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Capital markets regulation emerging from the financial crisis

Peter Bevan and Kirsty Gibson
Linklaters
London

Governments, supra-national bodies and regulators have been active formulating policies to address the shortcomings in financial supervision and regulation across the globe exposed by the financial crisis. Some of the proposals in the UK and EU are already beginning to shape the capital markets activities of banks and this is likely to be a theme of the coming period.

In the UK the debate was started with the Turner Review published in March 2009, which urges a shift in global regulatory policy towards a more systemic approach to regulation. Its proposals include: fundamental changes to capital and liquidity; regulation of the “shadow” banking sector; possible regulation of credit rating agencies; a rejection of proposals to return to a “Glass-Steagall” style division between investment and commercial banking, but some restrictions on the “casino-like” activities of commercial banks; and support for an EU-wide regulator but not in place of a strong FSA in London.

In response to the review, the UK government published a white paper on Reforming Financial Markets in July 2009. The paper supports the review’s capital and liquidity proposals and that there should be no forced division of commercial and investment banking activities; proposes to place responsibility for macro-prudential matters in the hands of the Bank of England and the FSA jointly through a new Council for Financial Stability; proposes enhanced regulatory powers for the FSA to bolster its financial stability role; and proposes that systematically important firms should be required to put in place wind-down plans in the event of their failure, so-called business information packs, or “living wills”.

Although the review and the paper can be seen as part of the UK’s contribution to the global debate on the future international prudential regulatory architecture, the FSA’s and the government’s hands are tied by a need to obtain agreement at a European or international level, and a risk of becoming uncompetitive if the UK steps out of line with other countries.

Given the potential for the Conservatives to win the next general election, (to take place before June 3 2010), the Conservative’s white paper on financial regulatory reforms in July 2009 was received with great interest. The most controversial proposal relates to the dismantling of the tripartite system in the UK – with powers shared between HM Treasury, FSA and the Bank of England – in favour of a strengthened Bank of England carrying out macro and micro-prudential supervision of financial institutions. Like the government and the FSA, the Conservatives propose supporting international agreement on countercyclical capital requirements and are also in favour of “living wills” for systematically important firms.

The European Commission contributed to the debate by publishing proposals to revise the European supervisory structure.

These followed the report by the de Larosière group (an independent high-level body looking at financial supervision), which set out the shortcomings of the current, mainly national based, system in Europe. The Commission proposes two new pillars to the existing EU financial supervisory framework: a European Systemic Risk Council and a European System of Financial Supervisors (ESFS). In particular, the ESFS’s proposed powers to override national regulators and intervene at a national level (albeit not where this may impinge on fiscal responsibilities of member states) have caused concern in the UK that they undermine the principle of national supervision.

The Commission has also proposed a Directive on Alternative Investment Fund Managers, which can partly be seen as a reac-

tion to the perceived role of short sellers in exacerbating the financial crisis, along with other factors such as the Madoff scandal and growing political hostility to off-shore financial centres. The Directive seeks to regulate alternative investment funds (AIFs) including private-equity, hedge, real-estate and infrastructure funds, together with their managers and the investment banks and brokers who service them, by imposing EU-wide requirements and restrictions on the operation and marketing of those funds. A controversial proposal in the Directive concerns the prohibition on the sale of non-EU AIFs in the EU (even to institutional investors) and a prohibition on EU-regulated investment firms from providing services to those funds, unless they are based in a jurisdiction recognised as having “equivalent” regulation.

A topic to emerge principally out of the Lehman Brothers failure is the need for reform to allow for more effective resolution of investment banks. The UK government has published a consultation paper setting out its initial thinking on reforms in May 2009. However, international agreement will be necessary given the global nature of investment banks’ business – global in life, national in death. A number of international organisations, including the G20, the Financial Stability Board and the Basel Committee on Banking Supervision are working to address some of the issues with a view to proposing reforms to overcome obstacles that impede co-operation between authorities in the different jurisdictions.

Capital markets – equity

Recommended firms	
Tier 1	
Freshfields Bruckhaus Deringer Linklaters	
Tier 2	
Allen & Overy Ashurst Cleary Gottlieb Steen & Hamilton Clifford Chance Herbert Smith Skadden Arps Slate Meagher & Flom Slaughter and May	
Tier 3	
Davis Polk & Wardwell Sullivan & Cromwell White & Case	
Tier 4	
Latham & Watkins Lovells Norton Rose Shearman & Sterling Simpson Thacher & Bartlett Simmons & Simmons Weil Gotshal & Manges	
Tier 5	
Baker & McKenzie Travers Smith	

While IPOs are a long-forgotten word in the City of London, rights issues and share placements have been rampant this year as the tight bank credit markets force companies to seek alternative financing. While there have been arguably more rights issues in the market this year, lawyers report that sponsors have been unable to make their minds up, flipping between a rights issue and an open offer until the last minute.

Barclays, Lloyds TSB and the Royal Bank of Scotland got the ball rolling with multi-billion pound issuances. When HSBC announced its £12.5 billion rights issue, some commentators were wondering how much liquidity was left in the market.

A lot, as it turns out. The property companies were next to go to market, followed more recently by the commodities companies. “The amount of money raised from rights issues has been beyond expectations,” says one partner. Another partner adds: “We’re seeing a continued trend for strong companies being able to raise money in this market. The fact that Rio Tinto is getting money means that the cash is still there for the right company.”

For law firms, this has led to a strong work flow for equity capital markets lawyers

over the past year. Rights issues have fed back into more work, especially the banks that want to buy back their preference shares from the UK government. Cashbox placements have also been on the increase.

The US has been a key destination for most rights issues and share placements due to its bigger pool of investors. “We’ve seen quiet a few issues where the banks want to go to the US, much more than 6-12 months ago,” says one partner. “Documents are getting longer and clients want documents done to US 10B5 standards. It’s wider audience; the US has bigger pockets.” Herbert Smith and Ashurst have been particularly busy with US placements this year.

However while UK companies have been a solid source of work for law firms, the emerging market work that had been flooding the LSE and Aim markets over the last few years has dried up. This has caused some problems for US firms such as Skadden Arps and Cleary Gottlieb who relied on a steady stream of these mandates from countries such as Russia and Kazakhstan.

Looking forward, IPOs are not expected to reappear in London until 2010 at the earliest. Private-equity companies are expected to be among the first to get involved, using IPOs to spin-off various portfolios. “Private-equity companies are very highly leveraged and need to unwind to make them viable,” says one partner. “They need capital injections, but this wipes out the returns of the shareholders over the past few years.”

Foreign companies are also expected to make a return to London, with China tipped to be a strong source of mandates in coming years.

Freshfields Bruckhaus Deringer

Freshfields comfortably holds its position in the top tier this year after a storming year in the equity capital markets, winning roles on a number of the prominent rights issues and secondary placements in the market over the past year.

The firm is universally praised for the quality of its work and the depth and breadth of its team in London. “They’ve got a huge amount of experienced and good people so they’re one of the first we’d call – they’re always in the mix when choosing transaction counsel,” says one investment banking client. “They have a good all-round capability.”

Freshfields’ partners are seen by the market as top-quality, with Julian Makin praised by clients for his combination of commercial and technical legal skills. “What most impresses is that he can take ownership of a

transaction and doesn’t need client instruction for every single thing,” says one client.

Simon Witty is singled out for his skill at running deals and is seen as very professional by clients, while the well-regarded Chris Mort has also returned to practice after his role as chairman of Newcastle United Football Club.

Sarah Murphy is also noted for her US-focused work. “Clients appreciate the value of her advice,” says one peer. “If she’s on the other side I like it, she’s smart and will reach the right result.”

The firm’s underwriter practice had an extremely strong year, with one key role seeing Julian Makin and Don Guiney advise the sponsors and bookrunners on Lloyds’ compensatory open offer. This involved an innovative structure, developed at the request of the Financial Services Authority, which allows shareholders who do not take up their entitlements to potentially receive value through a rights issue rump placing at the end of the offer period.

The role followed on from a string of underwriter instructions on rights issues, including HBOS’ £8.5 billion placing and open offer and on Lloyds TSB’s £5.5 billion placing, open offer and share issue. Freshfields also advised the underwriting banks on Barclays’ recapitalisations which totalled £11.6 billion.

The firm also showed its prowess with cashbox placements, acting for the underwriters on Punch Taverns’ £375 million cashbox placing and open offer, and Centrica’s £3.1 billion cashbox rights issue.

Freshfields was also active on the issuer side, advising Xstrata on its \$2 billion rights issue – the largest non-financial institution underwritten rights issue in London to date – and acting for Wolseley on its £1 billion rights issue.

Leading lawyers

Julian Makin
Ken Martin
Chris Mort
Sarah Murphy
Stephen Revell
Simon Witty

Linklaters

Linklaters holds top position for yet another year after a strong showing in the series of rights issues over the past year. The firm is typically known as the go-to practice for underwriters’ counsel, with clients praising the firm’s depth and experience in the role. “They have the pre-eminent position on the underwriter side in bank capital issues in the UK,” says one client. “We’ve used them in the

past for their experience and their good quality managing associates, so they have the strength and depth to run a transaction.”

While the firm is seen as having a strong team focus, John Lane is undoubtedly Linklaters’ standout name. “John Lane is pretty well established in the UK for ECM work, and therefore you’re getting his knowledge and experience on the deal, which is very valuable,” says one client.

This year has seen something of a changing of the guard in London, with leading lawyers Stephen Edlmann and Nick Eastwell retiring and Stuart Bedford moving out to the Singapore office. However commentators note that the firm’s talent pool is deep, and with partners such as Jim Rice, Jason Manketo, Charles Jacobs and Steve Thierbach remaining active and dual US/UK qualified partner Brigid Rentoul gaining increasing recognition, the practice is in good hands.

While Linklaters is typically known in the UK for underwriters’ counsel, much of the firm’s energies this year were focussed on issuer-side roles on rights issues. One of the firm’s more innovative roles this year saw the firm act for Centrica on its £2.2 billion cash-box rights issue to fund the company’s acquisition of a 25% stake in British Energy.

Another strong deal saw Edlmann team up with Ben Dulieu to act for Anheuser-Busch Inbev on its €6.36 billion rights issue, which included negotiation of the underwriting agreements. The issue, the largest by a non-financial institution last year, was used to refinance part of Inbev’s bank facility to acquire Anheuser-Busch.

The firm managed to win roles on the handful of IPOs in the UK last year, with Charles Jacobs leading a team to advise Mexican metals company Fresnillo on its demerger from Industrias Peñoles and subsequent £905 million IPO on the LSE in May 2008.

Steve Thierbach and Pam Shores also advised Türk Telekom on the privatisation of 15% of the Turkish government-owned company via an international offering to institutional investors in the US and a public offering in Turkey.

Leading lawyers

Charles Jacobs
John Lane
Jason Manketo
Brigid Rentoul
Steve Thierbach

Allen & Overy

While Allen & Overy is generally seen as more debt focussed, the firm is still seen as having a solid equity capital markets presence

in London. Peers note that on the equity side the firm doesn’t have the same links with investment banks as its tier one competitors, tending to rely more on its corporate practice to drive its work.

That’s not to say that the firm doesn’t have strong equity capital markets partners. Mark Dighero is noted by peers for his work, while Bart Capeci’s US-focussed work is also recognised by competitors.

One highlight this year was advising packaging company Rexam on its £334 million fully-underwritten rights issue in July 2009. Richard Cranfield, Mark Dighero and US partner Daniel Epstein also advised Great Portland Estates on its £175 million rights issue in May 2009.

Leading lawyers

Bart Capeci
Mark Dighero

Ashurst

Ashurst’s steadily build-up of its relationships with investment banks over the past few years has paid off of late, with many clients noting that they are using the firm for equity capital markets work a lot more than they used to.

“We find they’re doing a lot more recently,” says one investment banking client. “They form part of a pack of very good firms – with Linklaters and Freshfields out in front.” Another investment banking client adds: “When it comes to it they can do the deal cheaper than the magic circle, and just as well.”

Nicholas Holmes attracts much of the market’s attention for his steady supply of underwriter roles, and is said by peers to be particularly liked by clients. And the clients agree: “We use Nick Holmes a lot – he’s very good,” says one. Steven Fox is also noted by peers as a strong practitioner, while new partner Marie Elena Angulo is known for her US-focussed work.

One highlight saw Holmes work alongside Angulo to act for the underwriters on Imperial Tobacco’s £5.4 billion rights issue. The duo teamed up again to advise the sponsors and bookrunners on Lonmin’s \$457 million rights issue. Holmes also advised JPMorgan Cazenove as bookrunner on a £32.9 million cashbox placement for Big Yellow Group.

Holmes and Angulo were not limited to the underwriters’ side either, advising Autonomy Corporation on its £225 million placement as part of its acquisition of Interwoven.

US partner Daniel Bushner was also active, working along with Anthony Clare to act for William Hill on its £350 million

rights issue, and teaming up with Nigel Stacey to act for Morgan Stanley and Deutsche Bank on Colt Telecom’s £178 million open offer. Bushner also teamed up with Angulo and Jeffrey Sultoon to advise the banks on the Max Property Group’s £200 million Aim listing.

Leading lawyers

Daniel Bushner
Nicholas Holmes

Cleary Gottlieb Steen & Hamilton

Cleary Gottlieb’s traditional Russian and emerging markets focus has meant deal volume has been slower this year, but market commentators agree that the firm’s equity capital markets team is one of the highest-quality in the UK. “They have good people and when the market is back they will pick up deals,” says one competitor.

While some peers note that they haven’t seen Cleary Gottlieb across the table of late, the firm’s role advising HSBC as US counsel on its £12.5 billion rights offering shot the firm back to market prominence. Led by outstanding US-focussed partner Ashar Qureshi, the transaction consisted of a registered public offering in the UK, US, Hong Kong and a number of other jurisdictions.

The firm was particularly active in the emerging markets during 2008, with Qureshi advising Credit Suisse as placement agent in Türkiye Garanti Bankası’s TL2.1 billion (€972 million) rights offering in July 2008.

Daniel Braverman and Simon Ovenden also led a team providing Dutch, UK and US advice to X5 Retail Group in its \$1.03 billion underwritten rights offering of global depositary receipts (GDRs) and a concurrent \$132 million placement of treasury stock and unsubscribed GDRs.

Portugal was also an active country for Cleary in 2008, with Qureshi advising EDP Renováveis on its €1.6 billion IPO on Eurolist in May 2008 – the largest European IPO of 2008. Qureshi also acted for the underwriters on Banco Comercial Português’ €1.3 billion rights offering of new shares.

Leading lawyers

Daniel Braverman
Ashar Qureshi
Sebastian Sperber

Clifford Chance

While Clifford Chance is seen by competitors as more debt-focussed, the equity capital markets team is seen by clients as strong on a mix of UK and international work. The team does

a mix of underwriter and issuer roles, and is praised by clients for the quality of work it produces.

“We use Clifford Chance on ECM deals, and we rate them very highly,” says one investment banking client. “They recently assisted us on a rights issue and did a very good job. It’s the strength of the body of knowledge that they bring – they have excellent abilities, pay attention to detail and are proactive about sorting out issues by liaising with the in-house and execution teams.”

The London team suffered a blow this year with the transfer of leading lawyer Edward Bradley to the Singapore office in October 2008. However with the firm still boasting the talents of Adrian Cartwright and US-focussed John Connolly, and the improving reputation of new partner Simon Thomas, Clifford Chance still has a very strong offering.

Clifford Chance’s highlight this year was undoubtedly winning a role advising Barclays on its series of capital raisings. In one of the more innovative transactions of 2008, the mandate composed of: a £4.5 billion placing and open offer; a £750 million cashbox placing and a £3 billion issue of reserve capital instruments; and a £4 billion issue of mandatorily convertible notes.

The firm utilised its strong connections in the Middle East when Simon Thomas advised the Commercial Bank of Qatar in its \$700 million offering of global depository receipts (GDRs) and listing in London in July 2008. Simon Sinclair also led a team advising Global Investment House in its \$1.15 billion GDR listing on the LSE in May 2008.

Clifford Chance was also active on the underwriters’ side, advising Morgan Stanley and Deutsche Bank on Russian rail operator Globaltrans Investment’s \$449 million IPO on the LSE in June 2008.

Leading lawyers

Adrian Cartwright
John Connolly

Herbert Smith

Herbert Smith has made hay while the sun shines, taking full advantage of the UK’s flood of rights issues to become one of the more active practices in London. Peers also acknowledge the growing presence of its US equities team, with some commentators noting that the firm has been a lot more visible on 144a issuances over the past 18 months.

However clients are unabashed fans of the firm’s equity capital markets practice. “Their coverage is very good,” says one client. “They demonstrate that they’re on the case and that they’ve got someone focussing on the transaction.”

James Palmer is seen as a particularly notable name at the firm, while Greg Mulley is praised for his “vast knowledge of ECM deals” by one client. The client also praises US partner Adam Wells: “[He] demonstrated tremendous understanding of our needs and delivered complex advice clearly and succinctly.” Charles Howarth is also noted by clients for his visibility on deals this year.

The UK team tends to focus on the underwriters, and this year was no different. The firm won a number of key bank-side mandates this year, including roles on Rio Tinto’s \$15 billion rights issue, Wolseley’s £1.05 billion placing and rights issue, and CRH’s €1.2 billion rights issue.

However the firm’s corporate client base is also highly-developed, with the firm advising Bradford & Bingley on its series of rights issues, Scottish and Southern Energy on its £479 million placing and Hammerson on its £584 million rights issue.

