For most practitioners, however, it’s a question of patience. And although some lawyers have reported seeing companies, once again, knocking on the door of opportunity, the present market conditions are not thought to be a short-term hitch.

But lawyers can seek solace in the fact that, when the markets do start up again, there is going to be a lot of catching up to do.

“When the trust comes back the market will be very active because a lot of companies will be merging to become more efficient,” says one partner. “But until then things will be very quiet.”

Allen & Overy

In almost every country where Allen & Overy is to be found, the firm leads the way in debt capital markets work, and Spain is no exception.

The firm’s expertise within the English and Spanish law frameworks make it popular with the largest, international banking clients for straight debt issuances.

“They are very efficient and very professional, so we can expect a high quality of service every time,” says one banking client of the firm. “I worked most with Charles Poole-Warren, he was pragmatic, very helpful and available, and he reacts very quickly to questions and problems.”

Two of the firm’s most high-value transactions were advising Banesto as arranger in Iberdrola’s €2 billion, Irish-registered Euro MTN programme and acting for HSBC – also as arranger – in the Junta de Andalucía’s (the autonomous government of Andalusia) €5 billion Euro MTN programme.

In structured finance and securitisation Allen & Overy moves down after peers commented that the firm’s practice was heavily focused on advising the rating agency, Standard & Poor’s, and not on deals. But the firm can be seen on cross-border transactions from time to time and, according to clients, Allen & Overy brings the same commercial savvy to advising clients in these deals as it does in debt.

“I worked with the firm mostly on securitisations and on the whole they have been quite responsive,” says one client. “When we were asking around and getting quotes they gave some very practical advice on possible routes for us that other firms didn’t point out – and saved us a lot of time.”

Leading lawyers

Iñigo Gómez-Jordana

Clifford Chance

Clifford Chance has been one of the most active firms in debt capital markets this year, say commentators. Accordingly the firm moves up a tier. Leading lawyer José Manuel Cuenca heads the firm’s overall capital markets practice, though, debt capital markets is

covered by Yolanda Azanza, a key figure in the firm's success.

"Yolanda is one of the best professionals we know for capital markets," says one client. "Yolanda is very good," says another client. "I had a very pleasant experience working with the firm; she was very much a hands on lawyer, and was very quick – I have no complaints whatsoever. Some other people from my team have also worked with her and they all said it was a very positive experience."

Azanza has been out front in most of Clifford Chance's debt deals this year. In February 2009 she, along with José Manuel Cuenca, advised Caixa d'Estalvis i Pensions de Barcelona on its €2 billion issue of senior bonds, which were guaranteed by the government. In the same month Cuenca and Azanza also advised a group of banks including BBVA, Santander and Barclays in relation to the €7 billion bond issue by the Spanish State.

The structured finance and securitisation market, meanwhile, has been too timid to allow any firm to showcase its talents. But Clifford Chance's two leading lawyers – José Manuel Cuenca and Javier García de Enterría – established their market-leader status long ago and, consequently, the firm maintains its reputation as the market's strongest.

In April 2009, a team led by José Manuel Cuenca advised Banque PSA Finance as originator and Calyon as lead manager in Banque PSA Finance's €2 billion securitisation of auto loans.

Clifford Chance is much less active in equity, and has been conspicuously absent from IPO work for a number of years, according to peers. But the firm does have deals to speak of. For instance, Javier García Enterría advised Trasmediterranea on a €110 million capital increase in February 2009.

Leading lawyers

José Manuel Cuenca
Javier García de Enterría

Cuatrecasas Gonçalves Pereira

Although the firm has, according to competitors, been less visible in 2008 and 2009, Cuatrecasas Gonçalves Pereira is still one of the most respected firms in the Spanish capital markets.

Rafael Mínguez, an acknowledged expert in securitisation and debt issuances, heads the practice, though, two more partners at the firm are ranked as leading lawyers. Fernando Torrente is especially well regarded as one of the statesmen of capital markets.

"I think he is the most experienced of all and very strong in equity," says one rival of

Torrente. "Rafael Mínguez is more involved in debt, but they are both excellent lawyers."

Competitors speak highly of Juan Aguayo too, describing him as a true professional with extensive knowledge of the area.

Cuatrecasas enjoys its highest ranking in structured finance and securitisation and justifies its position with a string of first class deals. Rafael Mínguez led on the deal advising Banco Popular and Intermoney on the €1.68 billion incorporation of the asset backed securitisation fund IM GBP Leasing 1 in the last quarter of 2008.

Fernando Navarro has also been active for the firm, mostly in debt. In April 2009 he advised Caja Castilla-La Mancha on the €1.3 billion issue of preferred shares, which were subscribed by the Fondo de Garantía de Depósitos fund, to recapitalize.

Leading lawyers

Juan Aguayo
Rafael Mínguez
Fernando Torrente

Freshfields Bruckhaus Deringer

The depressed market, combined with the firm's lack of a debt practice, precipitated a drop in Freshfields's visibility in capital markets this past year. But most still have faith in the firm's quality.

"Freshfields has a good securitisation practice," says one competitor. "But I don't know how active they are because the market has gone down, domestically, and now all we have is the securitisation of covered bonds to the European central bank. So I don't know if the firm is active but they have a practice with a very good reputation for securitisation."

This view was shared by a number of the firm's peers, with one rival adding that "Freshfields is just one of those law firms that can do anything".

Clients too were full of praise for the firm. "They provide a very good service. I think they have very good partners in equity capital markets who solve problems," says one client. "They are always available and they are quite autonomous and resourceful. Also, they have very good knowledge of the area and a very good attitude."

The firm matched its hype, acting in the Spain's largest rights issue of 2009. Equity capital markets head Armando Albarrán led on the deal advising Gas Natural on its €3.5 billion rights issue, completed with a view to acquiring energy supplier Union Fenosa.

Albarrán is a leading lawyer, praised by clients as a "very experienced and hard-working guy with a lot of common sense and very good negotiation skills".

The firm's other leading lawyer is Fernando Bautista, who heads Freshfields' structured finance and securitisation team. The firm's focus in securitisation is working with the ratings agencies. Between April and October 2008, Bautista advised Fitch Ratings on the ratings of bonds issued by 11 securitisation funds.

Leading lawyers

Armando Albarrán
Fernando Bautista

Garrigues

Garrigues has maintained the form that earned it a promotion in debt capital markets last year and built on its success with a top-tier ranking in structured finance and securitisation, after competitors agreed that the firm was a "major player in securitisation".

"Garrigues should move up in structured finance and securitisation," says one rival of the firm. "They really play a role in the market and they have a strong team."

According to rivals, Garrigues is a traditional transaction firm and has kept an impressive deal flow despite the market conditions, acting in over 30 securitisation transactions since May 2008 as well as advising Fitch Ratings in their structured finance and securitisation deals.

The firm's deal highlights include advising BBVA and Europea de Titulización on an €8.5 billion residential mortgage backed securitisation in November 2008 – the largest ever in Europe – and advising Caja Madrid and Ahorro y Titulización as originators on a €1.3 billion CDO securitisation, transferring corporate loans and credit disposals to a Spanish asset securitisation fund in February 2009. It was the first Spanish securitisation to incorporate collateral in two different currencies.