The US team boasts strong links with the likes of UBS, Credit Suisse and Merrill Lynch, allowing it to pick up underwriters’ mandates on Resolution’s £660 million IPO on the LSE, and Global MENA Assets’ \$500 million IPO and main listing on the LSE.

Herbert Smith is also praised by clients for its emerging markets work, particularly in sub-Saharan Africa and the Middle East. Martina Asmar and Chris Hayes are noted by clients for their work in this area, while Alex Bafi is noted for his US-focused work.

“They’re good – they have people who can understand both sides of the coin and work the transaction, not just take an extended argumentative position as some firms can do,” says one client.

Leading lawyers

Greg Mulley
James Palmer

Skadden Arps Meagher Slate & Flom

Skadden retains its position in the second tier after another strong flow of mandates in the UK. James Healy is well-known by competitors for the quality of his work, while Rick Ely is praised for his skill on the US side. Clients also praise the quality of the firm’s US and UK work.

The firm has a particular strength in the emerging markets, with Russia and the CIS a particular focus. While this work has slowed down more recently, the firm has showed that it is more than capable of handling these large, intricate transactions. Pranav Trivedi is particularly involved in this area, advising the co-ordinators and bookrunners on X5 Retail Group’s \$1.1 bil-

lion rights offering and follow-on secondary offering of global depository receipts in May 2008.

However the firm has also been picking up a share of the UK rights offerings on the banks’ side, with one key role seeing Healy and Ely advise the underwriters on Barclays’ £701 million placing to finance the acquisition of Lehman Brothers’ North American investment banking and capital markets businesses. The firm also advised the sponsor, underwriters and co-lead manager on William Hill’s £350 million rights issue.

Skadden was also involved in one of the few large IPOs to make it to market last year, when Bruce Buck teamed up with Healy and Ely to advise the joint global co-ordinators on New World Resources’ €1.4 billion IPO.

Leading lawyers

Richard Ely
James Healy
Pranav Trivedi

Slaughter and May

With its extremely strong corporate client base to draw from, Slaughter and May has had a very strong year, advising on a very large number of significant rights issues in the UK.

While the firm doesn’t have a US securities capability – it refers work to either Davis Polk & Wardwell or Cravath Swaine & Moore – the strength of Slaughter and May’s UK practice is never in doubt. “It’s hard to disparage Slaughters on quality,” admits one competitor.

Slaughter and May client HM Treasury was very active during the banking crisis in early 2009, underwriting the share issuances of Royal Bank of Scotland (£20 billion) Lloyds TSB (£17 billion) and HBOS. The public offers involved detailed discussions with the UK Listing Authority, the LSE, the investment banks acting as sponsors and the companies and their advisers, and were used as a template for similar schemes around the world.

While Jeff Twentyman is usually more known for his private-equity work, he led two strong mandates this year. One saw Twentyman team up with David Watkins to advise Inchcape in its £232 million rights issue, while the other saw him lead a team acting for Resolution Limited (a Guernsey operating company owned by Resolution) on its LSE listing in December 2008.

Slaughter and May also showed the benefit of its best friends network, teaming up with Davis Polk and Uría Menéndez to advise Santander on its €7.2 billion rights issue. Elsewhere, the firm acted for Standard

Chartered on a £1.78 billion 30-for-91 rights issue in November 2008.

Leading lawyers

Peter Brien

For analysis of other leading law firms in the UK equity capital markets visit the website at www.iflr1000.com

Capital markets – debt

Recommended firms	
Tier 1	Allen & Overy Clifford Chance Linklaters
Tier 2	Freshfields Bruckhaus Deringer
Tier 3	Herbert Smith Sidley Austin Slaughter and May White & Case
Tier 4	Cleary Gottlieb Steen & Hamilton Davis Polk & Wardwell Simmons & Simmons Skadden Arps Slate Meagher & Flom
Tier 5	Ashurst Baker & McKenzie Lovells Norton Rose

With the equity capital markets suffering from a chronic loss of confidence following the Lehman Brothers collapse, the debt markets have been somewhat of a safe haven for investors. The lack of credit available from banks has meant that many corporates have had to turn to the debt markets for external financing, keeping law firms busy in the process.

The market has shifted from the first-of-its-kind transactions to more mundane, regular work such as Euro and Global MTN programme updates and bond rescheduling in relation to restructuring and insolvencies.

However as 2009 rolls on, partners are reporting that various debt instruments are coming back to the market as investors gain confidence. “It’s getting back to normal – there’s an increased appetite for debt as people who want out of equity holdings move into good quality debt,” says one partner.

Equity-linked and convertible bonds are proving popular, and the high-yield and lower Tier II markets have come back much earlier than expected, with firms reporting that over-

seas clients in particular are looking for new issues.

“This is the greatest diversity of work we’ve ever seen,” says one partner, while another adds: “Investors have short memories. If you’d have said that at the start of the year that institutions would sell hybrid instruments, you wouldn’t believe it.”

Allen & Overy

“Allen & Overy are ahead of everyone,” says a competitor of the firm. “They’re streets ahead in terms of volume. In debt work it’s hard to disparage them.” Allen & Overy is well-known for its strong focus on the debt markets, boasting a strong team which is capable of covering a wide variety of products at a very high quality.

One competitor at a leading firm has a particularly high opinion of Allen & Overy’s debt team: “If we had a conflict we would go to A&O – I think they’re the best quality advice in the debt capital markets.”

Jonathan Melton, Boyan Wells and Stephen Miller are all strongly praised by commentators for their transactional skills, while Roger Wedderburn-Day is known for his skill on Middle East-focused transactions and his work on the amendments to the global note structure.

Clients also praise the firm’s trustee work, in particular Simon Hill, Matthew Hartley and Morgan Krone. “They’re just extremely professional and extremely knowledgeable,” says one client. “They know their stuff, are very personable and easy to work with.”

The firm has a focus on the lead manager side, with one example of the firm’s innovation abilities saw the firm advise Greece’s Piraeus Bank and Kommunalkredit International on Athens Urban Transport Organisation’s €320 million bond issue. This was the first Greek law-compliant Eurobonds admitted for trading in the Greek Electronic Secondary Market for Securities.

Allen & Overy also advised the lead managers on a number of debt programmes, including Novartis’ €15 billion Euro MTN programme, Metropolitan de Lisboa’s €400 million programme and Rede Ferroviaria Nacional’s €600 million programme.

The firm was also active in the convertibles and exchangeables market this year in the Middle East, which required a high-degree of innovation from its lawyers. One highlight was advising a consortium of banks on Tabreed’s first-of-its kind issue of a *shariah*-compliant mandatory exchangeable *sukuk* (Islamic bond). Allen & Overy also advised National Bank of Abu Dhabi on its Dh2 billion (€389 million) US dollar-settled subordinated convertible notes.

Allen & Overy also acted for Bayerische Hypo- und Vereinsbank as arranger on a €2 billion mortgage securities programme for Hungary’s Unicredit Jelzálogbank, which followed on from the firm’s work developing the structure of Hungarian covered bonds over the past six years.

Leading lawyers

Jonathan Melton

Stephen Miller

Roger Wedderburn-Day

Boyan Wells

Clifford Chance

Clifford Chance’s debt capital markets practice is renowned for its ability to cover a wide range of products. The firm has a strong international focus, with a particular preference for bank-side representation.

Clifford Chance has a very strong volume of transactions covering a very wide variety of products. However the firm has also been involved in a number of innovative transactions, particularly in the emerging markets.

“They have great support, have a great approach to innovation and are really professional,” says one emerging markets-focused client. The client also mentions that their more difficult deals often only go through due to the firm’s “positive and innovative approach”.

David Dunnigan and Stewart Dunlop are seen by competitors as the firm’s leading lawyers due to their experience and practical negotiation skills. Dunnigan in particular is seen by clients as being very strong on sovereign issues in the emerging markets. “He’s brilliant – we’d definitely use him if we have a sovereign issue,” says one client. “I think he’s done nearly all of them.”

Simon Sinclair and Tim Morris are also recognised for their skill on equity-linked transactions, while Robert MacVicar is noted for his skills on commercial paper transactions.

Esther Cavett is also noted by one client for her debt skills in the corporate trustees market: “She’s extremely thorough and extremely professional,” the client says. “She never hesitates to go in to bat for the client.”

Clifford Chance was very active in the equity-linked market, with one highlight seeing Stephen Roith lead a multi-jurisdictional team advising Unicredit/HVB as arranger of a €65 million unlisted convertible bond for Bulgaria’s Chimimport, which was structured through a Dutch SPV. The deal was the first convertible or exchangeable bond to be issued internationally from Bulgaria.

Roith was again active when he worked alongside David Bickerton, Derwin Jenkinson

and Jenny McIvor to advise Goldman Sachs International on Israel Electric Company's inaugural Eurobond issue. The issue, which consisted of up to \$1 billion of floating-rate secured notes, was completed in January 2008. One client praises Roith's transactional skills: "We always know that he will provide the answer to legal problems. He's always relaxed and really solution driven."

Clifford Chance has a particular strength on Islamic finance transactions, which was shown again when David Dunnigan headed up a multi-jurisdictional team to advise Standard Chartered Bank on the establishment of RAK Capital's \$2 billion *sukuk* (Islamic bond) trust certificate issuance programme for the Ras Al Khaimah government in the UAE. The transaction was the first ever *ijarah* (capital leasing) *sukuk* in the UAE, and the first-ever rated dirham-denominated sovereign issuance.

Leading lawyers

Stewart Dunlop
David Dunnigan
Robert MacVicar

Linklaters

"Linklaters' team has always stood out as the most knowledgeable, experienced team, and provided the best client service of any of the big law firms when we have needed them," says one client of the firm's debt capital markets team.

The firm is known for its heavy volume of deals, however it can also back it up with a deep bench of quality practitioners. Linklaters added to its London team this year by welcoming Patrick Sheil from Hong Kong and US partner Tom O'Neill from Paris, but at the same time lost Stephen Edlmann and Nick Eastwell to retirement.

Nevertheless under head of equity and debt markets Carson Welsh, commentators note that the Linklaters team still has the quality to be regarded as one of the market-leading debt firms in the UK. Francis Kucera is particularly singled out by one client for his emerging markets work, while Ben Dulieu is also seen as a strong name in the market.

The Royal Bank of Scotland provided the firm with a number of very strong mandates this year as part of its recapitalisation programme. Richard Levy led the team advising the bank on three debt issuances under the UK government's credit guarantee scheme (€4 billion, £2 billion and \$2 billion respectively), which showed off the firm's ability to tap multiple credit markets. Linklaters also advised the bank on the updating of its euro commercial paper programme, and its issue of

up to £25.5 billion B shares (constituting core Tier I capital) to the Treasury.

Linklaters also won a significant role advising Lloyds Banking Group on a number of debt-focussed issues in similar circumstances. Led by Carson Welsh and Tom O'Neill, the firm advised the bank on the cancellation of HBOS preference shares and issue of a similar class of Lloyds TSB shares to affected HBOS shareholders via a scheme of arrangement.

The firm advised Lloyds Banking Group on the exchange of upper Tier II debt securities issued by HBOS, Bank of Scotland and Lloyds TSB Group for Tier I capital securities and senior notes issued by Lloyds Banking Group. Linklaters also advised on Lloyds Banking Group's issue of £15.6 billion of innovative class B shares to HM Treasury, and advised Lloyds on issues relating to the UK government's credit guarantee scheme.

Keith Thomson is noted by peers for his work with convertibles, which was shown when he led a team acting for UBS on a SFr13 billion (€8.57 billion) Tier I capital raising via convertible notes, and a SFr6 billion Tier I capital raising.

Away from the financial sector, US partner Steve Thierbach and Jane Brown advised Rio Tinto on its \$5 billion note offering on the NYSE, while Andrew Roberts worked with the Dubai office to act for Tabreed on a Dh1.7 billion (€332 million) mandatory convertible hybrid capital *sukuk* (Islamic bond) – the first of its kind.

"They are very well-rounded," says one client. "Knowledgeable, experienced, helpful, and understanding of what their clients need."

Leading lawyers

Jane Brown
Keith Thomson
Carson Welsh

Freshfields Bruckhaus Deringer

Headed by Sarah Murphy and Stephen Revell, Freshfields' debt capital markets team tends to act for issuers due to its strong corporate connections. Revell is seen by many of his peers as the firm's leading light, while Murphy is known for her US-focussed work.

"They're excellent, really good," says one client about Freshfields' debt team. "They were always available when we needed them. They're very outcome-focused, commercial and pleasant to deal with."

Marcus Mackenzie is also singled out by one client for his pragmatic approach to a transaction. "Marcus is definitely among the top individuals I've dealt with at UK law firms," the client says. "He's unbelievably

patient, and is always able to guide the client forward to where they need to be."

Mackenzie worked alongside Ian Falconer, Adrian Maguire and Sarah Murphy to advise BAA on its £13.3 billion refinancing. The deal, which won the *International Financial Law Review's* European debt and equity-linked deal of the year in 2009, established a long-term investment grade financing platform for investment in BAA's airport assets.

Another strong deal this year saw Mark Trapnell work alongside Monica McConville and US partner Don Guiney to advise Barclays and its financing subsidiaries on the exchange of a series of upper Tier II sterling and dollar-denominated notes for lower Tier II sterling and dollar-denominated notes.

Trapnell showed his prowess at hybrid structures when he acted for Zurich Insurance on its issue of hybrid Tier I notes, which were issued to finance the company's acquisition of parts of AIG. Trapnell also acted for Roche Holdings on its offering of four euro-denominated tranches of notes totalling €11.25 billion, and one sterling-denominated tranche totalling £1.25 billion under its Euro MTN programme in March 2009.

Freshfields' UK office also worked well with its overseas offices this year, working together with the German office to advise Fresenius on a rare high-yield bond issue, and teaming up with the Russian office to act for Severstal on its issue of \$1.25 billion Rule 144a Eurobond issue.

Leading lawyers

Don Guiney
Sarah Murphy
Stephen Revell
Mark Trapnell

Herbert Smith

While some in the market class Herbert Smith as more of a player in the equity markets, the firm retains its place in the third tier after clients praised the firm's quality of work and its user-friendly attitude.

"They're great, particularly the new lawyer Peter Epp who's a recent hire from White & Case," says one banking client. "They are very accommodating and very quick on the turnaround. Their advice is very practical and very commercial." The client adds: "I trust their judgement – they seem to know what they're doing."

One of Herbert Smith's strengths is energy market transactions, with Dina Albagli advising EDF on the issuance of 520 million Nuclear Power notes as part of EDF's takeover of the British Energy Group. EDF also mandated the firm on £2 billion worth of Eurobond issuances throughout the year.

The team arguably has more of a focus acting for corporate issuers, with Albagli again leading a team advising Pearl Group Holdings on the amendments to its Tier I debt, which was designed to list the suspension on the operation of the alternative coupon satisfaction mechanism.

Will Pearce and Peter Epp advised British American Tobacco and its Dutch subsidiaries on its \$1 billion offering of 144a/Regulation S guaranteed notes. Elsewhere, Jake Jackaman acted for BSKyB on its issue of a \$750 million Yankee bond, which was listed on the LSE's regulated market.

Leading lawyers

Charles Howarth

Sidley Austin

Sidley Austin moves up a tier this year after strong praise from the market – particularly from clients. “I think they were excellent,” says one banking client. “I regularly work with other international firms, and I was very pleased with their work and their professionalism.”

Mark Walsh is the firm's most prominent name, and is praised by clients for his patience and his ability to bridge the cultural gaps between Europe and the US. “He did a wonderful job handling the business guys and he was very sensitive to their concerns,” says one client. “He is very knowledgeable about legal issues, and it was a very positive experience.”

One of the firm's highlights this year saw Walsh team up with John Russell to advise Citi, JPMorgan and the other underwriters on the US and UK law aspects of Glaxosmithkline's SEC-registered \$9 billion senior debt offering. Closed in May 2008, it was the largest corporate bond offering in the US for over six years.

Another highlight saw Craig Chapman and David Howe advise the dealer managers on the UK and US law aspects of QBE Insurance Group's exchange of US dollar and sterling-denominated Rule 144a/Regulation S capital securities for US dollar and sterling-denominated senior notes listed on the Irish Stock Exchange.

Howe teamed up with Mark Walsh to act for the underwriters counsel on UK media company Pearson's guaranteed senior notes programme, while Howe showed the firm could act on the issuers' side when he advised the Trade & Development Bank of Mongolia on the UK law aspects of its \$300 million euro MTN programme.

“They were very thorough and were very patient with some of our business guys,” says one client. “It was a very smooth co-operation.”

Slaughter and May

Slaughter and May moves up a tier this year after very positive feedback from the market emanating from its work during the bank crisis in early 2009. “Slaughter and May was at the forefront of the market on that,” says one competitor.

The firm focuses almost entirely on the issuer side, but is seen as having some very talented practitioners on its team, with Marc Hutchinson and Matthew Tobin winning the most praise from clients. “Marc is hugely experienced and keeps up to date with the market. We use him for his top-level experience,” says one client. “Tobin is a more recent partner – he knows the ins and outs of our arrangements.” The client adds: “They're seamless – they slot in and out depending on what's going on.”

While the Slaughter and May model means that their lawyers don't necessarily focus entirely on debt capital markets work, clients see them as a top-level choice for work in this area. “They're good all-rounders – they know the market and they know what's going on,” says one client. And while the firm doesn't do the US angle of any transactions, it refers work to its best-friend firms Davis Polk & Wardwell and Cravath Swaine & Moore.

The firm utilised its strong corporate client base to advise on a number of straight bonds, working on dollar, euro and sterling note issues by companies such as AkzoNobel, Aviva and Severn Trent under their Euro MTN programmes.