Garrigues's capital markets team is a subsidiary of its financial services industry department, which is led by Fernando Vives, Javier Ybáñez and Rafael González-Gallarza Granizo. All are considered experts, but competitors attach a special weight to Ybáñez's advice, describing him as one of "the people you call when you want to make sure you understand what is happening in the market".

Both Vives and Ybáñez have been active in debt transactions and in January 2009 Vives advised BBVA on the amendment of the €40 billion MTN programme of BBVA Senior finance, as well as advising the same client on a €1 billion issuance of fixed rate notes.

In March 2009 Ybáñez, led on a deal advising the savings bank Caja de Ahorros de Valencia, Castellón y Alicante on the issue of €1.5 billion of fixed-rate notes, guaranteed by

the state under its financial sector support scheme.

Leading lawyers

Fernando Vives
Javier Ybáñez

Gómez-Acebo & Pombo

Gómez-Acebo & Pombo is most active in structured finance and securitisation, where its relationship with issuer Ahorro y Titulización ensures the firm a steady stream of mandates.

In March 2009 a team led by Ángel Varela Varas advised Ahorro y Titulización in March 2009, on the securitisation of loans for the acquisition of *vivienda protegida* (partially subsidised housing), which was granted by savings banks and guaranteed by the publicly-owned Instituto de Crédito Oficial.

While Ahorro y Titulización is Gómez-Acebo & Pombo's most regular client, it is not the firm's only one. Gómez-Acebo & Pombo is a conspicuous player, particularly in the domestic market. "It's positive and there have been no problems," says one client. "I just think they were responsive and we have had no general issues, which is good enough in itself."

Ángel Varela Varas led another team that acted for Banco Finantia as originator in the incorporation of a Spanish securitisation fund of vehicle loans in a deal worth €408 million.

According to competitors, the firm is weaker in debt and equity, occasionally acting for savings banks, and the financial downturn has made these areas quieter still for the team.

But the firm has been present on some issuances linked to Spain's scheme to help the country's financial sector and in April 2009 the team represented Caixanova on the issue of €1 billion of listed commercial notes.

Leading lawyers

Fernando de las Cuevas Castresana
Ángel Varela Varas

Linklaters

Linklaters is traditionally strongest in equity capital markets where the firm acts mostly for banks. Partner Sebastián Albella is picked out by peers as an outstanding practitioner and clients too praise the firm's technical competence. Competitors also report a substantial increase in the firm's activity in the debt markets this year.

"I worked with Iñigo Berricano in the first government guarantee bonds," says one rival. "Linklaters was not active in debt until this

year, they were more active in equity, but now that's dead they are increasing their expertise."

Leading lawyers

Sebastián Albella
Iñigo Berricano
Conrado Tenaglia

Uría Menéndez

Uría Menéndez is the market's top performer in equity, say peers. "Uría Menéndez deserves to be in tier one," says one rival. "They have the recognition of being very good and so are credible as both issuers' and underwriters' advisors, which is important as it shows the firm has the experience to be a credible competitor."

The equity practice is led by Luis de Carlos, Gabriel Núñez and Javier Redonet; three lawyers with reputations for being the leading counsels for banks. "They are one of the best legal firms in Spain," says one banking client. "They have expertise in all the areas that we deal with and they have excellent availability – you can find them whenever you want. They also have a lot of deal experience so they know how to negotiate in deals and they know [the] precedent."

The client continues: "I have worked with other firms but Uría is better: the knowledge and experience of the firm is better in Uría, and the technical expertise is better."

In December 2008, Javier Redonet headed the team acting as Spanish counsel for Santander in its €7.2 billion rights issue. It was the largest primary issue by a Spanish entity so far. The firm's best friends Davis Polk & Wardwell and Slaughter and May were present as US and UK counsels, respectively.

But Uría Menéndez's talent for capital markets stretches beyond just equity; the firm is also strong in structured finance and securitisation where the practice is led by David García-Ochoa Mayor and Ramiro Rivera.

Rivera is credited with raising the firm's profile. In December 2008 he advised Caja Madrid as the first credit entity to request the Instituto de Crédito Oficial's guarantee facility for the securitisation of loans backed by state-discounted properties, by assigning €300 million of loans to a fund managed by Titulización de Activos, who were also advised by the firm.

Leading lawyers

Luis de Carlos
Gabriel Núñez
Ramiro Rivera
Rafael Sebastián

Other ranked firms

Pérez-Llorca moves down in structured finance and securitisation with competitors claiming that the firm lacks the visibility of the other firms in tier two.

"They are not actors in securitisation terms," says one peer. "They may have done one or two deals, but they are not regular actors and not a name you would come up with if you wanted an international approach."

The firm's capital markets team, which is grouped within its corporate and finance department, is led by the reputed Vicente Conde Viñuelas and Fernando Quicios Dorado, who specialise in equity and structured finance and securitisation respectively.

Though DLA Piper is acknowledged as a strong banking firm, it has a low profile among competitors in capital markets. But the firm's practice head – and former in-house counsel at transport and infrastructure company Ferrovial – María Segimón will be looking to change that.

Segimón joined the firm in April 2008 and has advised Santander's independent management company, Santander Central Hispano Titulización, on the establishment of a number of asset securitisation funds, including Fondo De Titulización De Activos Santander Hipotecario 5 and its €1.4 billion securitisation bonds issue.

In September 2008 Lovells, led by the firm's department head Joaquín Sales, advised Dexia and Depfa in the award of credit rights in relation to the financing power deficit and its repackaging for €1.3 billion.

CMS Albiñana & Suárez de Lezo's capital markets practice is led by César Albiñana Cilveti and Rafael Suárez de Lezo Cruz-Conde. According to competitors the firm has a history of activity in this area, but has lost some of its visibility of late. But the firm still boasts plenty of clients – most of them large banks.

The firm, led by Gracia Sainz Muñoz advised Banco Espirito Santo de Inversión on a programme for issuing promissory notes of the bank.

Banking

Recommended firms	
Tier 1	Clifford Chance Uría Menéndez
Tier 2	Allen & Overy Freshfields Bruckhaus Deringer Garrigues
Tier 3	Cuatrecasas Gonçalves Pereira DLA Piper Linklaters
Tier 4	Ashurst Gómez-Acebo & Pombo Ramón & Cajal
Tier 5	Araoz & Rueda Castro Sueiro & Varela CMS Albiñana & Suárez de Lezo Jones Day Lovells Pérez-Llorca

Instead of handling clients' large, lucrative transactions, Spain's banking lawyers are now dealing with their large problems.

The effects of the downturn have spread through almost every sector of Spain's economy, and banking lawyers have witnessed a dramatic shift in the type of work they're dealing with.

"There is no leveraged finance," says one banking partner. "The largest banks are either closing or reducing dramatically the areas devoted to leveraged finance. What are we left with? A lot of loans with problems, and it's not just in real estate, but also construction, media, aviation and distribution."

There are still deals, mostly mid-cap, but the mechanics of the financing have served only to further disenchant some lawyers, as one partner points out: "When there are big Spanish banks getting together to do a €7 million loan, you know there's problems."