Slaughter and May was also active in the convertibles market, acting for SVG Capital on its issue of £120 million of convertible bonds, and Punch Taverns on potential buyback and redemption options relating to its convertible bonds.

Standard Chartered mandated the firm on the issue of lower Tier II subordinated notes, while Aviva sought the firm's counsel on its issue of fixed/floating rate notes. Slaughter and May also advised Deutsche Bank on the refinancing of \$335 million of Overseas Investments' debt by the issue of an additional \$35 million secured floating-rate notes. The notes were collateralised by shares in a fund-of-funds managed by Pamplona Capital.

The firm also advised on the establishment and update of a number of MTN programmes, including Abbey National Treasury Services, BHP Billiton and Prudential.

Leading lawyers

Marc Hutchinson
Miranda Leung
Matthew Tobin

White & Case

While White & Case's debt capital markets work has been less visible recently due to the effective closure of the high-yield market, the team's focus on the emerging markets has kept it busy. “White & Case are a global practice and they do a lot of work under US law, so they deserve to be up there,” says one competitor.

Clients specialising in the emerging markets praise the firm for its experience: “We look to them for a lot of our deals,” says one client. “They come up with solutions – in the emerging markets there's always something going on, and they always find a way of getting through it.”

While the firm suffered a blow with the departure of well-regarded Rachel Hatfield to a position outside the law, clients praise Stuart Matty and Francis Fitzherbert-Brockholes for their seamless advice: “There's always someone who can step in – there isn't just one partner and when they're gone the whole thing goes to pot,” says one.

The firm tends to act on the banks' side, with one highlight seeing Matty lead a team advising Credit Suisse, ABN Amro and Citigroup on KazMunayGas' \$3 billion global MTN programme in June 2008 – the largest emerging markets corporate bond in history.

Matty followed this up by advising Nigeria's Guaranty Trust Bank in connection with GTB Finance's establishment of a \$2 billion global MTN programme. Closed in July 2008, this was the first ever MTN programme for a Nigerian corporate allowing for senior and subordinated issues. Matty also acted for Credit Suisse as lead manager on Transneft's \$1.8 billion note issue on the Irish Stock Exchange.

Francis Fitzherbert-Brockholes advised Citigroup on Eurasian Development Bank's \$3.5 billion 144a Euro MTN programme, and advised the Royal Bank of Scotland on as dealer manager for a third-party buyback of \$200 million of notes issued by Ukrainian steel company Interpipe.

In a particular innovative transaction, Carter Brod advised Silkroutefinancial as placing advisor on Ukrainian bank Nadra Bank's \$60.6 million offering of mandatory exchangeable loan participation notes in December 2008. The transaction was the first exchangeable or convertible loan participation notes offering from any jurisdiction, and the second-ever equity-linked issue from Ukraine.

For analysis of other leading law firms in the UK debt capital markets visit the website at www.iflr1000.com

Capital markets – derivatives

Recommended firms
Tier 1
Allen & Overy
Tier 2
Clifford Chance Linklaters
Tier 3
Ashurst Freshfields Bruckhaus Deringer Slaughter and May
Tier 4
Herbert Smith Shearman & Sterling Sidley Austin Simmons & Simmons
Tier 5
Baker & McKenzie CMS Cameron McKenna Denton Wilde Sapte Lovells Mayer Brown Milbank Tweed Hadley & McCloy Norton Rose Orrick Herrington & Sutcliffe Weil Gotshal & Manges White & Case

“The week of Lehman is still the busiest in memory – it was absolutely unbelievable,” is how one partner describes the event that brought not only the derivatives market but the entire financial market to a shuddering halt.

The fall of Lehman Brothers changed everything. With confidence in the more exotic structured credit deals shot to pieces, firms that focused on commoditised, cookie cutter work took a hammering. Cadwalader Wickersham & Taft laid off a number of staff in London as the market for low margin, high volume work disappeared, while other firms face overstaffing issues as their overly-specialised derivatives lawyers are unable to be shifted to other departments.

But it's far from doom and gloom in the sector. Restructuring and repack work has kept a number of London practices ticking over, and these mandates tend to go back to the firms that put them together in the first place. The fall of Lehman Brothers and the Icelandic banks have also kept many firms busy, with countless counterparties needing legal advice to unwind their positions.

Balance sheet management is using CDO (collateralised debt obligation) technology to lose volatility on the balance sheet, while other investors are looking at insurance-

related longevity and mortality swaps. Other partners are reporting work from banks looking at CDOs to improve their regulatory capital costs, while commodities-linked swaps are gaining in popularity.

The key features in this market according to partners are innovation and complexity – as well as careful due diligence. “There is a flight to quality and a need for creativity,” reports a partner. “Clients are also looking at the base documents more closely. Clients in the past were happy to sign regardless – now they're paying more attention.”

Allen & Overy

Allen & Overy's derivatives practice stands alone as market leader in the UK, attracting practically unanimous praise from partners and clients. The firm boasts a staggering array of talent on its payroll who are not only involved at a transactional level, but are increasingly advising bodies such as the Bank of England's financial markets law committee on industry-related issues.

Clients praise the firm for its unrivalled experience in the derivatives market and its specific focus. “They've got a large number of partners and associates with experience, and they have a dedicated derivatives team so their experience is all in the one place,” says one client. “Other firms come close, but [Allen & Overy is] in a class by themselves.”

Allen & Overy's strong relationship with ISDA (the International Swaps and Derivatives Association) is arguably one of the biggest reasons for its market dominance. “Being in the hub, the whole industry feeds through them,” notes one competitor.

While Allen & Overy is no longer ISDA's exclusive firm, it was still mandated on a significant proportion of recent matters, including the credit default swap (CDS) auction protocols following the US and UK banking crisis, and the Big Bang Protocol. The firm also advised ISDA and a number of other counterparties of Landsbanki on negotiations with HM Treasury regarding the Landsbanki Freezing Order 2008.

David Benton is singled out for praise by a client for his strong legal knowledge: “I think he's excellent,” the client says, “He's technically very, very good and nice to deal with.” Simon Haddock is commended by another client for his deep experience, while Ed Murray and Richard Tredgett are also noted by clients.

Ed Murray was active in the practice area this year, lobbying the UK government on changes to the Banking Bill to introduce rescue and insolvency powers and procedures to the banks.

But Allen & Overy is not defined solely by its ISDA relationship – the firm was also involved in other developments in the market, including its role representing LCH Clearnet on the launch of CDS index contracts on Euronext Liffe, advising on the development of the derivatives market in India, and developing the property derivatives market.

The firm additionally counselled clients on a number of alternative risk transfer products, including longevity, natural disaster and pension claims. Allen & Overy also advised on funded and synthetic transactions using a variety of wrappers (including derivatives, notes and financial guarantees) to achieve regulatory capital relief across a wide variety of asset classes.

Leading lawyers

David Benton
Jeffrey Golden
Simon Haddock
Edward Murray
Richard Tredgett

Clifford Chance

Clifford Chance holds its position following strong feedback from peers and clients praising the quality of its practice. The firm is seen by the market as one of the leaders in longevity and Islamic finance derivatives, as well as collateralised debt obligations.

Habib Motani is Clifford Chance's key derivatives figure according to peers and clients, while Claude Brown, consultant Jane Bush and Jessica Littlewood are also singled out for praise by competitors.

But though some commentators note that the firm is volume-driven, they observe that it hasn't been particularly visible since the financial crisis began. “Historically in a crisis I would expect to see Habib, and to a lesser extent Claude, but we've just not seen them on the crisis stuff,” says one senior peer. “They had a huge-volume credit and cash derivatives practice. I expected to see swarms of Clifford Chance lawyers as we moved down, but I've not seen them as much.”

Leading lawyers

Habib Motani

Linklaters

Linklaters' strong spread of derivatives products is one of the main reasons it has come through the credit crunch with flying colours. The firm covers a wide spectrum in both the securitised and over-the-counter (OTC) fields, advising on everything from commodity and equity derivatives to hybrid products.

The firm is seen by peers as more of a bespoke rather than a volume-based practice, which stands it in good stead for the current challenging market. “They produce probably the best derivatives lawyers ... they really know what they’re doing,” says a competitor.

Clients are also pleased with Linklaters’ pragmatic approach to a transaction. “They’re always very positive, always very flexible,” says one financial client. “They’ve always been happy to help – if there’s an issue they will always find a solution.”

Simon Firth is seen as one of the group’s most prominent partners. His main role this year was leading the derivatives team to advise the administrator of Lehman Brothers, PricewaterhouseCoopers on the unravelling of the complex derivatives transactions the bank had entered into. However, given the size and complexity of this role, Firth has therefore been somewhat less visible in the market this year according to competitors.

However the firm has more than enough talent to cover Firth. Rivals note that Michael Voisin has been active this year, while Vinay Samani is seen as being a particularly skilled lawyer. “They’re good people and nice to deal with,” says a peer.

Charles Clark’s commercial approach is popular with clients. “He’s always very focused on solutions,” says one. “If there are five ways to do something, he will find the easiest and cheapest. He’s not interested in maximising his fees.”

One of the firm’s most innovative transactions this year saw it field a multi-jurisdictional team to advise Deutsche Bank on a Ucits (Undertakings for Collective Investments in Transferable Securities)-compliant sub-fund that offers investors a leveraged exposure to RMF Dynamix 200 – an investible hedge index. The structure is not only tax efficient, but is retail-compliant in most European jurisdictions.

Vinay Samani worked alongside Linklaters’ Moscow office to advise Barclays Bank on Linden Capital’s \$2.35 billion note issue, which was secured by a Russian law pledge of Rosneft shares in favour of the trustee. Also, managing associate Rhian Roberts worked alongside the corporate department to advise on the exchange-traded and OTC (over the counter) elements of Tate & Lyle’s sale of its sugar trading business to Bunge.

Leading lawyers

Simon Firth
Mark Fletcher
Deepak Sitlani
Michael Voisin

Ashurst

Ashurst has held its own this year in an increasingly difficult derivatives market, with peers noting that though the firm has suffered a drop in volume of late, it still pops up on significant matters. “They’re as hungry as ever,” says one peer. Ashurst showed its commitment to the practice area by hiring Abradat Kamalpour from Dechert in October 2008 to boost the firm’s Islamic finance-linked derivatives.

The firm is a particular hit with clients, who praise its pragmatic and commercial approach to transactions. “They’re very, very efficient,” comments one client. “I know many partners and associates there and always find them very efficient, very creative and they deliver things on time.”

Peers praise Chris Georgiou and Chris Whitely, while James Coiley is singled out by clients for his efficiency and commercial sense. “What’s remarkable about James is that he has a very good understanding of the economics of a transaction – he gets the cash flows of the transaction, which can often be difficult to understand,” says a client. “He also has a good understanding of the legal issues – these two things together make working with him very efficient.”

The Lehman Brothers insolvency provided a lot of work for Ashurst, with Georgiou advising clients on the initial close-out of the market master agreements, and Coiley acting on the unwinding of a number of structured debt obligations.

Another of Coiley’s highlights this year was advising Goldman Sachs as arranger of CELF Synthetic Loan Partners’ synthetic CDO of loan credit default swaps, which were sold on a roadshow basis. Georgiou led a team advising a leading Japanese bank on its €11 billion notional total return swap, which was designed to provide regulatory capital relief for a leading UK bank; while Jonathan Haines led a team counselling a pre-meltdown Lehman Brothers on the structured equity elements of China Aluminium’s stake-build in Rio Tinto shares – the largest ever dawn raid of the shares of a UK-listed company.

Michael Logie worked with ISDA this year, providing a paper with regard to the Lehman Brothers minibonds controversy and the distribution of structured products in Hong Kong.

Leading lawyers

James Coiley
Christopher Georgiou
Chris Whiteley

Freshfields Bruckhaus Deringer

Much of Freshfields’ derivatives work this year was driven from its relationship with the Bank of England, which meant that the firm was heavily involved in a number of credit crisis-related mandates. Competitors note that it has also been particularly visible in the balance sheet management transactions that have been active in the market of late.

Led by the well-regarded Simeon Rudin, Freshfields worked on a wide range of products including strategic equity financing, repo financing and longevity derivatives. However, given the firm’s strong connections with investment banks, some peers express surprise that it is not more prominent in the derivatives market.

James Grand is singled out by one client for his balance of transactional and advisory skills: “He’s a very good all-round lawyer,” says the client. “He has good responsiveness and a good sense as to what’s going on.”

However it was Alan Newton and Ian Falconer who led the firm on its role advising the Bank of England during the credit crisis. The duo acted for the bank on the derivatives elements of the setting up of the special liquidity scheme, the collapse of Lehman Brothers and the rescue of Bradford & Bingley and the UK operations of the Icelandic banks. Freshfields also advised the bank on the extension of collateral of long-term repo operations and the creation of a discount window facility.

Another publishable matter saw Grand advise VTB Capital on a \$400 million CDO of Russian corporate loans and bonds, which was based on a declaration of trust structure for repo with the European Central Bank.

Leading lawyers

James Grand
Simeon Rudin

Slaughter and May

As with many practice areas, Slaughter and May does not devote huge resources specifically to derivatives work, preferring a more generalist approach to client service. But this does not mean that it does not have the capacity – in fact, on quality of work alone, the firm is described by clients as one of the market leaders.

“[They’re] extremely knowledgeable, both in law and commercial practice, and not only in one narrow area – their multi-disciplinary approach does seem to work very well,” says a corporate client. “Quality seems to permeate the firm.”

Sanjev Warna-kula-suriya is Slaughter and May’s stand-out partner in this area, but he is equally adept at straight banking work.

Warna-kula-suriya is praised by one client for his technical skill and commercial approach. “He is, if not the best, one of the absolutely best lawyers I know,” says a client. “[He’s] extremely skilful, experienced and sensible – a very pleasant man throughout.”

Warna-kula-suriya was particularly active with the derivatives work that came out of the Lehman Brothers insolvency, advising numerous clients on the close-out of transactions under ISDA agreements. Warna-kula-suriya also worked alongside Deborah Finkler to advise the New York office of a European financial institution on the possible termination of foreign exchange trades with the subsidiary of a Brazilian corporate.

Matthew Tobin was also active this year, advising HM Treasury on its asset protection scheme for banks, while Marc Hutchinson acted for Bradford & Bingley on its repo facility, where the eligible collateral comprises UK government treasury bills obtained under the Bank of England’s special liquidity scheme.

Leading lawyers

Sanjev Warna-kula-suriya

For analysis of other leading law firms in the UK derivatives market visit the website at www.iflr1000.com

Capital markets – structured finance and securitisation

Recommended firms	
Tier 1	Allen & Overy Clifford Chance
Tier 2	Freshfields Bruckhaus Deringer Linklaters
Tier 3	Sidley Austin Slaughter and May
Tier 4	Ashurst Herbert Smith Lovells Mayer Brown Shearman & Sterling Simmons & Simmons Weil Gotshal & Manges White & Case
Tier 5	Baker & McKenzie Milbank Tweed Hadley & McCloy Orrick Herrington & Sutcliffe
Tier 6	Cadwalader Wickersham & Taft Norton Rose

A year after the dramatic collapse of Lehman Brothers – “a game-changing event” according to economist George Soros – the structured finance and securitisation market is slowly picking itself up and dusting itself off. The sector was demonised by the press and investors, some say unfairly, but in recent months securitisation in particular has become an important tool for many businesses.

“Structured finance and securitisation are perceived to have played a part in the meltdown,” says one partner. “Now it’s part of the solution: central bank liquidity windows require securitisation, which shows it is still a useful platform.”

Large firms have been kept very busy securitising assets to swap with the European Central Bank or Bank of England to access liquidity and, according to one partner, 2008 saw around 90% of UK banks securitising their own assets into the schemes.

RMBS work is still popular with clients, while covered bonds have been a handy way of raising funds for some companies. Conduits clients are also becoming bolder after the sector took a hit in early 2009. And while work emanating from the Middle East has slowed

dramatically, Greece has stepped up to become a strong source of work for the top firms.

Restructuring work has been keeping firms ticking over as well. Many practices are called upon to advise on the restructuring of transactions they put together in the first place. However the present environment means they are being restructured under very different circumstances. “It’s very strange. Deals being restructured in this environment are not conducive to formal enforcement proceedings. You need to think imaginatively,” says one partner.

However it isn’t business as usual for all firms. The well-worn phrase “flight to quality” is apparent in the structured finance and securitisation sector more than any other, and since the onset of the financial crisis the top three tiers have effectively dominated the UK market. “Below there, there will be tears,” notes one partner.

The well-publicised cuts at Cadwalader Wickersham & Taft were an early indicator that a department based on commoditised work can’t survive in the present market. “When it all hits the fan it’s not always the commoditised lawyers you look to,” points out a partner. “Clients want people with experience of the product and who can do some original thinking – experience of enforcement, involvement of pre-pack work etc.”

Allen & Overy

Allen & Overy holds its position in the top tier once again following another sterling year at the forefront of the structured finance and securitisation market in the UK. In a time where the quality of a firm’s advice is paramount, Allen & Overy has led the way on regulatory and legal developments in the UK and abroad.

“It’s a well-established firm, with an excellent track record both regionally and internationally,” says a client. “They maintain a high level of professionalism while being quite approachable and explanative.”

The firm has had a strong focus on the practice area for a number of years and boasts a large number of key individuals capable of providing top-level advice in a difficult market.

Angela Clist is known for her expertise in covered bond work and is praised by one client for her transactional skills: “Angela Clist was very good, very user friendly and technically strong.” Salim Nathoo is seen as particularly adept at master trust work, while associate Sally Onions is named by clients as a lawyer to watch, particularly in the conduits market.

David Shearer also comes in for praise from one client who admires his approach to a deal: “We worked with David Shearer at partner level and we were very pleased with his efforts,” says the client. “He was always there when required and his advice was more than valuable on a number of occasions.”

While some commentators suggest that the slow transactional market might cause problems for a firm with such a focus on structured finance and securitisation work as Allen & Overy, this has so far not been the case. The firm has also refuted some competitors’ assertions that it is more of a commoditised practice, winning a number of mandates advising clients on the collateral requirements of the UK, US and European liquidity schemes, the development of various structured products and the restructuring of an array of structured vehicles.

Allen & Overy has practically made covered bonds a market of its own, advising as drafting counsel on nearly three-quarters of existing UK programmes. The firm looked further abroad this year, advising Barclays Capital as arranger and lead manager, and Bank of New York Mellon as trustee, on the establishment of an €8 billion covered bond programme for Greece’s Alpha Bank – the first-ever covered bond programme in Greece. HSBC also mandated the firm as arranger on a credit card receivables master trust asset-backed securitisation for the National Bank of Greece.

Bank of America, Citibank and JPMorgan instructed the firm as structuring banks of the Master Liquidity Enhancement Conduit, which was a proposed solution to the potential collapse of the \$400 billion structured investment vehicle (SIV) market.

Allen & Overy was also active in the CLO market, advising the arranger of the \$40 billion Newfoundland CLO – the first cross-border CLO to use a declaration of trust structure. The firm also advised Lloyds TSB as lead manager on UK law aspects of a €1 billion balance sheet synthetic securitisation in October 2008.

Leading lawyers

Angela Clist
David Krischer
Christian Lambie
Salim Nathoo

Clifford Chance

Another market-leading performance keeps Clifford Chance in the first tier this year. The firm’s ability to cover the full gamut of structured finance and securitisation products is well known in the market, as is its ability to

advise clients throughout the recent regulatory and market upheavals.

The firm shook off its peers’ claims that it is more of a commoditised practice by advising clients on regulatory and structuring issues, including the development of new asset classes to be brought to the European Central Bank and the Bank of England’s liquidity schemes as well as assisting on the development of the Regulated Covered Bonds Regulations 2008.

Clients are very positive about the firm’s communication and commercial skills. “We generally have a very good experience working with this team at CC,” says one. “They are always responsive and have an excellent understanding of what we require from them.”

Kevin Ingram is seen as Clifford Chance’s key practitioner by both peers and clients, which is no surprise given his membership of the Securitisation Standing Group at the FSA and the executive committee of the European Securitisation Forum. “I like Kevin a lot. He’s very knowledgeable and he’s still active,” comments one senior partner, while a client at a key financial institution adds: “Kevin Ingram is our main contact and he is excellent – I cannot fault him. He is always our first choice for securitisation work.”

Yet Clifford Chance is far from a one-man show. Steve Curtis and new partner Emma Matebalavu are praised by a client: “They’re very responsive, put in the hard yards when required and give good advice.”

Chris Oakley “leads the charge on covered bonds” according to one competitor, while Andrew Forryan is praised by peers. Clients also mention Neil Hamilton’s work on structured investment vehicles.

One of the firm’s key mandates this year was advising Citibank and the Royal Bank of Scotland on the £13.3 billion refinancing of BAA’s UK airports. Led by Curtis, Stewart Dunlop, Matebalavu and Susan Rose, the team advised on the structured debt issuance programme as part of the overall financing package, which was complicated among other things by the need for a standby letter of credit and trust structure, and a large consent solicitation process.

Citibank and Deutsche Bank instructed Oakley and Matthew Cahill on Eurobank EFG’s €2.5 billion securitisation of a portfolio of corporate bonds of small and medium enterprises in Greece in July 2008 – the first offering of its kind in the country. And Ingram led a team advising the Royal Bank of Scotland on Tesco Personal Finance’s first issue of notes backed by credit card receivables, valued at £1.2 billion.

On the originator side, Peter Voisey advised Co-operative Bank on the establish-

ment of a new £3 billion covered bond programme.

“They’re very commercial and proactive,” reports a client. “Their main strength is the ability to offer solutions to new legal problems.”

Leading lawyers

Stephen Curtis
Andrew Forryan
Neil Hamilton
Kevin Ingram
Peter Voisey

Freshfields Bruckhaus Deringer

Holding its position in tier two, Freshfields is seen by the market as a more diversified practice than its peers in the top tier, with its securitisation group forming part of its wider structured and asset finance group. While some commentators claim this shows the firm isn’t as focused on pure structured finance and securitisation work, others note that in the current financial climate, this is a wise position to be in.

The quality of the firm’s leading lawyers is beyond question. Alan Newton is repeatedly named by competitors as a key figure and Marcus Mackenzie is also praised by peers: “When we have worked opposite him he is to be highly regarded,” says one. “He’s a clever man. If you were his client you wouldn’t be unhappy to have him on your team.”

James Grand is likewise commended by a peer for his pragmatic approach to a transaction: “He’s a very good all-round lawyer, has good responsiveness and a good sense as to what’s going on.” David Trott is referenced by competitors as a strong figure, while Will Higgs and Francis Clay are mentioned by a client as lawyers to watch.

Ian Falconer is a particular client favourite, with one praising his combination of technical and commercial skills: “Ian has incredible knowledge – he’s a very, very experienced person in this area,” the client says. “He’s a very busy man and in-demand – sometimes you have to wait until the middle of the weekend to hear back from him. But I guess that goes with the territory. The great advantage is his experience – he’s quite client-focused and is quite practical.”

The Bank of England was arguably the firm’s most high-profile client this year, with the firm picking up work on a number of complex mandates since the onset of the financial crisis. Alan Newton and Ian Falconer led a team advising the bank on matters relating to the set-up of its £50 billion Special Liquidity Scheme, the collapse of Lehman Brothers and the rescues of Bradford & Bingley and the Icelandic banks.

Given its corporate structure Freshfields has more of a focus on winning roles as originator's counsel – a bias some peers note has become more pronounced over the last 12 months. One key role saw Marcus Mackenzie and Ian Falconer lead a team advising BAA on securitisation aspects of its £13.3 billion refinancing in August 2008. The work included liability management to exchange £5 billion of unsecured bonds of BAA for new secured bonds, as well as a liquidity facility and hedging at the borrower level – a groundbreaking investment-grade structured bond financing.

Chris Barratt and David Trott worked with the firm's Islamic finance team to advise Sorouh Real Estate on a Dh4 billion *sukuk* (Islamic bond) issuance, which involved the securitisation of instalment payments under real-estate and purchase contracts – a first for a UAE company.

Freshfields isn't completely focused on representing the originator's side. Barratt advised a financial institution as arrangers in 2008 on the securitisation of a number of Russian auto, mortgage and consumer loans valued at €1 billion, while Stuart Axford advised IKB Deutsche Industriebank on restructuring of the Rhineland Conduit, which followed on from the firm's role on the conduit's initial set-up in 2001.

Leading lawyers

Marcus Mackenzie
Alan Newton
Simeon Rudin

Linklaters

While Linklaters was later than many firms to embrace the structured finance and securitisation sector in the UK, its position in the second tier indicates that its huge efforts over the past few years have paid off. The firm has been pushing hard at developing its presence in the market and was the only City player to make up a partner in the practice area this year (at time of writing) when Andrew Vickery was promoted in May 2009.

Vickery attracts a lot of praise from both peers and clients for the quality of his work, as does James Harbach. Anne Hoe's skills are also appreciated by one competitor in particular. "I have the highest regard for her," says the peer.

Jim Rice is particularly admired by clients for the breadth of his knowledge. "We're fairly privileged to work with Jim," says one. "The quality of his associates and their approach to their work is very high." The client singles out William Cresswell, but reserves particular praise for Chris Palmer: "He's a lawyer who understands what a business needs and gets on with it."

While some competitors claim that they see Linklaters more on the review side than the drafting side, the firm's work advising on such innovative structures as non-Japan Asian covered bonds and the first FCT (*Fonds Commun de Titrisation* – insurance risks securitised alongside credit risks) securitisation in France shows it has the capacity to work on cutting-edge mandates.

The flight to quality since the onset of the financial crisis has been a boon for the firm, with Linklaters picking up a large amount of work advising on securitisation deals that are structured to access the European Central Bank and the Bank of England's liquidity schemes.

Linklaters has managed to carve out a niche for itself in the UK water and rail sectors, being the only firm to advise on all structured utility bonds to date. One highlight was advising Yorkshire Water on its whole business securitisation and the firm is also acting on the first two UK electricity whole-business securitisations.

James Harbach led a team advising Barclays and BNP Paribas as arrangers on the establishment of the €7 billion UK covered bond programme for Coventry Building Society – one of the largest programmes established since the new covered bond regulations came into force in March 2008.

Anne Hoe and Jim Rice were active on a number of Greenock transactions, which are securitisations backed by mortgage pools originated by either the Royal Bank of Scotland or National Westminster Home Loans. Hoe and Rice advised on four such deals representing four different mortgage books, which had to be structured to take into account each of the underlying assets.

Elsewhere, Edward Hickman advised Allied Irish Bank as originator on the establishment of a £2.22 billion revolving RMBS securitisation structure for its UK residential mortgage book – the bank's first RMBS transaction.

Leading lawyers

Julian Davies
James Harbach
Anne Hoe
Jim Rice

Sidley Austin

While Sidley Austin is known for its expertise in CMBS work in the UK, many commentators note that the firm will be particularly affected by the drop-off in the sector.

However the firm has been robust in the downturn, advising on a number of RMBS structures to access European Central Bank liquidity and acting on a significant amount of restructuring work from real estate and

other funds. The firm has also been working on a number of insurance-related securitisation instructions, as well as commercial paper conduit financings of trade receivables.

"Sidley we see a fair bit – I'd set them out as one of the key players," says one competitor. "If the deal is marketed in the US through a conduit, Sidley will be involved."

The well-regarded Sarah Smith left the practice in February 2009, yet the firm retains a number of well-known names in the market. Rob Torch is praised by clients and peers for his US-focused asset-backed securities work, while Graham Penn is noted by peers to be particularly visible in the market. John Woodhall is praised by a competitor for his pragmatic approach to a transaction: "He doesn't raise unnecessary points and gets on with the job. There's no waste of time or energy."

Although the team at Sidley might be slightly smaller than some of its rivals, one banking client who works with a number of top-class securitisation practices praises Sidley Austin for its ability to provide closer partner attention than its competitors. Clients also report that they mandate the firm particularly on transactions where derivatives and securitisation work intertwine.

Many of the firm's deals in 2009 are confidential, but Sidley's strong work up until the fall of Lehman Brothers showed its capabilities. Elizabeth Uwaifo advised Standard Chartered Bank on the synthetic securitisation of a \$125 million portfolio of microfinance loans, which involved a \$93 million issue of credit-linked notes by a Mauritian SPV.

Rob Torch was active in the covered bond sector, advising Barclays Capital as arranger on the Bank of Ireland's €15 billion UK programme in September 2008, and again a month later on the establishment of Clydesdale Bank's £1.85 billion covered bond programme.

Another highlight saw John Woodhall lead a team advising the pre-collapse Lehman Brothers as manager on a €2.89 billion CDO for Excalibur Funding No 1. The notes were backed by CMBS and real-estate loans from across Europe and were listed on the Irish Stock Exchange.

Leading lawyers

Graham Penn
Robert Torch
Marc Wassermann
John Woodhall

Slaughter and May

Slaughter and May's role as chief adviser to HM Treasury meant that it was involved in a

number of high-profile matters this year, including the drafting of the capital and asset protections scheme for banks in January 2009. The firm's strong corporate client base was also active, keeping its partners busy over the past 12 months.

"They're a mercurial firm and team," says one competitor. "They tend to work on the borrower side and do deals their corporate clients are doing. They've clearly got good quality lawyers there and from that view deserve a place, but not on volume."

"Slaughter and May has always done this stuff and have never been a commoditised firm," says another rival partner. "For something challenging, Slaughters is a good place to go."

The firm's internal structure is such that it doesn't have a stand-alone structured finance and securitisation team – instead having more generalist teams that can work across a range of products. Marc Hutchinson in particular is noted for his broad base of skills outside structured finance and securitisation.

"I work with Marc Hutchinson and Giles Belsey [a senior associate]. They're my two go-to people. I have nothing but positive things to say about them," comments a UK banking client. "They have such a wide range of experience. They're not just limited to one particular area, they can advise across the whole sphere of financial and equity transactions."

The client adds: "Marc is especially good at dealing with people at a board level. He has the gravitas to deal with their personalities: if they are sniffy about certain issues he will set up a conference call to sort it out."

Meanwhile, Christopher Smith is praised by competitors for his "excellent work", while Guy O'Keefe is also praised by peers for his positive attitude towards a transaction.

A team comprising Guy O'Keefe, Christopher Smith, Marc Hutchinson and Stephen Powell are advising HM Treasury on ongoing Northern Rock and Bradford & Bingley securitisation issues, and also on its proposal to extend its Credit Guarantee Scheme to asset-backed securities.

The HM Treasury work was the firm's key mandate this year, but its corporate client base was also active. Nordea instructed Guy O'Keefe on the first Finnish RMBS securitisation, while Christopher Smith advised the Paragon Group of Companies on the term-out of its £1.33 billion mortgage and consumer finance warehousing revolving facility into a 42-year loan.

"They seem to be quite a happy team despite the workload we give them," says one client. "They hit their deadlines continually even when we give reasonably ridiculous timeframes. I'm totally happy to recommend them to anyone."

Leading lawyers

Marc Hutchinson
Guy O'Keefe
Stephen Powell
Christopher Smith

For analysis of other leading law firms in the UK structured finance and securitisation market visit the website at www.iflr1000.com

Bank lending

Recommended firms

Tier 1

Allen & Overy
Clifford Chance
Linklaters

Tier 2

Ashurst
Freshfields Bruckhaus Deringer
Simpson Thacher & Bartlett
Slaughter and May
White & Case

Tier 3

Herbert Smith
Kirkland & Ellis
Latham & Watkins
Lovells
Shearman & Sterling

Tier 4

CMS Cameron McKenna
Denton Wilde Sapte
DLA Piper
Skadden Arps Slate Meagher & Flom

Tier 5

Baker & McKenzie
Cleary Gottlieb Steen & Hamilton
Macfarlanes
Milbank Tweed Hadley & McCloy
Norton Rose
Simmons & Simmons
Weil Gotshal & Manges

With the LBO market taking a hammering since the onset of the financial crisis, debt refinancing is the focus of most banking practices in the UK, often alongside restructuring and insolvency departments.

Most of the refinancing work is going back to the firms which put together the documentation in the first place, but with some banks having a policy to change firms on a debt restructuring, some of the lower-tier firms are getting more work than they had originally expected. "It's not just our existing clients who we're working for – we've been brought in to work on matters we've not previously been engaged in," says a partner at a US firm.

One thing that has changed over the past 12 months is the power balance between banks and borrowers. Before the financial crisis borrowers had the power to push and drive through transactions in syndicates of as little as three banks. But times have changed, and with increasing numbers of banks in syndications – all demanding more scrutiny – deals are much more difficult and time consuming to get through.

"Now that the banks have the power, ten-bank syndicates are difficult as each bank's comment has to be taken into account as there are no other lenders to push out to," says one partner. "More banks makes being dynamic difficult. The reality is that you have a number of different lenders with different agendas and ideas and individual power structures that they didn't have previously," says another partner.

There have been a few new money transactions in the market, particularly forward start facilities, but most have been typically small-value loans for strong, investment-grade corporates with good relationships with a bank.

Allen & Overy

The reputation of Allen & Overy's bank-side lending practice is unsurpassed in the UK market, and has been for a number of years. Despite much of the lending market coming to a shuddering halt over the past year and a half, the firm is still seen as the key destination for lenders who are looking for opportunities in this difficult financial market which require complex and innovative financing structures.

"A&O we recommend as the go-to firm for hard, complex things," says one banking client. "When we want heavyweight advice, they're the firm that we use."

One of these transactions saw the firm advise the mandated lead arrangers on the €9 billion financing of RWE's acquisition of Dutch utility provider Essent. Led by Stephen Kensell, the deal was the first large acquisition financing of 2009. The firm also advised the 17 initial lenders for the £3.6 billion financing of the acquisition of Angel Trains by a consortium of investors in July 2008.

Many commentators on both the private-practice and client side note that, on technical skills alone, the firm probably has the best banking practice in the UK. While some clients, typically on the borrower side, see this approach as being a bit difficult at times, bank clients welcome this approach – especially in the present financial climate.

Clients note that the firm has been working on strengthening its links in recent times, organising seminars at client offices and making more of an effort at understanding clients' needs. "At the moment they are the people

who stand out as the most competent – that extra something has been more at A&O than with anyone else,” says one client.

Allen & Overy's partners are incredibly popular with clients, with Greg Brown singled out for praise for his practical nature: “He's approachable, easy-to-deal-with and did the job promptly,” says one lending client.

Peers are equally effusive with their praise, with Robin Harvey singled out for his technical skills. “Robin was very helpful, very user friendly and knows his stuff back to front,” says one competitor. Timothy Polglase is also noted by peers as a particularly strong lawyer, while Mike Duncan impresses many market commentators.

The departure of Andrew Bamber to Berwin Leighton Paisner in June 2009 came as somewhat of a shock to the market, but given the state of the high-end acquisition finance market and the sheer number of top banking lawyers on staff at Allen & Overy, commentators saw such a departure as inevitable.