Telefonica, advised by Clifford Chance, has proved to be the exception, locking in a €4 billion loan facility in February 2009, though, at a substantially raised rate of interest.

Few companies however can access this kind of liquidity, and while some partners claim the narrow margin for error means clients spare no expense to ensure their survival, most say the penny pinching has filtered down to what companies will pay for legal advice.

"There is a lot of pressure on fees," says one partner. "Refinancing is priced a lot lower by banks, but if they do look for firms, as opposed to giving the work to their in-house counsel, then clients will ask for quotations from three or four firms first."

It's a tough market, but those firms that prove themselves invaluable to a company can now look forward to being first in line when the market and the large lucrative transactions return.

Clifford Chance

Clifford Chance's banking team is in a state of flux. Alberto Manzanares replaced Jaime de San Román as head of the firm's Spanish banking and finance practice in July 2009 – ahead of the former department head's August departure – and faces the daunting challenge of maintaining the firm's market-leading reputation.

"Clifford Chance I find systematically as my opponent at least five times out of ten, or more," said one rival prior to San Román's departure. "I like them very much and they have a great team here in Spain. San Román is a guy with a lot of common sense and he has a lot of hard-working people with him. If I had to go to another firm, it would be them."

But according to one rival Manzanares is well-equipped to do the job: "He combines perfectly the skill of a business lawyer with the knowledge of a professor of law."

Not all competitors offer the firm such unmitigated praise though, and while there is no dissent over Clifford Chance's outstanding past form, some say the firm is less visible now. "Clifford Chance is not as active as they were," says one peer. "It's true in the past years they were very active but not in this context. It might be because they have lost people to other firms and now have less ability to grab this kind of work, which is more multi-disciplinary."

But the firm still boasts an international capacity which is better than most, and the firm's experience acting in a variety of banking transactions means it can make light work of complex issues.

"They perform very well and are very professional," says one client of the firm. "I use them for bank lending transactions and I appreciate their professionalism. The quality of the papers they produce is very good and they are very efficient. José Manuel Cuenca is one of the best lawyers in Spain, a reference in the area."

In February 2009, a team of lawyers led by Stuart Percival – a specialist in UK law – and former head of finance Jaime de San Román, advised a group of banks including la Caixa,

BBVA and Santander regarding their €4 billion syndicated facility to Telefonica.

Leading lawyers

Alberto Manzanares

Uría Menéndez

It's a testament to the quality of the firm that Uría Menéndez, though widely acknowledged as a corporate specialist, is still regarded as having Spain's best banking practice.

The firm's dual expertise means its banking practice represents just as many corporate borrowers as it does banks, and can offer the full service required by the large number of companies going through restructurings.

"Uría Menéndez is the best firm," says one rival. "They have many people coming from the university as outstanding professors, and they have always kept a high quality. There is a good combination of lawyers and business experts. After they formed from Garrigues, they kept all the best aspects of the original formula there"

It's axiomatic but both clients and competitors agree that Uría Menéndez's strength lies in the consistent standard of its lawyers, from respected senior partners to talented associates.

"They're fantastic," says one client. "Number one in Spain. We use them because the individuals there are at the highest level; we've seen other parties across the table on deals and they weren't as good, they are very commercial and seem to have a good mix of international lawyers. Also they seem to have the best young people as well, so the firm has just the highest quality all the way through."

The same client also praised Juan Martín Perrotto: "He was good at negotiating and at managing our counter parties, and he managed the details of the case very well and was good working under pressure."

Perrotto has worked on some of the firm's biggest mandates too. Along with Sebastián Sáenz de Santa María, he led a team advising a group of 52 financial institutions, both domestic and international, in Reyal Urbis's €3 billion debt restructuring. The deal closed in October 2008 and also involved establishing two additional financing facilities to provide the company with the liquidity needed for its working capital.

Leading lawyers

Carlos de Cárdenas Smith

Luis de Carlos

Juan Miguel Goenechea

Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer has been knocking at the door of tier one for some time now and after another strong year in banking, surpassing its competitors in debt restructuring – the most active sector of the market, the firm moves even closer to the top spot.

The firm is focused predominantly on advising the players that fell foul of the crash in Spain's real estate market, acting for both financial institutions and the real-estate companies.

The firm's international network, particularly its English law capacity, has been a huge boon in this environment and Freshfield's successes have forced its peers to sit up and take notice.

"It's fair to say that Freshfields is there in the market," says one rival. "They are in the group of firms that does work and they are a very strong competitor."

"I wouldn't see them a year ago, but now Freshfields is doing a great job in restructuring, so I think they deserve that position," says another rival.

The most prominent in the firm's roll call of headline deals was advising Inmobiliaria Colonial, the country's second largest property company, in its €7 billion debt restructuring in September 2008. Fernando Bautista and John Byrne led on the deal, restructuring the company's syndicated financing with a group of banks including Goldman Sachs, Calyon and the Royal Bank of Scotland.

Leading lawyers

Iñaki Gabilondo

Allen & Overy

Despite having a limited number of partners in Madrid, Allen & Overy moves up a tier after peers praised the firm's knack for landing the top mandates.

The firm had built its reputation in acquisition finance, but since the downturn Allen & Overy's tough stance in negotiations has won the firm admirers in both clients and competitors, and made it a regular actor in the buoyant debt restructuring market.

"We have used a partner there, Ignacio Ruiz-Cámara, for many years and we can always rely on the firm to defend the interests of the bank in negotiations," says one client. "They have a very good knowledge of the industry and an extensive network too."

Allen & Overy's international network gives the firm an edge in restructuring, providing the practice with a framework for documents and the benefit of experience garnered from jurisdictions that have experienced financial climates like this before.

The firm has been most active advising banks in restructurings involving real estate companies caught up in the Spanish housing market's collapse. Examples include acting for bank syndicates in the debt restructurings of real estate groups Noriega and Grupisos, whose debts totalled €1.2 billion and €1.5 billion, respectively.

But the firm has been given the opportunity to play to its traditional strengths too, advising the arrangers – including Santander and BBVA – on the €8 billion acquisition financing for Enel to acquire a 25% stake in Endesa from Acciona.

Leading lawyers

Juan Barona

Iñigo Gómez-Jordana

Garrigues

According to competitors, Garrigues is stronger in project financing than pure banking, though the firm's size and its position as a stalwart of the Spanish market make it an active player nonetheless.

But not everyone agrees that having a large practice is a benefit. According to competitors, the need to act in a high number of deals, and the need to involve more junior lawyers in a lot of these deals, which the economics of a big firm necessitates, makes the firm more inconsistent than its rivals.

Few rivals can match the firm for its grasp of domestic law however. One client, who also uses a large UK firm for banking in Spain, said that although he appreciated the international support that the other firm offered, "Garrigues is better at Spanish law, and understanding the complex structures and contracts in use here".

The firm put its expertise to good use in one of Spain's largest restructurings of 2008. A team led by Pablo San Gil, advised Grupisos in the €1.6 billion refinancing granted by a group of banks including BBVA and Banco Popular to Moaba Promotora Empresarial and Miaspe Promotora Empresarial in December 2008.

Leading lawyers

Rafael González-Gallarza Granizo

Other ranked firms

DLA Piper continues to rise in the estimation of competitors and clients, and may soon outgrow its tier-three ranking. "DLA Piper is active in pure corporate lending," says one rival, "and it's true that they have got some good banking clients in Spain and that they are well considered among us."

"DLA Piper is the best firm I have used in banking," says one client. "They always deliver, are available to clients and are good in negotiations. They also have a very good mix of knowledge of Spanish and English law, particularly Javier López Antón."

López Antón is the firm's regional managing partner and is at the heart of DLA Piper's success. In January 2009 he led a team advising lead bank BBVA in the €1 billion financing for the construction work to remodel Valladolid, Zaragoza and Valencia's rail network.

Ashurst is a leverage-finance focused firm with a high level of technical knowledge and a competent group of lawyers, according to competitors.

The practice is led by Gonzalo Jiménez-Blanco who, in May 2008, headed a deal along with Juan Hormaechea, advising Citigroup and Inmobiliaria Colonial shareholders on the restructuring of their €2 billion debt and the transfer of 30% per cent of their stake in Colonial to creditor banks.

Gómez-Acebo & Pombo builds on its very specific securitisation practice in capital markets with a well-rounded banking and finance practice headed by Ángel Varela Varas and Fernando Igartua Arregui.

"I find quite a lot [that] they haven't been that active in restructuring," says one rival. "But they do have a broad and very respectable banking practice."

In December 2008 the firm, led by Miguel Lamo de Espinosa advised SOS Cuétara in its €994 million financing for the combined purpose of debt refinancing and the acquisition of Bertolli International Switzerland and Mediterranean Dressing.

Though the market has great respect for the lawyers at Pérez-Llorca, the firm is seen as focusing more on corporate M&A and real estate than banking and, accordingly, is moved down a tier.

"I like Pérez-Llorca; they are former Uría Menéndez lawyers," says one competitor. "And though they are very good lawyers and can do a lot of things in banking, their banking practice is not a proper practice."

The firm is still present in transactions but acts mostly for corporates. Fernando Quicios, the head of corporate and finance at the firm, and Pedro Marques da Gama advised rail-part supplier Faiveley on the €490 million financing for the acquisition of shares in Faiveley Transport.

Araoz & Rueda is a small firm with little interest in expansion. Instead the firm focuses on less mainstream work and has established a good profile in financing.

"Araoz & Rueda is active in the market," says one rival. "It's a Gómez-Acebo & Pombo spin off: very strong in project financing and

they have an acquisition financing practice advising the buyers in banking deals.”

The firm’s banking and finance department is headed by Ignacio Trillo. In June 2008 a team led by Clifford Hendel advised the private lending arm of the World Bank, the International Finance Corporation, on a €50 million (including equity) investment in the Spanish real-estate company Mixta Africa, an entity dedicated to infrastructure development in Africa.

CMS Albiñana & Suárez de Lezo’s banking practice is led by Gracia Sainz Muñoz and José Antonio Rodríguez García, and is advising some of the country’s largest banks. In December 2008 the firm, led by Rodríguez García, advised Banesto as part of a syndicate of banks on the €35 million loan to the Panstar group.

Lovells has been most active restructuring the aggressively structured leveraged loans that have come under pressure since the downturn began. Joaquín Sales, the firm’s practice head, has led on the majority of these deals. In March 2009 he advised BBVA on the €100 million restructuring of an LBO in the tile sector.

Mergers and acquisitions

Recommended firms
Tier 1
Uría Menéndez
Tier 2
Clifford Chance
Cuatrecasas Gonçalves Pereira
Garrigues
Linklaters
Tier 3
Allen & Overy
Araoz & Rueda
CMS Albiñana & Suárez de Lezo
Freshfields Bruckhaus Deringer
Gómez-Acebo & Pombo
Pérez-Llorca
Tier 4
Ashurst
Baker & McKenzie
DLA Piper
Jones Day
Lovells
Ramón & Cajal
SJ Berwin

It’s been a case of “water, water everywhere but not a drop to drink” in Spain this year: while there are plenty of assets for sale, the volatile markets that make financing virtually impossible have put them out of the reach of most potential buyers.

And the country’s corporate lawyers have felt the squeeze. “It is difficult to talk about M&A right now because the market is quiet and it’s very difficult to get deals done,” says one partner. “It is very difficult to get fixed prices on assets so it’s difficult to close any deals because parties still think there could be some movements that could impact the price. The second problem is finding ways to finance deals because there’s no liquidity in the market.”

Acciona’s €11.1 billion sale to Enel of its 25% stake in Endesa in March 2009 has been the only remnant of the huge deals that fuelled the country’s pre-crash boom.

The situation has been compounded by the simultaneous decline of the private-equity market, as even those houses with cash withdrew when it became obvious that there was no way of getting the returns they had become accustomed to.

Consequently the mid-market has become very crowded – and very competitive. The one saving grace has been that the downturn has brought out clients’ fastidious side, keeping lawyers active.

As one partner explains: “Transactions take much longer now, as banks need to go to risk managers. A year ago a deal could take one or two months, now the same deal will take eight months.”

Uría Menéndez

The gap between Uría Menéndez and the rest of the M&A practices in Spain is beginning to close.

Competition, particularly from international firms, is increasing and Uría’s biggest stars are less prolific than they used to be, according to peers.

But Uría Menéndez’s greatest strength has always been its ability to attract and cultivate the most talented young lawyers and, for the time being at least, the firm still leads in both quantity and quality of deals.

“Uría Menéndez is a top firm,” says one rival. “They probably deserve to be alone in tier one given the breadth and depth of the practice.”

The firm has, again, been present on some of the most complex deals – its international approach and its offices in the US, UK and Europe make it a regular actor on cross-border work.

“Uría has good availability, good language skills and also, in contrast to what I have seen in other firms in Spain, is very international in their way of drafting contracts,” says one client who worked with partner Juan Francisco Falcón.

“The good thing about him was that he used competent junior staff and was analyti-

cal and intelligent, and delegated to the right people,” says the client. “And when it came to negotiations he stepped in and contributed – just when he was needed and not more. So it was good, not least from a billing perspective.”

Leading lawyer Juan Miguel Goenechea headed the firm’s largest transaction of the year, advising Acciona in the €11.1 billion sale of its 25% stake in Endesa to Enel in March 2009.

Leading lawyers

Luis de Carlos
Juan Miguel Goenechea
Christian Hoedl
Salvador Sánchez-Terán

Clifford Chance

The downturn has taken its toll on Clifford Chance’s corporate practice with the firm’s real-estate focused Barcelona office the most affected. Despite the firm’s decreased visibility, the market’s perception of the corporate team remains strong: too strong to move down in the rankings, according to competitors.

“Clifford Chance, at the moment, is not very successful and has not done very big deals, but they have a very nice team,” says one rival. “The market is very binary at the moment: if you have the work you are happy but, if not, then you are crying in the corner. But if you take the long view of things then the firm should be there in tier two.”