Stephen Kensell was also active on more European-focussed deals, advising Mediobanca, BBVA and Santander as lenders on the financing for Italian utility Enel's €8 billion purchase of a minority interest in Spanish utility Endesa from Acciona.

Allen & Overy have also been busy on debt restructuring work, with Peter Schulz and Michael Castle leading a team advising the mandated lead arrangers on the refinancing of the Bombardier Group. The deal involved a €3.75 billion letter of credit facility for a sub-group of Bombardier, and the restructuring of an existing facility to reduce the debt to \$840 million and make it available for the sub-group.

Leading lawyers

Trevor Borthwick
Sanjeev Dhuna
Mike Duncan
Robin Harvey
Stephen Kensell
George Link
Timothy Polglase

Clifford Chance

Clifford Chance's phenomenally strong practice yet again holds its top-tier position after strong praise from the market for the firm's ability to cover a wide range of complex financing structures. “Clifford Chance has a dominant position,” says one competitor. “They're all over the place and pop up very often.”

While the firm is typically seen as being a lender-focused practice, peers note that the firm has been building the borrower side over

the past few years and is becoming a more rounded practice.

“They certainly deserve a seat at that table,” says one private-practice partner referring to its top-tier position. “They've obviously got a very strong bank practice, but unlike the others they've been quick to develop a corporate side, so they probably have the best balanced team.”

Clients are equally happy with the firm's performance: “They've always been a pleasure; they're always professional and always get the things done on time,” says one banking client. While the team is seen as having a number of strong partners, Michael Bates is singled out by one client: “He's a very bright lad and always gets things done,” the client says. “He presents arguments persuasively and does everything you could hope for.”

Lee Cullinane's departure for Mayer Brown in July 2009 was somewhat of a surprise to competitors, particularly as he was beginning to make a name for himself at the firm. “He's a great operator and has a great reputation with clients,” says one partner. “A lot of people were surprised that he left, but it's part of their excess capacity.”

However the firm is still seen by the market as having a strong bench of lawyers. Malcolm Sweeting is a particular peer favourite: “He's very good and very useful. He's not aggressive – he's nice and gets the job done,” says one competitor. “I'm more suspicious of people who are aggressive as it looks like they have something to hide. He's comfortable with all the issues and really stands out.”

Mark Campbell is also singled out for praise by one in-house counsel who worked opposite the firm. “I have had Clifford Chance on the other side of banking transactions; their partner Mark Campbell made a very good impression; very skilful and good commercial judgment,” the counsel says.

Sweeting was active this year in the investment-grade lending market, advising Citi on a €5 billion backstop revolving facility for Nestle, while Roderick McGillivray showed the growing strength of the firm's borrower practice by advising Inbev on the \$52 billion financing for its acquisition of brewer Anheuser-Busch.

Clifford Chance utilised its market-leading private-equity practice to advise Primera on the financing of its \$3.7 billion acquisition (along with News Corporation) of NDS Group. Led by Caroline Jury, the deal required an English scheme of arrangement along with a US proxy statement under SEC regulations.

On the debt restructuring side, restructuring partner Mark Hyde worked alongside the now departed Lee Cullinane to advise Monier

(previously Lafarge) on the restructuring of its €2 billion facility. Hyde is also acting for LyondellBasell on its \$27.5 billion debt restructuring.

Leading lawyers

Michael Bates
Mark Campbell
Charles Cochrane
Alan Inglis
Mark Stewart
Malcolm Sweeting

Linklaters

Linklaters consolidates its position in the top-tier this year after strong feedback about the quality and depth of its practice. While the firm suffered a blow in 2008 when it was removed temporarily from JPMorgan's panel after a high-profile conflicts dispute, the firm's deal volume was still strong, and its quality and pragmatism are still seen by the market as top-notch.

“They're very successful in being a bank-side practice which is seen as commercial and sensible and with a very good reputation,” says one competitor. “Plus, they have a very good corporate client base.”

Peers and clients are also impressed with the quality of the firm's partners, although both sides mentioned that at Linklaters it's important to pick the right ones. “Nick [Syson] is a good guy and I like dealing with him,” says one partner. “[Philip] Spittall is good, and Adam Freeman is good – he's pragmatic and listens to reason.” Another competitor notes: “Gideon [Moore] is very user friendly and really stands out for me.”

However Stephen Lucas is by far the clients' favourite: “Stephen Lucas is top of the list,” says one client. “He's an excellent technical lawyer, extraordinarily clever and also very commercial – he understands the capital markets, he understands risk and helps us frame risk and has a great client service ethic.” The client adds: “His know-how is fantastic and he's very on top of the market.” The firm however did lose senior associate Nicola Marley to Mayer Brown in July 2009.

Linklaters is arguably stronger on the lender side, and as such was heavily involved in what was left of the leveraged finance market in mid-to-late 2008. One highlight saw Gideon Moore and Brian Gray act for the banks on the senior and mezzanine facilities for Nordic Capital Fund VII and Avista Capital Partners' acquisition of medical supplies manufacturers ConvaTec and Unomedical. The double acquisition was done via auction process in June 2008 – a time when auction processes were few and far between.

The firm also fielded a multi-jurisdictional team to advise the Royal Bank of Scotland and each of the underwriters in the proposed €16.1 billion financing of Schaeffler's bid for German automotive manufacturer Continental, and to refinance Schaeffler's debt facilities. Linklaters again showed the strength of its network when it acted for Deutsche Bank and Barclays on a \$5 billion facility to Xtrata for refinancing and general corporate purposes.

Linklaters showed the diversity of its bank lending practice when Toby Grimstone advised Glencore International as original borrower and Glencore as original guarantor in a \$7.46 billion forward start facility and an \$815 million short-term facility to refinance the company's jumbo and short-term facilities.

"We work with them on syndicated deals, particularly on the restructuring side of late," says one client. "Our recent experience with them is that they are generally pretty efficient."

Leading lawyers

Bruce Bell
Bryan Gray
Stephen Lucas
Gideon Moore
Philip Spittal
Nick Syson

Ashurst

While Ashurst's focus on leveraged deals has seen it take a hit volume-wise this year, especially with the effective exit of strong client Royal Bank of Scotland from the market. "They made tremendous strides last year, but like the magic circle they may have invested too heavily in those areas," says one peer.

Nevertheless the firm is still seen as the home of some prestigiously talented banking and finance lawyers, in particular Mark Vickers. "He's an exceptionally good lawyer, a thoroughly nice guy and very sensible," says one peer.

Vickers' highlight this year was advising HSBC as financial advisor on the financing of Vale's high-profile \$88 billion bid for mining company Xstrata. While the deal was eventually abandoned, it showed that the firm still has the capability to work on the big-ticket deals in the market.

The firm's banking team works closely with its prominent private-equity team, with one highlight seeing Jane Fissenden advise the banks on the financing of Lion Capital's acquisition of Foodvest Group.

James Hogben was active this year on the lending side, advising the banks on the acquisition financing for the purchase of Classic

Hospitals. Hogben also teamed up with Nigel Ward to advise the banks on the financing of the acquisition of the Porterbrook Rolling Stock leasing business.

Ashurst also showed it was flexible enough to work on the mid-market borrowers' side, when Helen Burton advised Autonomy Corporation on the \$200 million financing for its acquisition of US software company Interwoven.

Leading lawyers

Helen Burton
Simon Thrower
Mark Vickers
Nigel Ward

Freshfields Bruckhaus Deringer

Known for its strength on the borrower side due to its strong corporate client base, Freshfields holds its position in the second tier after a successful year advising on both UK and European-focussed deals. The firm is continuing to build its presence in the finance field, and clients note that they are being courted aggressively.

Undoubtedly the most hotly-discussed topic in Freshfields' banking department was Maurice Allen and Mike Goetz. The duo left White & Case in a blaze of publicity in mid-2008 to boost Freshfields' banking capabilities, but quit in August 2009, and are reportedly taking time out to consider their next moves.

Peers are not entirely surprised by Allen and Goetz's departure, noting that their hire was a case of unfortunate timing. "Their prospect was to build a bank-side practice to compete with A&O, Clifford Chance and Linklaters," says one peer. But with most deals to do with restructuring or refinancing debt, clients are going back to the firms who structured the initial deals rather than looking for new counsel. "I think they were struggling in the current market ... the scope to break-in is massively limited," the partner adds.

Some commentators note that the move indicates that the firm is not looking to become a banking market leader. "Freshfields are content to draw in the horses and have a smaller, more compact banking practice," says one partner. "But I'd question their aspiration. Freshfields have a strong corporate side; Maurice and Mike could have built that up."

While even before the duo's departure there were some clients who had concerns about the depth of the team, it still boasts peer favourites such as Martin Hutchings, who is singled out for his commercial nous. "Martin Hutchings doesn't try to score points, he just tries to get the deal done," says one competitor. David Winfield is also noted by the mar-

ket as an active lawyer, while competitors are glad to see Presley Warner and Chris Howard across the table.

The firm was very active in the debt restructuring market this year, with Edward Evans and Martin Hutchings teaming up to advise BAA on the £13.3 billion refinancing of its UK airports in August 2008 – a very difficult time to raise debt in the credit markets. Simon Johnson is also advising Capmark as special servicer on the proposed restructuring of £1.2 billion of multiple layers of senior debt owned by the Nursing Home Properties Group.

Freshfields showed its capacity for innovation when David Winfield led a team advising Nestlé on a €5 billion revolving credit facility in November 2008. The transaction was one of the first where the interest rate was pegged to credit default swaps instead of the Libor rate.

Winfield showed that Freshfields has a lender-side acquisition finance practice when he led a team advising Nordea on the £726 million funding of EQT V's acquisition of Swedish security company Securitas Direct in May 2008.

Leading lawyers

Chris Howard
Martin Hutchings
Sean Pierce
Presley Warner
David Winfield

Slaughter and May

Slaughter & May moves up a tier this year after demonstrating to the market its ability to represent top corporate borrowers on some of the largest and most intricate debt financings.

Due to its extremely strong corporate client base, the firm has had roles in a large number of significant acquisition financing and investment grade lending transactions over the past year. And as the firm's general client base is more corporate-focussed, the firm is well-placed to pick up work which is conflicted out, often impressing the client so much the firm is mandated again down the line.

Slaughter and May is also at the forefront of the development of the UK financing market, advising the Association of Corporate Treasurers in the production of a borrowers' guide to the Loan Market Association's leveraged facilities agreement.

Clients are impressed by the firm's ability to turn a deal around at pace: "I was impressed by their speed; they were extremely responsive," says one client, noting that their efficiency makes them excellent value for money.

While Philip Snell is well-known for his acquisition finance work and Andrew Balfour a familiar name in the loan financing market, Matthew Tobin was singled out by one client for his communication skills: "He's extremely responsive, helpful, flexible – he knows his business," the client says. Robert Byk is also described as "very skilful and pleasant" by one client.

Despite the difficult credit markets, Slaughter and May still managed to land some high-profile acquisition financing roles this year. One which grabbed the headlines was its role advising BHP Billiton on financing for the company's \$55 billion takeover of Rio Tinto, which needed to be structured to meet the requirements of public bids in both the UK and Australia.

The firm was also involved in the industrial sector, advising Premier Oil on its \$550 million facility to purchase distressed assets and shares from Oilexco North Sea. Simon Hall also acted for YTL Power on the financing of its S\$2.25 billion (€1.11 billion) acquisition of Powerseraya from Singaporean sovereign wealth fund Temasek in December 2008.

The firm was also very active with HM Treasury advisory work this year, working on the series of loans to Northern Rock totalling £26.9 billion, and a £14 billion loan to the Financial Services Compensation Scheme by the Bank of England, in relation to Bradford & Bingley and the Icelandic banks.

Elsewhere, the firm acted for Cadbury on £1.75 billion and £450 million of revolving credit facilities, and advised Italian electricity provider Terna on a €1.1 billion financing facility from Royal Bank of Scotland and BBVA.

Leading lawyers

Andrew Balfour
Robert Byk
Philip Snell

White and Case

All discussions this year about White & Case are about the fate of the practice after the departures of Maurice Allen and Mike Goetz in mid-2008 and the impact of the internal rumblings over the past year.

The general consensus is that the firm has struggled, especially since it was a leveraged finance practice focused on lenders – a market that has been effectively dead since the onset of the financial crisis. "Their upward trajectory has stalled – they're not what they were," says a peer. "They're a reasonable practice and do deals but they don't have the potential of the past."

However the firm still has a strong footprint in central and eastern Europe and Scandinavia, and one financial client notes that White & Case has been marketing aggressively of late and has established some good relationships. The firm also boasts the talents of Christopher Kandel, who is noted as a leading lawyer by both clients and peers. "Kandel has still got a good reputation," says one competitor.

One of the firm's highlights saw Kate Allchurch, Jonathan Bloom and Kandel advise Deutsche Bank, JPMorgan and Credit Suisse as arrangers on the financing for Fresenius' acquisition of APP Pharmaceuticals in September 2008. Allchurch also advised the banks in a \$237 million revolving credit facility for the refinancing of Autonomy NA Holdings' debt, and for the acquisition of US software company Interwoven.

Elsewhere, Haywood Blakemore acted for a sovereign wealth fund in a \$6.4 billion investment in an international investment bank in 2008.

Leading lawyers

Christopher Kandel

For analysis of other leading law firms in the UK bank lending market visit the website at www.iflr1000.com

Financial services regulatory

Recommended firms

Tier 1

Clifford Chance
Freshfields Bruckhaus Deringer
Linklaters

Tier 2

Allen & Overy
Herbert Smith
Slaughter and May

Tier 3

CMS Cameron McKenna
Norton Rose
Travers Smith

Tier 4

Ashurst
Lovells
Nabarro
Shearman & Sterling
Simmons & Simmons
SJ Berwin
White & Case

Tier 5

Bingham McCutchen
Dechert
DLA Piper
Eversheds
Macfarlanes
WilmerHale

"Once Mifid was implemented the question was what's left for the regulatory lawyers for the next 12-18 months," says one partner. "Then Lehman came along." The collapse of Lehman Brothers and the subsequent fallout was somewhat of a blessing for financial regulatory lawyers, who previously were keeping themselves relatively occupied by a combination of Mifid, Market Abuse Directive and payment protection insurance work.

But since the onset of the financial crisis and the political fallout that went with it, the regulators are now wanting to be seen as taking a stricter approach to regulation in the City, for example introducing short-selling regulations.

The FSA is also seen to be targeting individuals to show they're taking action at board level and that they've got their finger on the pulse. "We've seen more regulatory activity from the FSA. They've been going after a non-executive director of a client – it's the first time we've seen them go after someone specific to blame," says one regulatory lawyer. "The trend will continue. They're looking for a scalp, that's why they're concentrating on high-profile clients."

The rash of financial sector mergers also created a strong workflow for regulatory lawyers, with many firms advising on the numerous regulatory hurdles that needed to be cleared before the acquisitions could take place. "Regulation is a very important matter, clients are more sensitive and advice is immediately strategically relevant rather than ongoing compliance advice," says one partner.

Regulations regarding bank regulatory capital is tipped to be the next source of work for non-contentious practices, with the proposed regulations said to be far advanced. The proposals for a European super-regulator would also mean a "fundamental change for Europe" according to one partner, and could give firms an avalanche of advisory work over the coming years.

On the contentious side the Madoff and Stanford fraud cases are keeping many practices busy, while various FSA and Financial Ombudsman investigations have also provided mandates.

Clifford Chance

Clifford Chance holds its position in the top tier despite a sense in the market that the firm, once a powerhouse in the regulatory market, isn't the dominant force it once was. "Clifford Chance has historically had the largest and most successful group; ten years ago they were the strongest of the three," says one peer.

But after a string of departures over the past decade – for example Mark Harding's move to Barclays in 2003 – "the practice group is not as strong as it used to be" according to one peer.

However, competitors note that the firm is still a top-notch practice with some market-leading names on staff. Chris Bates is seen by competitors as a genuine intellect: "One of the cleverest regulatory lawyers you're likely to meet," says one rival partner. "A very personable chap, but a clever and creative lawyer."

The firm also boasts the talents of Simon Gleeson: "He's one of the more noticeable people of the regulatory world," says one competitor, while one client notes: "Simon Gleeson has been very helpful."

Nick O'Neill is praised by one client for his work. "Nick O'Neill is my main non-contentious regulatory advisor," says one international banking client. "He's probably done more for us with our organisational setup and structure than anyone else."

Dermot Turing is also praised for his multi-skilled nature: "Dermot Turing is not just a regulatory lawyer, he spreads across a few areas and is a technically clever lawyer," says one peer.

Clifford Chance's contentious practice is seen as particularly strong, and is seen as hav-

ing the ear of the FSA in an enforcement sense. Carlos Conceicao is noted as one of the firm's key names in this area.

Leading lawyers

Chris Bates
Simon Gleeson

Freshfields Bruckhaus Deringer

"They are really highly professional, fast and smart – they pick up and take out the issues. They give good and guided advice," says one client about Freshfields' regulatory practice. "In addition to the legal smarts, they have a common sense approach and huge management capabilities."

Freshfields' work this year has been characterised by its key role advising the Bank of England on the credit crisis as a whole. The firm acted for the Bank on the regulatory aspects of the development of the special liquidity scheme, the Lehman collapse, the Bradford & Bingley and Icelandic bank rescues and the changes to the Bank's open market operations.

The Bank of England work was led by the very well-regarded Michael Raffan, the head of the firm's non-contentious practice. Raffan is repeatedly referenced as a leading lawyer by competitors and attracts much praise from them for his work on the Bank of England role: "He's had a fantastic year," says one.