But a quiet year for Clifford Chance is not the same as a quiet year for smaller players, and the firm has not been devoid of mandates; or even of large mandates from prestigious clients. In September 2008, Carlos Portocarrero de las Heras led the team that advised Santander on the €3 billion sale of the real-estate assets from its fund, Banif Inmobiliario.

Leading lawyers

Javier Amantegui
José María Fernández-Daza
Ignacio Ojanguren

Garrigues

Garrigues’s roots in Spain run deep, making the firm one of the market’s most consistent performers.

The firm’s corporate practice is headed by the “intelligent and hard working” Fernando Vives Ruiz and has maintained a good level of visibility throughout the downturn, not just in Madrid but throughout Spain, particularly in Barcelona where the firm is regarded as one of the area’s most important players.

As well as keeping busy – no mean feat for a firm of its size – Garrigues has managed to land some impressive prestige deals.

In October 2008 Lluís Esquerra led on an acquisition by Criteria CaixaCorp, which purchased a 20%, €1.7 billion interest in Grupo Financiero Inbursa by a capital increase and public takeover bid.

The firm's recognised star, Fernando Vives Ruiz, is advising construction group Sacyr Vallehermoso in the proposed sale of Itínere Infraestructuras for €2.6 billion. Álvaro López-Jorrín also acted on the deal.

Leading lawyers

Ramón Girbau Pedragosa
Rafael González-Gallarza
Fernando Vives Ruiz

Linklaters

Competitors believe that Linklaters' focus on top-end corporate transactions will mean that the firm suffers more than most in the downturn. But the same competitors also believe that the firm deserves to move up a tier based on the strength of its lawyers and the healthy activity levels of the past few years.

"It's not a good year for them," says one rival of Linklaters. "But they have the right deals, the right brand and the right network."

Other ranked firms

Allen & Overy has a small corporate team in Spain; just two partners. But the firm acts in some of the country's largest deals. And though peers argue that the team at Allen & Overy is at full stretch acting in these large mandates, this doesn't seem to affect the service a client receives.

"It was not my choice to work with Allen & Overy at the beginning but it turned out to be outstanding," says one client. "Iñigo Gómez-Jordana is one of the best lawyers I have ever worked with – outstanding – and the firm are extremely precise, responsive and able to act on their own initiative."

Two of the firm's largest mandates include advising the arrangers, including Santander and BBVA, for Enel's €11 billion acquisition of Acciona's stake in Endesa and advising Iberia on the merger between Clickair (an Iberia subsidiary) and Vueling (the absorbing company). The deal will make Iberia the majority shareholder of the merged entity.

Araoz & Rueda has suffered with the disappearance of the private equity market – and the firm's most prominent client, 3i. But Araoz & Rueda also has a line in small to mid-cap M&A and provides the kind of service that can draw clients away from the bigger firms.

"Working with Araoz & Rueda was excellent," says one client. "Both the name partners, Alejandro de Araoz and Pedro Rueda, were very good: well connected and bright, it's as good a firm as you can get in the local market."

The firm is advising Associated British Foods on the €386 million acquisition of Spanish sugar business, Azucarera Ebro, from Ebro Puleva.

Leading lawyers: Francisco Aldavero, Alejandro de Araoz and Pedro Rueda

CMS Albiñana & Suárez de Lezo's corporate M&A practice is led by name partners César Albiñana and Rafael Suárez de Lezo Cruz-Conde.

Suárez de Lezo Cruz-Conde has been particularly active among the firm's practitioners this year and is the leading partner in two of the firm's most prominent deals. The first is advising Inversiones Ibersuizas in a leveraged buy out of 50% of the stock of Volvo truck concessionaire Veinsur for €215 million.

The second is a complex mandate advising Citi Infrastructure Partners on its acquisition of Itínere Infraestructuras from Sacyr Vallehermoso and then on the subsequent assets sale to Abertis Infraestructuras and Atlantia, in a deal worth €7.9 billion.

Leading lawyers: Rafael Suárez de Lezo Cruz-Conde

Gómez-Acebo & Pombo is beginning to recapture its reputation in M&A, with competitors praising the firm for its recent surge in activity.

Fernando de las Cuevas Castresana heads the firm's corporate practice. In November He led the team advising Caja Vital Kutxa and BBK, which, respectively sold all of, and part of their stake in Itinere in a deal worth €8 billion.

With the exception of the €10 billion acquisition of Endesa by Eon in 2007 and some follow-up transactions, **Pérez Llorca** has advised mainly on mid-sized deals.

Head of corporate and financial Pedro Pérez-Llorca is a well-respected practitioner and, according to competitors, the firm benefits from a close relationship with Uría Menéndez, which recommends the firm when conflicted out of taking a mandate.

But the firm wins its own mandates too. Iván Delgado González led the firm in advising Ethicon, a Johnson & Johnson company, in the sale of its wound care business to Systagenix. Out of the acquisition emerged Systagenix Wound Management in December 2008.

Leading lawyers: José Pedro Pérez-Llorca

Ashurst's corporate department is led by Jesús Almoquera. According to competitors the firm benefits from referrals from its international network, but has also done a

"tremendous job over the past few years" integrating in the local market.

Two of the firm's standout deals of 2009 include advising TDF on the sale of its 65% stake in television signal operator Axión to abertis, and advising the international manufacturing group ACC on the sale of its Spanish subsidiary. María José Menéndez led on the first deal while Jesús Almoquera led on the second.

Lovell's corporate department is headed by José María Balañá and comprises just four partners, but attracts a great deal of praise from clients. "Working with Lovells was excellent," says one. "They have a very, very good legal team led by Alex Dolmans who was extremely responsive and had a very good management team who worked to high standards and with a very modern client interaction model. I really enjoy working with them."

In September Balañá led a team advising ABM Amro infrastructure fund on a €133 million acquisition of Belfast International Airport from Ferrovial. And in November he advised Reale Seguros Generales on its joint venture with Caixa Terrassa, worth €63 million.

According to one competitor, **SJ Berwin** is strongest structuring private-equity funds – a heavy casualty of the downturn. Fortunately the firm is also active in pure M&A, and has accumulated a significant number of deals.

Roberto Pomares, the head of the firm's department, led the team advising Unitronics Comunicaciones's acquisition of 100% of Davinci Consulting Group from 3i, as well as another minority shareholder, for €8.2 million in October 2008.

Other notable firms

Latham & Watkins set up shop in Madrid in January 2007, and according to one rival the firm "will become a player sooner rather than later".

The practice, led by Juan Manuel de Remedios, has certainly got off to an auspicious start acting in a number of large deals. In February 2009, the firm was involved with Enel's agreement with Acciona to purchase 25% of Endesa for €11 billion.

Also in February, the firm added partner Jordi Domínguez to its team from rival Garrigues.

Project finance

Recommended firms
Tier 1
Garrigues Uría Menéndez
Tier 2
Clifford Chance Cuatrecasas Gonçalves Pereira DLA Piper
Tier 3
Allen & Overy Gómez-Acebo & Pombo Linklaters
Tier 4
Ashurst Castro Sueiro & Varela CMS Albiñana & Suárez de Lezo Freshfields Bruckhaus Deringer Lovells Ramón & Cajal

Spain's project finance market is seeing lower fees, fewer transactions than in 2008, and the deals that are being done are harder to close. Yet it is still one of least affected practice areas, indicating what an extraordinary year it has been for the country's legal profession.