David Rouch is also praised by one client for his pragmatic advice: "He knows what you need to worry about and what you need to leave aside." The client adds: "The real strength is the quality of people they have."

Raffan also provided regulatory advice to Tesco on one of the more complex matters this year – its £950 million acquisition of the 50% of Tesco Personal Finance Group that it did not already own. Tesco Personal Finance Group is a joint venture with the Royal Bank of Scotland.

James Smethurst is seen by peers as particularly active this year. One of his highlights this year was advising the London Stock Exchange on the regulatory aspects of its establishment of a *dark pool* of equities to be operated by its subsidiary Baikal Global.

Mark Kalderon was also active this year, advising Nomura on the regulatory elements of its acquisition of Lehman Brothers' European, Asian and Middle Eastern equities and investment banking businesses. Meanwhile, David Rouch advised Credit Suisse on the regulatory aspects of the sale of its asset management business to Aberdeen Asset Management, which involved the transfer of assets in 13 countries.

The firm's contentious practice is led by Andrew Hart, and is seen by peers to have a

focus on retail banks and a solid litigation background. "What they've got is these people who are primarily litigators who've moved into financial services work and bring a litigation mindset to it," says one competitor. "It has a place, and Simon [Orton] and Andrew [Hart] are obviously very good at it."

David Scott was arguably the most active partner in the group this year, with one highlight taking the lead for Alliance & Leicester during the FSA's investigation into the bank's mis-selling of payment protection insurance (PPI). The FSA fined Alliance & Leicester £7 million – the FSA's largest fine to date. Freshfields also advised on the bank's remediation process.

Elsewhere, HSBC turned to Simon Orton for advice on the Office of Fair Trading's investigation into the fairness of bank overdraft charges, while David Scott was again active advising an international financial services provider following various breaches of its customer data. The firm's role included reviewing and commenting on draft audit reports and advising on strategy for its dealings with the FSA.

"It's really a partnership to move things forward," says one client. "I never got the impression that they were just adding things to the bill."

Leading lawyers

Andrew Hart
Mark Kalderon
Simon Orton
Michael Raffan

Linklaters

Linklaters is seen by the market acting in the most high-value and complicated regulatory cases in the UK. The firm is seen as having a focus on the wholesale banking market, particularly on the non-contentious transactional advisory work.

However, it is the firm's role as advisor to PricewaterhouseCoopers on the Lehman Brothers (Europe) insolvency that has been the main talking point in the market. Stephen Fletcher is leading the regulatory work on the matter, which has also involved all other members of the firm's financial markets group.

"Our experience has been very good," says one client. "The quality of their advice is very good, very pragmatic in the case of one lawyer." Another client notes that the firm's lawyers were good and approachable at all levels.

While the firm has missed the input of Paul Nelson, who has not been practicing for over a year due to illness, Peter Bevan is seen by competitors as the firm's key non-contentious figure. "He does lots of executive

work with a consortium of investment banks,” says one. “He does good stuff and has had a good year.”

Counsel Sarah Boswall is praised by clients for her approach to a transaction. “[She’s] very pragmatic, gives top quality advice, and is very efficient,” says one. Partner Nadia Swann is also noted by clients as a key figure in the team, while associate Daniel Csefalvay is noted by one client.

Peter Bevan led the regulatory team that advised Lloyds TSB Group on its recommended \$50 billion acquisition of HBOS and the subsequent share placement and open offer of Lloyds TSB equity and preference share capital. The matter required Bevan to co-ordinate advice from dozens of countries and secure more than 20 global regulatory approvals on an expedited basis.

Global financial markets group head Michael Kent was also active this year, leading a team advising Merrill Lynch on the non-US regulatory aspects of the bank’s merger with the Bank of America. The transaction was agreed on the same weekend that saw the collapse of Lehman. “I’ve worked with Michael Kent and his colleagues. They’re very good,” says one client.

While much of Linklaters’ contentious work is confidential, the firm is involved in a number of key matters before the FSA. Despite losing Diana Good to retirement this year, the team is seen as having more than enough depth to cover the departure.

One publishable highlight this year saw Andrew Hughes, James Gardner and Stephen Fletcher lead a team advising the Royal Bank of Scotland on the Office of Fair Trading’s litigation proceedings regarding the legal status and enforceability of unarranged overdraft charges on current accounts.

“They’re responsive, very quick and the quality of their advice is very good,” says one client.

Leading lawyers

Peter Bevan
Stephen Fletcher
Michael Kent

Allen & Overy

Allen & Overy holds its position in the second tier this year on the back of strong client support despite recent departures. “[They’re] very client focused, extremely competent and with a practical focus,” says one client, also praising Allen & Overy’s client service, relevant experience and competitive pricing.

The firm’s sole leading lawyer Sidney Myers left to join Berwin Leighton Paisner in January 2009, while Alan Ewins returned to the Hong Kong office. While the firm hired

Damian Carolan as a partner from Clifford Chance, it is Bob Penn who is singled out by most clients as their go-to guy. “Bob Penn is consistently of a high standard in regulatory queries,” says one client.

Clients note that Allen & Overy’s work is more focused on pan-European issues rather than UK-only work. One highlight on the non-contentious side this year was acting for the Dutch government on the regulatory aspects of its £13 billion takeover of Fortis’ Dutch operations.

Allen & Overy was also active in the regulatory capital space, advising UBS, Credit Suisse, Merrill Lynch and Citigroup on a variety of regulatory capital-driven transactions. The firm was busy providing regulatory advice on the spate of mergers in the financial sector too, advising HBOS on its merger with Lloyds TSB, Alliance & Leicester on its £1.3 billion sale to Banco Santander and Standard Chartered on its acquisition of Cazenove Asia from JPMorgan Cazenove.

Middle Eastern industry bodies regularly use the firm on the formulation of regulatory policy, including the Saudi Arabian Capital Market Authority and the Dubai International Financial Centre.

While most of the firm’s activities on the contentious side are confidential, one publishable matter has seen Calum Burnett advising a financial institution regarding the FSA’s investigation into payment protection insurance. Arnondo Chakrabarti, Tim House and John O’Connor have also been particularly active this year.

Leading lawyers

Bob Penn

Herbert Smith

Herbert Smith is best known for its contentious regulatory work in the UK, which feeds off its strong litigation team. “We know them well and they have an outstanding team,” says one client of Herbert Smith’s contentious practice. “The combination of [David] Mayhew and [Martyn] Hopper is probably the strongest regulatory team in the City. They’re absolutely top-drawer.”

The client says that it’s the duo’s experience at the FSA that makes the difference, with Hopper spending nine years as a senior in-house lawyer at the regulator and Mayhew working as the FSA’s leading advocate and director of enforcement.

“They have hands-on experience of how the FSA works on the inside,” says the client. “They have the direct experience that isn’t really available, or if it is available at somewhere like A&O or Linklaters they’re not as senior and not engaged at our sort of level.”

While many of its prominent contentious matters are confidential, one publishable highlight saw Hopper advise JJB Sports in an internal investigation into how a 28% stake of the company controlled by its chief executive Chris Ronnie was transferred to the administrators of Iceland’s Kaupthing Singer & Friedlander. Hopper is also advising a financial services provider in regards to complaints to the Financial Ombudsman involving mortgage endowments.

However while Herbert Smith’s non-contentious side is seen as weaker than its contentious side by many competitors, the hire of Patrick Buckingham in 2008 has gone some way to addressing this imbalance, and has resonated strongly with clients. “I deal with Patrick Buckingham – he’s very good, very helpful,” says one client. “He has helped with policy direction in relation to Mifid. He is very technically knowledgeable and very politically aware.”

Another client notes that while the magic circle firms have a tendency to give more academic and theoretical advice, Hopper and Buckingham give much more accessible and practical counsel and show an understanding of how their business works. “The advice they give is very measured; very robust legally but is also a lot easier to implement than a typical law firm’s advice,” the client says. “They’re excellent. We’re not a huge client of theirs but they’re always very responsive.”

One of the firm’s highlights this year saw Buckingham and Hopper advising ABI, the UK insurance industry’s trade association, on a stress test to gauge the treatment of its prototype assisted purchase model under Mifid. Buckingham and senior associate Felix Arnold also advised EDF on the regulatory aspects of its takeover of British Energy.

Leading lawyers

Martyn Hopper

Slaughter and May

Slaughter and May moves up a tier this year after a stellar past couple of years advising on some of the highest-profile regulatory matters in the UK. The firm has more of a generalist approach compared to many of its rivals, providing regulatory support to its extensive corporate client list.

While the firm’s focus on the non-contentious side is squarely because of its corporate client base, in-house counsel who have worked opposite the team note that the firm is high quality. “I see Slaughter and May a lot on the client side,” the in-house counsel says. “I saw them a lot in the crisis – they’re an absolute first-class team.”

HM Treasury was the firm's key mandate this year, with practice head Ruth Fox and new partner Ben Kingsley advising on a number of proposals to support the UK banking industry, including: the seeking of private-sector solutions for Northern Rock; the transfer of Bradford & Bingley's £19 billion of retail depositors and branch network to Banco Santander; the guarantee and compensation arrangements for depositors of Landesbanki, Heritable Bank and Kaupthing; and the transfer of Dunfermline Building Society's deposits, branches, head office and originated residential mortgages to Nationwide.

The issues the firm dealt with were largely unprecedented, with the firm dealing with a number of innovative and complex matters, advising on everything from global regulatory approval requirements to the application of FSA rules and European Directive requirements.

Fox teamed up with Jan Putnis in November 2008, along with partners from its best friends Uría Menéndez and Davis Polk & Wardwell, to advise Banco Santander on the regulatory aspects of its acquisition of Alliance & Leicester. Putnis also advised Axa on the establishment of a new retail investment management business.

The firm's contentious work is undertaken by its dispute resolution team, which has a solid position in the market. One highlight saw Ewan Brown team up with Jan Putnis and Ben Kingsley to advise a hedge fund in relation to an FSA investigation into allegations of insider trading and market abuse, while Elizabeth Barrett advised a prominent building society regarding an FSA investigation into the handling of customer complaints.

Leading lawyers

Ruth Fox

Other ranked firms

CMS Cameron McKenna has a strong UK domestic focus, working across both the contentious and non-contentious sectors. The firm is focused in particular on the non-contentious retail banking market, with one client praising the firm for its commercial approach. "I've found them very good to deal with," the client says. "We use them a lot. They're very easy to deal with and they're very pragmatic. They give good advice and know our business well."

Ash Saluja receives praise by one client for his work in the retail market. "Ash is fantastic; he's a very, very good lawyer," says one partner. "He's extremely intelligent and extremely good at what he does. I'd certainly highly recommend him."

One of Saluja's highlights this year saw him advise the National Australia Group Europe (NAGE) on the regulatory aspects of the sale of its wealth management business in the UK to Axa. Saluja also advised the LSE on its new exchange-traded contract for differences product.

Paul Edmondson advised Macquarie Bank on its entry into the UK retail market, while the duo were joined by Keith Webster to advise MetLife on the development of a retirement portfolio product.

Edmondson and Saluja were active in the contentious sector, advising various banks on a number of issues arising from the Lehman Brothers collapse and AIG's troubles, including the FSA's short-selling restrictions and the UK government's recapitalisations schemes.

One competitor likes working across the table from Simon Morris: "He's a very clever bloke and very entertaining." One of Morris' highlights had him leading a team advising a UK financial institution on a claim brought by the Financial Services Compensation Scheme regarding one of its retail investment products.

Edmondson is also acting for several banks regarding the FSA's investigations into payment protection insurance; for example advising one client on the design of remedial action proposals to reduce an FSA penalty.

"I think at the moment CMS is doing very well, and the partners who work there are a league above firms of a similar size," says one banking client.

Leading lawyers: Simon Morris

Jonathan Herbst is the name most synonymous with **Norton Rose**. Herbst is seen often by peers and clients, specifically in the hedge fund and investment management sectors. "Jonathan Herbst at Norton Rose I've seen a bit, and what I've seen I think has been pretty good," says one in-house counsel. "Very good; he does a good job," says one client. Charles Evans is noted by one peer for his contentious work too.

Norton Rose is also noted as a good alternative to the pricier magic circle firms. "They're very good, nowhere near as expensive as the others," says one client.

Leading lawyers: Jonathan Herbst

Travers Smith had a strong year, winning a first-time appointment to the legal panels of the FSA and the Bank of England. Clients are pleased with the work the firm has provided them, with one praising Travers Smith for its "straightforward, practical advice".

The Financial Services department is headed by Margaret Chamberlain, but it is Tim Lewis who wins all the praise from competitors: "Add Tim Lewis – he's a very clever bloke," says one peer, while another adds that he is "very good and very pragmatic". Jane

Tuckley is a client favourite, with one financial client describing her as "excellent".

Tuckley this year led a team advising Euroclear, the owner of the Crest funds settlement system, on its modernisation, which will see fund units transferred in electronic form. This involves the drafting of new legislation, an updated contractual framework for the Crest system and a link between Euroclear and EMX (the funds order routing system).

Chamberlain and Mark Evans advised a number of hedge-fund clients regarding the insolvency of Lehman Brothers. Chamberlain and Lewis are also sole UK regulatory counsel to Bloomberg, advising the company on the development of the enhancements to its electronic trading platform.

Elsewhere, Mark Evans is advising the Bank of Japan on its participation in the European Central Banking Model, which involves the development of an innovative cross-border collateralisation structure under English, French, German and Japanese laws.

Leading lawyers: Margaret Chamberlain, Mark Evans, Tim Lewis and Jane Tuckley

For analysis of other leading law firms in the UK financial services regulatory market visit the website at www.iflr1000.com

Mergers and acquisitions

Recommended firms
Tier 1
Freshfields Bruckhaus Deringer Linklaters Slaughter and May
Tier 2
Allen & Overy Clifford Chance Herbert Smith
Tier 3
Ashurst Lovells Macfarlanes Skadden Arps Slate Meagher & Flom Sullivan & Cromwell Travers Smith Weil Gotshal & Manges
Tier 4
Cleary Gottlieb Steen & Hamilton CMS Cameron McKenna DLA Piper Mayer Brown Norton Rose Shearman & Sterling Simmons & Simmons White & Case
Tier 5
Baker & McKenzie Denton Wilde Sapte Jones Day Latham & Watkins Milbank Tweed Hadley & McCloy Sidley Austin
Tier 6
Berwin Leighton Paisner Cravath Swaine & Moore Paul Weiss Rifkind Wharton & Garrison

Without a doubt the big story in the M&A market this year was the raft of mergers and nationalisations in the financial sector.

Bradford & Bingley's nationalisation was followed by the distressed sale of Lehman Brothers' assets, the nationalisation of parts of the Royal Bank of Scotland, and Lloyds TSB's purchase of HBOS and its subsequent partial-nationalisation. For a time, corporate lawyers were effectively responsible for keeping the UK banking system alive.

But as 2009 has rolled on, the M&A sector has dropped off dramatically as the credit crunch takes hold. Deal volumes and values are way down, as the gulf between valuations of buyers and sellers remains wide.

"There's a lot of talk, but it's tougher to put a deal together," comments one partner.

"A lot of people are nervous about valuations – there are not as many buyers, as people are worried about overpaying."

Lawyers report being at their wits' end as a result of trying to push through a deal but seeing it fall at the final hurdle. "You're less likely to reach an agreement as everyone's more cautious," says a partner. "CEO confidence drives the M&A market."

Clients and private-practice lawyers also note that experience is key in this situation. "Clients are more concerned at having the older, more experienced lawyers around as they are the ones that know the strategies," explains one partner. "It's the time for the more experienced M&A lawyers, rather than the 12-year-old M&A lawyers who all seem to have disappeared."

With the shortage of liquidity seeing private-equity houses step back from the market, cash-rich strategic buyers were tipped to be eyeing up purchases. But while the pharmaceutical and food sectors have been relatively active, this boom hasn't eventuated.

Similarly, distressed M&A transactions haven't been as prevalent as expected, with partners blaming the lack of liquidity in the market.

Opinion is mixed about when the market will pick up. Some partners think the green shoots are appearing and late 2009 will see an uptick in work, while others point to the increasing UK unemployment rate as evidence that there's a long road to travel yet.

Freshfields Bruckhaus Deringer

Corporate work is the driving force of Freshfields' practice, and its internal restructuring efforts over the past few years have streamlined the practice even more. The firm is seen by competitors as having the biggest and best lawyers in the market. "At Freshfields there are seven or eight really good M&A lawyers we come across all the time," says a peer.

Although he has not been as active in the major roles over the past 12 months, Mark Rawlinson is praised by a number of market commentators for his practical nature. "He's a great guy to deal with," says one competitor. "He doesn't piss around – he gets results without messing about." Barry O'Brien is also singled out by his peers for praise: "Barry is brilliant – he's a great lawyer." Meanwhile, Edward Braham was appointed the firm's global head of corporate in May 2009.

Freshfields demonstrated its ability to attract key corporate clients when it advised Tesco on its £950 million buyout from Royal Bank of Scotland of a 50% holding in Tesco Personal Finance in December 2008. Braham followed this up to lead a team advising con-

sumer electronics retailer Best Buy on its £1.1 billion acquisition of 50% of the Carphone Warehouse Group's European and US retail interests.

The firm showed its capacity to win mandates in the post-Lehman landscape when it advised Henderson Group on its £115 million recommended bid for New Star Asset Management, which involved the placement of £40 million of Henderson Group shares.