The government's commitment to private-public partnerships (PPP) and corporates' continued appetite for renewable energy projects has been at the heart of the sector's survival, though, this has been mitigated by the reticence of the banks, who are shunning the smaller actors for larger, safer sponsors.

"Banks are less inclined to take on risk," says one partner. "They are looking at the quality of sponsors more closely than they have ever done."

Club deals between banks have also been the norm in this cautious environment which, according to commentators, has made a pipeline of deals difficult to see. Partners expect the fog to clear by the end of the year and though they expect things to be better, no one can say exactly what they expect to see.

"At the end of 2009 we will see more activity because the situation will be clearer then," says one partner. "At the moment no one knows how the banks are doing and what the effect of the billions being put into the system will be, but it will be clarified in the next few months. It won't be back to how it was, but then the market last year was not normal."

Garrigues

Garrigues leads the way in project finance in Spain. The firm has established close relationships with banks and sponsors, and has the

resources and geographical spread to maintain the highest levels of activity.

"Our only competitor is Garrigues," says one rival. "They began in the 1980s and have taken the lead. They are ranked number two in the world in terms of number of deals."

The firm is also home to some of the jurisdiction's most talented finance lawyers, whose local-market knowledge and ability to innovate within legal structures keep the firm's reputation above the rest.

The only criticism levelled at the firm is one of consistency. "Garrigues has good project finance lawyers and they are present in many transactions but quality of services rendered there depends on which partner is involved," says one peer.

Fortunately the firm has a number of skilled practitioners on its team, though, leading lawyer José Guardo is mentioned more than most.

"Our experiences with Garrigues are always very good," says one client. "José Guardo is a clear reference to the market in Spain. In my opinion he is the best lawyer you can get in this business due to his expertise in infrastructure and energy. Jose has very good teaching skills, which is an important issue with certain clients, and he has a comprehensive understanding of the business that he applies very well to the local market."

In March 2009 Guardo advised a syndicate of banks led by Banesto in the €550 million restructuring of a wind farm deal for Renomar, which was the second largest renewable deal in Spain. Guardo was again busy in June 2009, advising Grup TCB as the sponsors in the €323 million financing of the Port of Buenaventura in Colombia.

Leading lawyers

José Guardo

Uría Menéndez

Uría Menéndez's top-tier status remains untroubled for another year; its innovative approach to project finance has led clients and competitors to, once again, endorse the firm's ranking.

"They are a very good firm and we have had very good experiences with them," says one client. "They are very good compared with other firms in terms of their strength and depth, and being one of the larger firms they are very international and very good with cross-border deals. Juan González Ruiz is a very responsive and bright individual."

The firm's expertise in energy-related financing, particularly limited and non-recourse financing of power facilities, lies at the heart of the practice's strength, though

Uría's largest recent mandate was representing the sponsors in an infrastructure project.

Daniel Ripley and Juan Martín Perrotto led on the deal, advising Obrascón Huarte Lain, Copisa and Fomento de Construcciones y Contratas (FCC) as sponsors in the €1.1 billion financing, construction and operation of Barcelona's Metro Line 9 project.

Of course, Uría is equally proficient – if not more so – acting for banks. In March 2009, Sebastián Sáenz de Santa María led a team advising a group of banks including BBVA, Santander and Caja Madrid as lenders in a €243 million club deal for the financing of seven wind farms in Valencia.

Leading lawyers

Carlos de Cárdenas Smith
Emilio Díaz Ruiz
Juan Martín Perrotto

Clifford Chance

Given its position as one of the country's top banking firms, it is only natural that Clifford Chance's project finance practice should hold a high ranking.

It also follows that the majority of Clifford Chance's mandates are from lenders, drawn to the firm's international outlook and commercial sense. But the firm keeps a sideline in developer clients, as its thorough insight into the workings of banks holds a strong appeal to sponsors too.

"They have both international and local expertise in the same places, which is helpful because in transactions you have both local and international banks," says one client. "I find they take a commercial attitude to things and look for solutions in a proactive way. Carlos Hernandez-Canut, in particular, was very hands-on. He's very astute and comes up with ways through the difficulties one sometimes encounters in these matters."

In February 2009 the firm advised Cintra, a transport infrastructure developer, on the €556 million refinancing of the R-4 and AP-1 motorways in relation to the acquisition of Itínere by Citi Infrastructure Partners. Alberto Manzanares led on the deal.

And Pablo Bieger is acting for Santander and BBVA on the continued financing of the Hospital Universitario Son Dureta. The total value of the project is €275 million, though, the aspect of the financing for which Clifford Chance is advising amounts to €71 million.

Leading lawyers

José Manuel Cuenca
Carlos Hernandez-Canut
Alberto Manzanares

Cuatrecasas Gonçalves Pereira

Cuatrecasas Gonçalves Pereira is not a project finance specialist, but leverages its banking capacity and expansive network of offices to emerge as a regular actor for lenders in the country's public-private partnerships (PPP) and private finance initiatives.

The firm, led by corporate finance head Rafael Mínguez, has been particularly active in the country's infrastructure projects.

Rafael Mínguez advised Dragados and FCC on the €271 million financing for the long-running project for the construction and the operation of the Hospital Universitario Son Dureta, in Palma de Mallorca.

Fernando Bernad, one of the firm's most active partners in project finance, advised a group of lenders including Bank of Scotland, and Kreditanstalt für Wiederaufbau Ipe-Bank in the €136 million syndicated financing for the maintenance of the A1 Autovía del Arlanzón road.

Leading lawyers

Fernando Bernad
Rafaél Mínguez

DLA Piper

DLA Piper is frequently praised by competitors for having assembled a strong project finance team. The firm is particularly strong in solar projects, and has an excellent relationship with BBVA, an active player in the Spanish project financing market.

One example of this is advising BBVA on the €26.7 million financing in January 2009 for the construction and operation of a manufacturing plant for polycrystalline silicon wafers for use in the photovoltaic solar industry. Jesús Zapata led on deal for the plant, which is one of only two in Spain.

DLA Piper's biggest mandate however, came advising a syndicate of banks led by Santander in a number of project finance transactions to fund any construction work needed to refurbish the arterial rail networks in Valladolid, Zaragoza, Valencia, Logroño and Gijón. The work on these mandates is being headed by co-practice head Javier López Antón, and is valued at €1.3 billion.

Leading lawyers

Javier López Antón
Javier Santos

Other ranked firms

Allen & Overy's project finance practice in Spain has yet to establish itself in the local market, but the firm has buckets of credibility internationally, and the team in Madrid is

described as skilled, experienced and particularly adept acting for sponsors.

"Allen & Overy is a good firm," says one client. "I got a very good impression of them, they were experienced, pragmatic and had a good problem solving attitude."

The firm advised Máxima Invest on the €40 million financing granted by Landesbank Baden-Württemberg for the acquisition and development of a solar plant in Cuenca.

Gómez-Acebo & Pombo's knowledge of the local market and meticulous approach makes it an ideal firm for lenders in project financings.

"Gómez-Acebo & Pombo is a good firm," says one commentator. "My experience of them was when I was on other side of the table from them and they are extremely detailed, which is both good and bad because it took a long time to do the due diligence"

The firm has not been absent from the rafts of renewable deals. In January 2009 a team led by Carlos Rueda Gómez-Calcerrada advised BBVA, Caja Madrid and la Caixa, in the financing of two wind farms in Tarifa.

Leading lawyers: Fernando Igartua Arregui, Carlos Rueda Gómez-Calcerrada and Ángel Varela Varas

Ashurst stands above its closest rivals as the most active firm in tier four, acting for banks and sponsors in infrastructure and energy projects.

"Their work's been great," says one client of the firm. "They are very diligent and efficient, and they know the very particular legal system here very well and are very client focused."

The firm has three partners who act regularly on project deals; head of project finance and public law Gonzalo Jiménez-Blanco, Juan Hormaechea and Jose Christian Bertram. In March 2009 Bertram advised Itinere and Citigroup on the refinancing of the AP 1 toll road.

The visibility of CMS Albiñana & Suárez de Lezo's project finance practice owes much to the firm's relationship with Santander. The majority of the firm's mandates have been with the Spanish bank, one of the most recent being in March 2009. Here José Antonio Rodríguez García, one of the banking and finance practice's co-heads, led a team advising the bank as part of a syndicate, which also included Banesto and Banco Sabadell, on the €15 million loan to the mining group Compañía Minera Río Tiron for the construction of a new crystallisation plant and other investments.

Competitors had begun to suspect Freshfields Bruckhaus Deringer of indifference to domestic project finance. The firm had always been renowned for its work repre-

senting international players but appeared uninterested in competing for the native clients, pricing themselves out of the market.

This is starting to change. In July 2008, department head Iñaki Gabilondo led a team advising Banesto as arranger in the €280 million financing of five solar plants granted to Agrupación de Interés Económico, an economic interest group.

And Freshfields has kept its international activity, representing HSH Nordbank in the €32m financing of two photovoltaic plants in Manzanares in September 2008.

Though competitors say the firm has not been visible lately, Lovells's Joaquín Sales is highly regarded by his competitors. In March 2009 he advised Fortis Bank and the Royal Bank of Scotland as mandated lead arrangers in the €80 million refinancing of the Moncloa transport interconnector in Madrid.

Restructuring and insolvency

Recommended firms	
Tier 1	Cuatrecasas Gonçalves Pereira Garrigues Uría Menéndez
Tier 2	Clifford Chance Gómez-Acebo & Pombo
Tier 3	Allen & Overy Baker & McKenzie Broseta Abogados Bufete M Vega Penichet Castro Sueiro & Varela CMS Albiñana & Suárez de Lezo DLA Piper Freshfields Bruckhaus Deringer Landwell Abogados y Asesores Fiscales Linklaters Ventura Garcés & López-Ibor Abogados
Tier 4	Deloitte & Touche Jurídico y Fiscal KPMG Abogados Lupicinio Eversheds Ramos & Arroyo SJ Berwin

Spain's restructuring and insolvency lawyers – a hastily increasing group – have seen a flurry of activity this year as clients struggle to stay afloat amidst the financial tsunami.

"Banks and companies just were not ready," says one partner. "After 16 years of continuous improvement they didn't know how to cope."

They were not the only ones. The government's Royal Decree Law 3/2009 on urgent measures concerning tax, finance and insolvency matters was implemented on March 27 2009 after an outcry from interest groups over the previous legislation. The amendment aims to encourage restructuring by enforcing the refinancing and additional security agreements that could successfully be challenged under the 2003 act, potentially leaving banks out of pocket and with little incentive to lend.

But while there has been a sharp increase in work, particularly in advice on director's liabilities, partners are still waiting for the deluge of insolvency cases. It has become apparent that most clients in financial difficulties can survive for another year or two by stripping down to the bare operating minimum, but if the adverse conditions do not relent, a flood of bankruptcies is certain. And most believe this will involve more than one savings bank.

Consequently, most of the big cases this year were the big cases last year too – such is the protracted nature of insolvency proceedings and of the under-resourced courts. But this is to be expected, as one partner states: “I don't know of any jurisdiction where enough cases are dealt with quickly and efficiently through to the end in court.”

Cuatrecasas Gonçalves Pereira

Put simply, Cuatrecasas Gonçalves Pereira has one of the most complete and able restructuring and insolvency teams in Spain. Clients recognise this and so do competitors, pushing the firm into tier one.

The firm is one of the country's traditional insolvency practitioners and, through its experiences and structure, has cultivated one of the most respected teams in the market. “In terms of quality they are miles ahead,” says one competitor.

“Cuatrecasas is a huge firm,” says another competitor. “They are very active in restructuring. They are active for the debtors normally because they are clients of the corporate department, so when they have problems the clients continue with them.”

Almost every member of the firm's bankruptcy team is lauded by competitors. Fedra Valencia is tipped as one of the area's rising stars and is advising Martinsa-Fadesa in the troubled real-estate group's €7 billion insolvency. Department co-head and leading lawyer Javier Castrodeza is advising Habitat on its long-running €1.5 billion corporate restructuring.

But Cuatrecasas has the resources to advise both debtor and creditor clients. And Alejo López-Mellado is advising BBVA on a number of bankruptcy proceedings.

Leading lawyers

Javier Castrodeza
Alejo López-Mellado
Francisco Pérez-Crespo

Garrigues

In restructuring and insolvency, more than any other practice area, size matters. The capacity to cover a wide geographical area and call on experts from a range of areas is a prerequisite for dealing with bankruptcy's varied character – and no firm meets these criteria more than Garrigues.

“Tier one is correct for Garrigues,” says one rival. “It is the largest firm in Spain, with offices spread across the country, so they catch a lot of work in the provinces.”

“What's really helpful for me,” says one client. “Is that, although when dealing with some law firms they will not always be able to provide services within a wide scope of sectors, Garrigues seem to have experts in every branch of law and when you run into a matter which requires experts in a certain area, they always seem to have them.”

On top of this Garrigues has one of the most experienced practices in Spain, giving them the advantage over the plethora of teams that have appeared since the downturn began.

Within Garrigues's team are some of the most respected lawyers in the country. “José María Alonso Puig is a fantastic lawyer,” says one rival. “One of the best in this country, but it can be very difficult to find him because he's managing the firm. If you want someone to make the strategic decisions but leave the everyday tasks to others – then he's the one.”

More active than Alonso Puig, though, equally skilled, is Antonio Fernández Rodríguez, who is advising Grupo Urconsa in the petition for, and the proceedings of, the €500 million insolvency of four companies of a real-estate group.

And Fernández and Verdugo both advised the hygiene product manufacturer, Grupo Jofel, on its €30 billion corporate restructuring in April 2009. The mandate required significant debt, as well as operative, restructuring.