Freshfields was very active on cross-border deals, with O'Brien advising confectionary goods company Mars on its \$23 billion acquisition of Wm Wrigley Jr Company in April 2009. The firm was also occupied with non-UK clients this year, advising Brazilian chemical business Ultrapar Participações on its \$730 million acquisition of Texaco's Brazilian fuels distribution arm.

Leading lawyers

Edward Braham
William Lawes
Barry O'Brien
Mark Rawlinson

Linklaters

Linklaters holds its position in the top tier with another powerhouse year driven by a slew of banking crisis-related mandates. Its traditionally strong ties with the banks gave the firm a key boost when it came to winning roles on most of the high-profile bank mergers and nationalisations in early 2009.

"Our experience [with them] is outstanding," says one corporate client: "Their attention to detail is excellent and their general deal experience is very strong."

While star corporate partner David Cheyne has been less hands-on since his move to senior partner, clients are delighted with the quality of the lawyers behind Cheyne. Leading lawyer Richard Godden is liked by clients for his professionalism, but the firm's up-and-coming practitioners are attracting most praise.

James Inglis is seen as doing much of the heavy lifting in the team, while Sarah Wiggins is considered to be an excellent deal lawyer. Owen Clay is praised for his driven and deal-focused attitude (particularly in Russia), and Matthew Bland is singled out for his strong commercial sense.

Clients appreciate Mark Stamp for his proactive nature: "He's very supportive and speaks his mind," says one corporate client. "He will tell you advice that you should hear rather than what you want to hear." Another client praises Lee Taylor: "Lee is an excellent lawyer with very strong judgement."

Stephen Griffin is commended for his very strong intellectual capacity: "He's one of the

best intellectual minds out there and he can translate that into a deal scenario,” comments a client. “He has a brilliant forensic mind and cuts through problems – he’s very, very bright.” Meanwhile, Charles Jacobs is noted by partners for his ability to lead a team.

The firm’s work related to the banking crisis began when Matthew Middleditch and Clodagh Hayes advised administrator PricewaterhouseCoopers on the sale of Lehman Brothers’ European and Middle Eastern investment banking and equities business to Nomura. The firm backed that up by advising Royal Bank of Scotland in its sale of a 58% stake to HM Treasury through a £15 billion placement and open offer, and a £5 billion preference share issue. The team spanned both the corporate and banking departments, with Middleditch and Anne Drummond heading up the corporate side.

Jeremy Parr and Bland continued the firm’s work in the sector in January 2009 when the duo headed the corporate team advising Lloyds TSB Group on its £6 billion acquisition of HBOS, which included a £5.5 billion placement. The transaction required a complex, groundbreaking structure and had to overcome an array of regulatory, timetabling and technical issues in a very difficult economic and political atmosphere.

The team showed its depth when at the same time it was brought in as counsel for the non-US elements of Merrill Lynch’s \$50 billion merger with Bank of America.

Outside the banking sector, Linklaters demonstrated the strength of its corporate client base by acting for long-term client Rio Tinto in its defence against BHP Billiton’s \$147 billion hostile takeover bid. The firm also represented Indian energy company ONGC Videsh on its £1.4 billion cash offer for listed energy company Imperial Energy.

“They’re very professional, usually very responsive and give good commercial advice,” sums up one corporate client.

Leading lawyers

David Cheyne
Richard Godden
Matthew Middleditch
Jeremy Parr

Slaughter and May

Slaughter and May is synonymous with corporate transactional work in the UK and the vast majority of its practice is focused on this activity. The firm wins deserved recognition and respect from all corners of the market for the breadth and depth of its team and its wide client base, which encompasses a significant number of FTSE 100 companies.

But it is not just the breadth and focus of Slaughter and May’s corporate practice that keeps it in the top tier year after year – it’s the quality of its client-focused team. “They’re excellent. You work with top-flight, intelligent people,” comments one client. “They’re enthusiastic about us as clients. They think ahead of time so they are proactive rather than reactive.” The client adds: “They try to understand what’s going on in our business and think about the issues that we think about.”

Stephen Cooke and Frances Murphy head the corporate department and are seen by both partners and clients as particularly hands-on. Praise is also reserved for William Underhill and senior partner Chris Saul, with Saul described by a peer as the “consummate client man”.

However much of the recognition goes to Nigel Boardman, who is among the absolute top corporate lawyers in the UK. “Nigel is hugely impressive in front of clients. He’s very commercial – he understands where the client is coming from,” acknowledges a competitor. “Sometimes you ask who’s running the deal – the client or Nigel? He’s one of the few lawyers who could turn to a CEO of a large corporate and tell them they need to fire the accountants. And he’s usually right.” The competitor adds: “Most lawyers wouldn’t have the nerve – he just exudes confidence.”

Slaughter and May was heavily involved in the rash of nationalisations and mergers in the banking industry, with Boardman and Charles Randell leading its highest-profile mandate advising HM Treasury on the government’s investment in the Royal Bank of Scotland and HBOS/Lloyds Banking Group. Partners were allocated particular banks to work with, with John Papanichola counselling HBOS, Tim Pharoah working on Lloyds and Robin Ogle and Peter Brien on Royal Bank of Scotland.

The firm also utilised its best-friends network to advise Banco Santander, along with Uría Menéndez and Davis Polk & Wardwell, on its takeover of Alliance & Leicester in July 2008. In addition Slaughter and May acted alongside a host of European firms to advise Eni on its €2.74 billion acquisition of a 57.2% stake in Suez-Tractebel in June 2008.

Elsewhere, William Underhill advised Land Securities Group on its £750 million sale of Land Securities Trillium to Telereal, while Mark Bennett and Robert Chaplin acted for Abbey National on its disposal of railway leasing company Porterbrook. Simon Phillips was instructed by Co-operative Financial Services on its merger with Britannia Building Society.

Leading lawyers

Nigel Boardman
Stephen Cooke
Frances Murphy
Charles Randell
Chris Saul
Jeff Twentyman
William Underhill

Allen & Overy

Allen & Overy maintains its position in the second tier after another year of strong corporate mandates and solid client and peer feedback. While the firm is traditionally seen as having a stronger focus on its finance practice, clients report that Allen & Overy’s corporate work is also top-notch – especially on the larger cross-border deals that require skills from a number of practice areas. “Across the board they have the quality,” says a client. “When you do something like that you need someone you can trust.”

The team underwent a number of changes this year – the retirement of leading lawyer Alison Beardsley being one of the most high profile. Tim Shilling moved out to Moscow to develop the firm’s corporate and energy practice, while Andrew Schoorlemmer and Chris Thornes relocated to Dubai. Tom Levine also left London for the firm’s Abu Dhabi office. But it wasn’t all one-way traffic from the City: Philipp Wahl arrived from Skadden Arps in January 2009 to head up Allen & Overy’s Ukrainian desk in London.

Alan Paul is still seen by market commentators as the team’s most dominant figure, but clients reserve praise for Jeremy Parr for his commercial nous: “He’s practical, to the point. [He] draws on his experience and directs his advice accordingly,” says a client.

Clients also praise the firm’s up-and-coming lawyers. Recently made-up partner Dominic Morris is singled out for praise by one client for his ability to use his investment banking background to bring a different perspective to a transaction, as well as his balance of technical and commercial skills. “He seems quite a bright guy but a good guy as well,” the client says. “I don’t want an egghead, but we need someone who knows their onions. But we don’t want someone who’ll talk footy all day and then charge for it.”

Allen & Overy utilised its strong connections with the banks to act for HBOS on its merger with Lloyds TSB Group. The team advised on competition and US law matters relating to the deal, which was one of the most high profile in the UK banking sector during the recent crisis.

The firm was again active in banking consolidation when Richard Slynn and Alistair Asher represented Nationwide Building

Society on its merger with the Cheshire Building Society and the Derbyshire Building Society.

Its strong connection with Imperial Tobacco led the firm to advise on the company's purchase of Logista and disposal of Aldeasa and Autogrill España. Allen & Overy also acted for healthcare company Misys on its proposed joint venture with Allscripts, which will be listed on Nasdaq.

Leading lawyers

Mark Gearing
Alan Paul
David Wootton

Clifford Chance

Although many commentators predicted Clifford Chance would find the corporate market difficult this year given its focus on private equity, the firm still managed to pull off a very strong transactional year.

And clients are as positive as ever about its abilities: "They're quality and our expectations of the firm are first class," remarks one corporate client. "I can see several occasions where their creative thinking made the deal happen – I think the other side depended on them."

However, Clifford Chance suffered a blow with the loss of Adam Signy to Simpson Thacher this year and while Amy Mahon was hired from Macquarie and Robert Crothers was made up as partner this year, the loss will still be felt. Yet, with the firm boasting peer and client favourites Daniel Kossoff and David Pearson, Clifford Chance still has the calibre that allows it to win key mandates on notable deals.

The firm's role advising British Energy on the auction process for its £12.5 billion sale to EDF Energy was a highlight this year. Led by Mark Poulton, Clifford Chance fielded a multi-departmental team on the transaction, covering corporate finance, banking, employment, competition and pensions issues.

Another strong representation this year saw Kathy Honeywood lead a multi-jurisdictional and multi-departmental team advising Chinalco on its \$14 billion acquisition, through its subsidiary Shining Prospect, of 12% of Rio Tinto. Honeywood also led a team counselling Chinalco on its \$19.5 billion partnership with the Rio Tinto Group.

Signy was at the helm of a Clifford Chance team advising Umbrellastream – a company backed by a consortium of private-equity investors – on its £1.8 billion bid for Expro International Group. The deal was particularly complicated as it involved interplay between the Takeover Code and the

Companies Act as well as competitive interest from Halliburton, among other matters.

Elsewhere, Brendan Moylan led a team advising listed energy operator Babcock & Brown Wind Partners on the €1.15 billion sale of a 50/50 joint venture portfolio of wind farms to a consortium, while Joel Ziff counselled Aon Corporation on its acquisition of Benfield Group.

Leading lawyers

Daniel Kossoff
Guy Norman
David Pearson
David Pudge

Herbert Smith

Herbert Smith retains its position in the market this year on the back of strong client feedback regarding the quality of its partners and service. While many commentators dismiss the firm as solely energy-focused, its deal sheet shows that it was involved in a vast array of M&A transactions in the past year.

"They do a lot of deals and are exposed to a lot of practice trends," says one client. "[They're] very client-focused and flexible," says another, also noting the firm's "strength and breadth of resource across all key disciplines" along with its ability to "adapt their technical advice to suit the client's situation".

James Palmer and Malcolm Lomers are praised by clients and peers for their transactional skills. "They're very focused and engaged," a client comments. Michael Walter is also lauded by a client: "[He's] very commercial and retains an impressive grasp of detail."

Associate Mike Flockhart is described as an up-and-coming lawyer by a client. "[He's] very diligent and hard-working, able to provide engaging advice and demonstrate a detailed understanding of the client's business," the client says.

The energy sector is the firm's strength and it advised EDF Energy on its £12.5 billion acquisition of British Energy. Led by Michael Shaw and Mark Newbury, the deal gave shareholders the choice between a cash consideration and nuclear power notes – a listed contingent value instrument.

Michael Walter and Will Pearce's role advising Bradford & Bingley on its nationalisation by HM Treasury in September 2008 gave Herbert Smith good visibility in the UK market. A cross-practice group combined to advise the bank on the transfer of its mortgage and debt side to public ownership, and its savings business and branches to Abbey National.

Halliburton also mandated James Palmer and Malcolm Lomers for its £1.8 billion attempted takeover of Expro International.

Halliburton was battling a consortium of Candover, Goldman Sachs and AlpInvest, but withdrew from the takeover process after the Expro board rejected an increased offer.

Elsewhere, Michael Walter and Gillian Fairfield were instructed by Lonmin on its defence against a \$10 billion hostile takeover bid by Xstrata.

Leading lawyers

Malcolm Lomers
James Palmer
Michael Walter

For analysis of other leading law firms in the UK M&A market visit the website at www.iflr1000.com

Private equity

Recommended firms

Tier 1

Clifford Chance

Tier 2

Freshfields Bruckhaus Deringer

Tier 3

Ashurst
Dickson Minto
Linklaters
Macfarlanes
Travers Smith
Weil Gotshal & Manges

Tier 4

Allen & Overy
Kirkland & Ellis
Lovells
Slaughter and May
Simpson Thacher & Bartlett
SJ Berwin

Tier 5

Cleary Gottlieb Steen & Hamilton
Debevoise & Plimpton
Latham & Watkins
Skadden Arps Slate Meagher & Flom

Tier 6

CMS Cameron McKenna
DLA Piper
Herbert Smith
Milbank Tweed Hadley & McCloy
Olswang
White & Case

The private-equity sector has been surrounded with doom and gloom this year, with partners in other practice areas jokingly suggesting that, since the onset of the credit crunch, the only thing private-equity partners have completed is a Sudoku puzzle.

Private-equity partners tell another story, obviously. Restructuring and advisory work is keeping things ticking over nicely, as lawyers counsel companies on how to avoid potential problems such as covenant breaches.

There are three types of private-equity players out there according to partners: the ones that have overpaid for assets; the smaller bunch who have largely stayed out of the market over the past three years such as Montagu and Silverfleet and can do deals; and the new funds which have been raising money over the past two years and have buying power, and see good opportunities to do acquisitions if they can get the debt.

Partners note that take-privates are beginning to get back on the agenda, with some investors deciding that the market has found the bottom and are looking for opportunities. "They're getting in now and looking at exit strategies in three years' time," says one partner.

"We're starting to see some all-equity stakes and vendor finance," says another partner. "RBS is beginning to lend into the mid-market, which will annoy some people as they were really supposed to lend to the lower market." Partners also single out the food and beverage and healthcare sectors as beginning to show some life: "They are the two things that never change – we need to eat and we need to die," says one.

Other partners note that they're seeing an increase in companies raising cash from private-equity houses so they can keep their powder dry for when they go back to the banks.

But closing these deals is another matter entirely. "There are a lot of new deals out there but they are falling out on price, and everything is dragging on a lot more," says one partner. "There's a lot fading away on price, confidence, or the bank falls out of the deal. That really pisses me off."

Clifford Chance

Clifford Chance spends another year at the pinnacle of the UK private equity market, attracting a phenomenal level of praise from peers and clients alike. The firm's extraordinary client list, combined with an excellent depth of resources and strong international network, leaves the market in no doubt that it is clearly out in front on both transactional and fund formation work.

"They have a remarkably large international network, which ranges from consistently good to great, which is very valuable to us," says one client. "We deal with multiple jurisdictions, so we can cover a lot of ground with Clifford Chance without hav-

ing to use a lot of firms. Other firms have an international presence, but Clifford Chance's is combined with very strong people."

Rival firms agree that the firm is undoubtedly the market leader in the UK private equity market. "We'd all say Clifford Chance is number one on its own," says one competitor. "At the top of the market – the big cross-border deals – they take a substantial proportion of the work. They have clients like 3i, which puts themselves ahead of anyone else."

The HR department in the London office was busy this year, with leading lawyer Adam Signy departing to Simpson Thacher & Bartlett in mid-2009 and Simon Cooke shifting out to the Hong Kong office. Meanwhile, Thijs Alexander moved to London from Amsterdam and Amy Mahon joined as a partner from Macquarie Group.

While there was a suggestion in the market that the firm may be approaching some generational issues, with James Baird said to be approaching retirement and Matthew Layton taking on the role of head of corporate, the firm still has more than enough talent on the bench to fill any potential holes.

Daniel Kossoff in particular is popular with clients: "Daniel is a tremendously experienced UK private equity lawyer, having done tonnes and tonnes of UK transactions," says one private-equity client. "He's very friendly and very good at getting things done. He's also a good access point to Clifford Chance – if I need Dubai advice I can call him and within one hour he'll have the right lawyer on the phone."

The newly-arrived Thijs Alexander is also praised by clients for his work: "Thijs is a tremendous private-equity lawyer," says one client. "He's done a staggeringly high proportion of the big deals in the Netherlands." Clients note Nigel Hatfield too for his strong funds work.

Clifford Chance's strong relationship with Permira led the firm to advise the private-equity house and two newly-incorporated special purpose vehicles (SPVs) on the \$3.7 billion acquisition of a majority interest in Nasdaq-listed NDS Group, which is majority owned by News Corporation. Led by Matthew Layton, the take-private was done by way of an English scheme of arrangement but required a US proxy statement under SEC regulations.

Another strong deal saw the firm advise Barclays Private Equity, Barclays Integrated Infrastructure Fund and a related SPV on the £559 million acquisition of Infrastructure Investors. The firm also advised The Carlyle Group on the acquisition of the cash systems business of De La

Rue in June 2008, and acted for a US private-equity house on its £565 million secondary management buyout of Safetykleen, and the €800 million sale of Euromedic in September 2008.

"They're obviously hugely experienced in private equity," says one client. "They've specialised in it for a long time so it's that experience that attracts us to them."

Leading lawyers

James Baird
Daniel Kossoff
Matthew Layton
David Pearson
Simon Tinkler
David Walker

Freshfields Bruckhaus Deringer

Freshfields holds its spot in the second tier after yet another solid performance in a somewhat difficult private-equity market. While some of its clients have been absent from the high-end deals since the onset of the financial crisis, the firm is seen by the market as having a wide range of skills across multiple disciplines and a very attractive European network, combined with strong transactional nous.

"They took a commercial approach," says one client. "They were responsive, were quick to turn around the work and got to the issue quickly."

While Freshfields' well-known corporate presence is appreciated by clients, its work on the financial side is increasingly being recognised, particularly through partners such as Presley Warner.

The firm's restructuring work is seen by clients as a further filip in this market: "They've also got lawyers on restructuring work – it's good having people who've seen investments from the other side," says one client. "Others keep their lawyers in a bottle so they don't get the wider perspective."