Leading lawyers

José María Alonso Puig
Antonio Fernández Rodríguez

Uría Menéndez

With top-tier finance and corporate practices it's no surprise that Uría Menéndez has achieved the same feat in restructuring and insolvency. But it's a testament to the organisation of the firm that it holds its own against much larger competitors. Of course, as one

competitor states, Uría has “no shortage of good lawyers”.

“Uría is always ahead,” says another rival. “They have a great team of people with a very nice interface of banking, commercial, insolvency, private and international law; very well rounded and very able people. We have a lot of respect for them.”

Alberto Núñez-Lagos Burguera leads the firm's practice, which, though capable of representing distressed companies, puts most of its energy into representing financial institutions as creditors.

Núñez-Lagos Burguera has been out front in most of the firm's banner deals. Along with Ángel Alonso, he is advising Morgan Stanley as a creditor in the Martinsa-Fadesa insolvency and Futura international airways on its €30 million insolvency proceedings.

Leading lawyers

Rafael Sebastián

Clifford Chance

Competitors speak tentatively about Clifford Chance's position in the restructuring and insolvency market. Certainly everyone is quick to acknowledge the firm's status as one of the most prestigious brands in the market, but the firm's reputation lies with acting for financial institutions and, while the firm is accomplished representing creditors, peers question Clifford Chance's capacity – when compared with firm's like Cuatrecasas – to guide a distressed company through bankruptcy. “Obviously Clifford Chance has insolvency expertise, but it's more on financial side,” says one competitor.

Be that as it may, the firm is acting in Spain's largest insolvencies and for the majority of peers, this amply justifies the firm's ranking. Clients too show little concern for the firm's apparent lack of debtor experience, commenting instead on the expert, and internationally-focused service.

“Working with Clifford Chance was very positive,” says one international finance client of the firm. “They were really on the ball and have a lot of different skills, both on the insolvency and restructuring side, and on the capital markets side. Carlos Hernández-Canut really had the ability to pilot well all the aspects of the case and manage all his colleagues.”

But Iñigo Villoria is leading the team in the Martinsa-Fadesa case, representing the Royal Bank of Scotland, Caixa Catalunya and Natwest as creditors in the €7 billion insolvency proceedings. Villoria is acting in another of the firm's large mandates too, advising international and domestic financial institu-

tions as creditors in Habitat's €3 billion insolvency.

Gómez-Acebo & Pombo

Gómez-Acebo & Pombo's tier-two promotion is down to more than just its participation in the Martinsa-Fadesa case – the largest real-estate insolvency in the country. The firm has been a prominent player in restructuring and insolvency for some time and has built a skilled and well-connected team that attracts clients from both sides of the distress process.

"Because of their fantastic portfolio of Spanish clients Gómez-Acebo & Pombo is everywhere; representing creditors, debtors, everybody," says one rival.

Francisco Peña González, María José Paz-Ares Rodríguez and José María Álvarez Arjona head the firm's litigation and dispute resolution team, which carries out restructuring and insolvency work, enlisting the banking and corporate practices when needed.

José María Álvarez Arjona's client service is particularly well-received. "With him I have the feeling that I'm working with a professional lawyer who listens to me and who can quickly understand the way I'm thinking," says one client. "I appreciate his ability to give recommendations, and not just be a consultant that never has an opinion; a lot of lawyers just tell you the risks but offer no support, so I find him very good. He's quick and responsive and I can trust that he knows the Spanish legal system."

The same client goes on to praise the firm's extensive list of market contacts; a huge boon in administration procedures.

Two of the firm's deal highlights this year include advising real-estate group Martinsa-Fadesa and its subsidiaries in the €7.4 billion insolvency proceedings, and advising Aareal Bank, a creditor owed €300 million in mortgage-backed loans by Metrovacesa subsidiaries.

Other notable firms

With a practice comprising just one partner - Antonio Vázquez-Guillén – **Allen & Overy's** reputation as an active player in restructuring and insolvency is far from established. But the firm has a good reputation, both domestically and internationally, and is a popular choice with banks.

The firm is representing Caja Madrid as a creditor in the insolvency of Martinsa-Fadesa and transport infrastructure entity Grupo Ferrovial in the insolvency proceedings of Promociones Habitat.

Broseta Abogados moves up a tier after department head Antonia Magdalena Carmona's appointment as judicial adminis-

trator in some of the country's biggest insolvencies.

"Broseta Abogados is very, very active in insolvency because they have a partner with a huge reputation in the bankruptcy field and she has been appointed as receiver in many important insolvency proceedings," says one rival of the firm.

The firm further boosted its practice with the hire of Edorta Etxarrandio Herrera, a former court judge.

Broseta Abogados is acting as judicial administrator in the insolvencies of Martinsa-Fadesa, Levante, Colortex and Italcerámica.

CMS Albiñana & Suárez de Lezo has a well-regarded restructuring and insolvency practice led by Juan Ignacio Fernández Aguado. The firm represents financial institutions such as Caja Madrid, Banco Espirito Santo and Deutsche Bank in prominent insolvencies, like those of real-estate groups Inmobiliaria Colonial and Habitat.

DLA Piper has made huge strides with its restructuring and insolvency practice. The firm has added seven lawyers to its team since September 2008, including practice head Álvaro Lobato, Partner Miguel Bermúdez de Castro and, from Baker & McKenzie, Of Counsel Luis de Valle. The firm also benefits from the bankruptcy experience of Antoni Frigola, a senior judge, or Magistrado.

And while competitors recognise the firm's improvements, most believe more time is needed to see what this will mean for the firm's standing in the market – though the firm's deal activity shows great promise.

DLA Piper represents corporate and financial clients in restructuring and insolvency procedures. Two highlights – that are not confidential – include advising BBVA and a syndicate of 23 financial entities in the restructuring of kitchen furniture manufacturer Grupo Herlobe and advising Aurgi, a car services company, in its insolvency proceedings.

Even partners within the firm admit that **Freshfields Bruckhaus Deringer** is unable to compete with domestic players like Garrigues and Cuatrecasas in terms of volume of restructuring and insolvency work. Instead Freshfields aims to compete only in terms of quality.

To some extent, it is mission accomplished: the firm's deal list comprises the largest distressed cases in Spain; Inmobiliaria Colonial, Reyel Urbis and Martinsa-Fadesa (acting for the group's creditors), to name but a few.

But according to competitors, Freshfields's practice is too one-sided – focusing heavily on restructuring – to be considered a complete practice, and there is a question mark hanging over the firm's litigation capabilities.

"Freshfields is very, very active in restructuring; probably one of the more active in this area, but it is not involved in insolvency," says one rival.

Ventura Garcés & López-Ibor Abogados boosted its restructuring and insolvency practice in January 2009 with the hire of partner Jaime Morey, from Ehecopar. The team is led by Alfonso López-Ibor and has advised clients in relation to both restructuring and insolvency.

Ana Ribó has been appointed as administrator in the €23 million insolvency of Barcelona electric company Construcciones Topli.

SJ Berwin moves down a tier after competitors questioned the firm's activity in restructuring and insolvency. Like Freshfields, Linklaters and Allen & Overy, there is doubt over the firm's litigation capacity in Spain and, additionally, most competitors feel that the firm is more focused on M&A and finance than bankruptcy.