While David Higgins shifted out to the Dubai office in November 2008, rival partners unanimously praised the firm for the depth of quality of its London team, in particular practice head Chris Bown: "They've got a good team and strong clients," says one competitor. "Chris Bown is the most cerebral lawyer you're ever likely to meet." Bown is also praised by one corporate client: "He's an extremely smart guy; he's the best negotiator I've ever experienced."

One of the firm's highlights this year was advising 3i, SG Infrastructure, Barclays Infrastructure and FF&P on the £535 million sale of the partnership interests in Infrastructure Investors and its management company.

Freshfields showed it could work on the more complex and innovative structures when it advised Hellman & Friedman on its £198 million cash acquisition of IT consultants SSP Holdings. The deal required the team to accommodate the desires of the private-equity sponsor and the management team while under considerable pressure, given the deal was completed during the Lehman-induced market volatility in September 2008.

Another strong mandate for the year saw Edward Braham lead a team advising US private-equity house Warburg Pincus on its £175 million private investment in public equity (Pipe) in Premier Foods. The firm also advised Rothschild's Five Arrows Leasing Group on a joint venture in Asia, which was structured as a Guernsey-incorporated limited partnership.

"They're very good. They're a good commercial team, and they do all what you expect from a Freshfields team really," says one client.

Leading lawyers

Chris Bown
Edward Braham

Ashurst

Ashurst's biggest talking point this year was how Charlie Geffen's move into senior partner in September 2008 will affect the firm's private-equity work. Geffen is the firm's figurehead, and many commentators mention that the second rung of partners isn't strong enough to compete with the likes of Clifford Chance and Freshfields.

"When you think Ashurst you always think Charlie Geffen, but now he's moved to senior partner," says one peer. "He had people under him but they aren't as good. While they're good lawyers, they're not as good as Charlie." The peer adds: "Clients won't desert and they still have good people, but they just don't stand out."

However, Charlie Geffen showed that he's not completely out of the picture, leading a multi-jurisdictional team to advise a consortium of Apax Partners, TA Associates and Madison Dearborn Partners on the €1 billion acquisition of a minority stake in Weather Investments.

But the firm's drop this year wasn't only due to the perceived absence of Geffen – some clients believed that while the firm was strong in UK transactions, Ashurst doesn't have a strong enough European network to complete the larger, more involved work.

Nevertheless, the firm is still seen as a very safe pair of hands with a number of strong partners. Head of corporate Stephen Lloyd is

seen by peers as having made a good name for himself, while Bruce Hanton's approach is also lauded: "He's understated. He's not chasing clients, but he does a bloody good job."

Gavin Gordon is also praised by one client for his commercial nous: "From a private-equity perspective, we care a lot about the commercial aspect," says one private-equity client. "The team had a good grasp of what's important for a transaction."

Bruce Hanton teamed up with Gavin Gordon this year to advise the management of Cinven on its acquisition of a 50% stake in alternative investment manager Indicus. Hanton followed this up to advise LGV Capital on the sale of Craegmoor to Advent International. Gavin Gordon led a team acting for NIBC Infrastructure Fund I on the €619 million acquisition by the Appia consortium (of which NIBC is the lead investor) of Welcome Break Group Holdings from Investcorp.

Jeremy Sheldon heads Ashurst's private funds division, which was particularly active this year. One highlight was establishing the Altor Fund III that hit its target of €2 billion and included an extended fund life and a new 'invested carried interest' concept, aligning the fund manager and investor's interests more closely.

Finally, the firm advised Lehman Brothers' European Private Equity Fund and Mezzanine Fund on issues arising from the Lehman collapse, and acted for the ICG Recovery Fund that targets businesses whose capital structure has been affected by the tight credit markets.

Leading lawyers

Charles Geffen
Gavin Gordon
Bruce Hanton
Stephen Lloyd

Macfarlanes

Macfarlanes moves up a tier this year after the market repeatedly recognised the quality of the firm's partners and its client base. "They have good clients, and are very good with their clients, have good partners and have an established position in private equity," says one competitor.

The firm has an entrenched reputation acting for mid-market private-equity houses, who believe the firm can give them the attention that they require at a smaller cost. But acting for mid-market private-equity houses doesn't mean the firm isn't adept at cross-border transactions requiring a number of departments: "They're a very competent team across the board," says one client. "They work well across the banking, private equity and tax areas."

The client adds: "We had a pretty extensive international co-ordination effort ... with a number of strands to be brought together. They were good right across the firm."

While Charles Martin has been less visible of late due to his move to senior partner in early 2008, corporate lawyers such as Stephen Drewett are seen by clients as more than capable of co-ordinating cross-border transactions.

One of the firm's highlights this year was advising Goldman Sachs Asset Management as lead investor in a consortium that acquired 20 buy-out investments from ABN Amro worth €950 million. Luke Powell led the deal, which involved spinning out AAC Capital Partners from ABN Amro, and acquiring the AAC Capital funds holding the 20 portfolio companies in the UK.

Drewett led a team that acted for Phoenix Equity Partners on its £96.5 million acquisition of Ashtead Technology Rentals, which involved co-ordinating the US and Singapore ends of the transaction. Macfarlanes was also active in the secondary market, acting for Alchemy on the €53 million sale of Graphite's holding of limited partnership interests in a number of private-equity funds to AlpInvest in October 2008.

Travers Smith

Travers Smith is another firm with a strong mid-market focus in the UK, and has been a prominent player in the UK private-equity market for a number of years. The firm is seen as having a good client base and a number of strong partners, and typically focuses on advising private-equity management teams.

Department head Phil Sanderson is singled out by one client for his skill in this area: "He's quite management-team friendly, and he works to build confidence and trust around the process."

The firm also attracts praise from clients for its balanced approach to a transaction. "They understand our agenda and are commercial with their approach, but [they] protected our legal position," says one private-equity client. "They balanced commerciality with legality."

However, it wasn't all plain sailing for Travers Smith this year. The firm suffered a big blow with the departure of Charlie Barter to Bridgepoint Capital in September 2008. But with the likes of Phil Sanderson and Chris Hale still on board, the firm is still seen as a force in the UK market.

Hale is predominantly singled out for praise by peers: "He's very sensible, down to earth, gets on with the job, is bright and presents well with clients," says one competitor.

Phoenix Equity Partners was a prominent client of Travers Smith this year, with the firm mandated on the private-equity house's £40 million buyout of Expotel Hotel Reservations and the management buyout of UK fashion brand LK Bennett.

Corporate partner Edmund Reed led a team that advised Synova Capital on the management buy-out of The Lunan Group, while David Innes and Caroline Murphy acted for TA Associates on its £35 million investment in Quotient Bioscience Group.

Travers Smith's private equity funds department was also active this year, winning new clients such as Capital Elements (a joint venture between Altima and certain individuals from EnerCap Capital Partners), Marwyn Investment Management and MaxCap Partners.

Leading lawyers
Chris Hale

Weil Gotshal & Manges

Weil Gotshal & Manges holds its position in the third tier after another strong year, with the well-regarded Mike Francies, in particular, winning strong praise from peers: "He works hard and is always up to speed, even in his non-specialist areas. He's probably the hardest working lawyer in London," says one.

Weil Gotshal's London office has a strong corporate flavour to it, but the firm has been building its finance presence this year, reorganising its finance team to focus more on the private-equity market. The firm has also worked closely with its restructuring team to advise private-equity clients on issues arising from the financial crisis.

Clients were very positive about the quality of the firm's work, with Marco Compagnoni and Jonathan Wood in particular coming in for strong praise. "Marco is a very commercial lawyer, an extremely good negotiator, he's very effective in a deal situation and very good at getting the deal over the line," says one client.

The client adds: "Wood is a bit younger, but Jon is the detail guy. He's phenomenally responsive and phenomenally hard working. Jon is really into the detail, and nothing is too much trouble for him."

Mark Soundy also has a strong following among clients for the way he approaches transactions: "As well as being a very strong and good lawyer in the traditional sense, he's very commercial and a problem solver," says one long-term client. "He looks for solutions instead of creating problems."

The firm's strong connections with Lion Capital paid dividends last year, with Mike Francies leading a team advising the private-

equity house on its acquisition of Foodvest in July 2008. The deal was completed in a short time-frame and in a difficult market for debt financing.

HgCapital mandated a team led by Marco Compagnoni on two disposals in 2008 – the sale of Boosey & Hawkes to Imagem Music, and the sale of Clarion Events to Veronis Suhler Stevenson.

Jonathan Wood was also active this year, advising Advent International on its acquisition of Craegmoor from LGV Capital via an auction process. Wood also acted for new client Fidelity Capital Partners on its acquisitions of Right Digital and of a minority stake in Complinet Group.

Leading lawyers

Marco Compagnoni
Mike Francies
Mark Soundy

For analysis of other leading law firms in the UK private equity market visit the website at www.iflr1000.com

Project finance

Recommended firms

Tier 1

Allen & Overy
Clifford Chance
Linklaters

Tier 2

Ashurst
Latham & Watkins
Milbank Tweed Hadley & McCloy
Shearman & Sterling
White & Case

Tier 3

CMS Cameron McKenna
Freshfields Bruckhaus Deringer
Herbert Smith
Norton Rose
Sullivan & Cromwell

Tier 4

Baker & McKenzie
Chadbourne & Parke
Dewey & LeBoeuf
DLA Piper
Lovells
Simmons & Simmons
Slaughter and May

The talk of the project finance sector this year has been the shift of emphasis from commercial lenders to export credit agencies (ECAs). The ECAs have always been available to borrowers in the past, but were avoided due to their stricter terms.

But with commercial lenders avoiding anything that is even remotely risky, ECAs have been a key source of finance on nearly every prominent deal this year. "People have laughed at these banks in the past, now they're crawling back to them for liquidity for projects," says one partner.

However, the project finance sector is not immune from the tight credit market. Partners report that deals now need a number of sources of debt, from ECAs to 144A debt placements to Islamic financing, in order to get the larger deals off the ground.

This has naturally favoured the firms with the larger financing practices such as Allen & Overy, Clifford Chance and Linklaters. "If you can't do all the financing types, you can't do the mandates," says one partner. "You need to tap into every source of finance, and not all firms can do that."

Infrastructure has been the most active sector, with governments and lenders keen to put their money into safer, long-term projects. "Infrastructure is high on everyone's agenda," says one partner. "All countries need infrastructure work – it's a catalyst to economic change and one of the tools governments use to support an economy that's in troubled times."

The Middle East has also been a key destination for investors. While the Dubai-led real-estate boom is over, project finance investors have also taken advantage of the recent low oil price in the belief that when the price of oil rises again, so will the value of the assets. LNG (liquefied natural gas) tankers, IWPPs (independent water and power projects) and oil refineries are the most common projects in the region.

Renewable energy projects have remained popular in Europe, especially wind farms. And while PPP (public-private partnership) and PFI (private-finance initiative) projects have somewhat fallen out of favour in the UK, the Airtanker and Military Flight Training System defence projects have shown that this financing source is still of use.

Allen & Overy

Similar to its presence in the bank lending sector, Allen & Overy occupies a leading position in the project finance market in the UK. The firm has a strong presence in every prominent financial centre around the world; even boasting a solid ranking in the US – the only UK firm to do so.

The Allen & Overy team spans a range of sectors, including all sub-sectors of the energy and infrastructure market. The firm is also one of the market leaders in PPP (public-private partnership) and PFI (private-finance initiative) financings.

Following on from the departure of Graham Vinter last year to BG Group, the firm lost Calvin Walker to Baker & McKenzie in June 2009. The firm has looked within to replace the talent, promoting Conrad Andersen and Lorraine Ball to partner in 2008 and 2009 respectively. Simon Holloway was also promoted to counsel.

Competitors note that the losses are unlikely to trouble the firm, but its strong focus on its lender relationships may cause trouble down the line. "They're more on the lender side so they're more exposed to the credit-crunch phenomenon," says one peer. "They're one to watch. They won't fall apart, but I get the sense that it's not the easiest ship to be on."

However, clients of the firm have no such doubts. "A&O are our first choice, we do a lot of deals with them," says a client. "They're conscious of detail, and the partner involved was able to keep a handle on all the moving parts. They're a reasonably tight team and didn't lose focus over the period of the deal."

The client adds: "I find them a good commercial bunch of people – what we want is not someone who just knows the law but is able to take a pragmatic, commercial approach, and they're as good as any at that."

Conrad Andersen and Jonathon Bevan are noted by a client for their skills in the infrastructure market: "They have a commercial approach and give solutions rather than problems." One highlight in the infrastructure sector this year saw Andersen and David Lee advise the MetroExpress consortium on its bid for the Dublin Metro project – one of the largest infrastructure projects under procurement in Europe.

The firm has a strong presence in Abu Dhabi, with David Lee advising Yahsat on the construction, launch and operation of two military satellites, and Andrew Fraiser advising the sponsors in the development of an Abu Dhabi campus of Paris-Sorbonne University.

On the energy side, new partner Lorraine Ball is popular with peers for her pragmatic approach to a transaction. "She is a pleasure to work with," says one. "In this market when things can get contentious it's a very rare thing. She has a very can-do attitude and will find a solution." Alan Rae-Smith and Andrew Castle are the names singled out by a client for their work in the energy sector.

Allen & Overy was active in the renewables sector, advising Norwegian energy company Fred Olsen Renewables on the financing of a portfolio of UK wind farms. The transaction involved the refinancing of the debt of three existing wind farms and the financing of the construction of the Crystal Rig II wind

farm. The firm also advised the lenders on the Thanet offshore wind financing.

Ball also advised four export credit agencies and the commercial lenders to Saudi Kayan Petrochemical Company on the construction of the world's largest integrated petrochemical facility.

"I'm very happy to work with them," says one energy client. "They're a very professional firm and you know what you get – they have a huge global presence and are able to advise on a lot of things."

Leading lawyers

Anne Baldock

Clifford Chance

Clifford Chance's project finance team is seen by peers as a little less reliant on the lenders than its rivals, putting it in a strong position in the present market. The firm recorded yet another strong year, and was one of the most active firms in the market in terms of both deal volume and value.

The firm has a strong presence in practically every project finance sector, including: energy (nuclear and renewables especially); mining and metals; down- and up-stream oil and gas projects; international PPP (public-private partnership) and PFI (private finance initiative) infrastructure work.

Despite the size of Clifford Chance's practice, its client service skills are still top notch. "They are truly professional and without a doubt the country's leading law firm," says one client. The client describes the firm's strengths as its "ability to understand the commercial needs of our business, flexible fee deals and its excellent client service levels".

Andrew Grenville heads the global energy and infrastructure group, and is referenced often by competitors. "I've worked with Grenville; he's like an institution," says one. "He's a reliable, solid guy to negotiate against and is a pleasure to work with."

There were a number of personnel changes at the firm this year. Renewables lawyer Tracy London joined as a partner from Herbert Smith, while Geraint Hughes returned to the Hong Kong office to head the firm's Asia energy and infrastructure group. The firm's global head of oil and gas, Bleddyn Phillips, also transferred to the firm's Moscow office.

One of the firm's highlights in the power sector saw James Pay and Peter Zaman advise the sponsors including Tessengerlo Chemie, Siemens Project Ventures and International Power Consolidated Holdings in the financing, construction and operation of the 420MW Tessengerlo gas-fired power station in Belgium. Nigel Howorth and Andrew

Grenville are also advising InterGen on an 860MW extension to InterGen's Spalding combined cycle gas turbine plant.

Russell Wells is particularly highly regarded by clients for his work in the oil and gas sector. "He is brilliant – my favourite partner of any law firm in the world," says one client. This year Wells was instructed by a club of junior and senior lenders to Kosmos Energy Ghana on the \$750 million limited recourse project financing of Kosmos' holding in the Jubilee Field. The field is believed to be the largest deepwater find in west Africa over the past decade.

The firm is equally strong on downstream projects, with John Wilkins leading a team advising Total on the financing and signing of the shareholders' agreement for the establishment of the Jubail refinery. Meanwhile in the mining and metals sector, Jeremy Connick is advising Geovic Cameroon on the development and financing of a cobalt, nickel and manganese project.

The Airtanker project was arguably Clifford Chance's key infrastructure deal this year. A team of 11 London partners advised the preferred bidder, Airtanker, on the £13 billion deal to provide the UK Royal Air Force with a new fleet of air-to-air refuelling craft. The deal was structured as a PFI, and accommodated UK-based standardised guidance, but addressed the project's complexities while ensuring it was commercially viable. The team also provided projects advice to the banks on the refinancing of BAA's airports.

Leading lawyers

Andrew Grenville

Linklaters

Linklaters is seen by the market as arguably the most rounded practice of the top tier, advising a mix of sponsors, lenders and governments. The firm has a dominant position in the market, advising on some of the most complex projects both in the UK and globally across the energy and infrastructure sectors. Linklaters' projects team also has the backing of one of the most powerful financing practices in the UK.

Headed by the very well-regarded Bruce White, the firm is universally praised by clients for the quality of its work. "The team is intelligent, efficient and practical," says one client. "They are willing to be adaptable to our needs – not seeking to take over the case from an in-house legal team, but being available to come in when we need them." Another client says Linklaters' strength is its "attention to detail; getting a grasp of key issues quickly".

Linklaters' partners receive strong praise from the market. Head of energy trading Jeremy Gewirtz is a competitor favourite: "He's a tough lawyer and delivers for his clients," says one. Manzer Ijaz is praised by one client for his "very practical approach to a negotiation, seeking solutions not confrontation". Partners Matthew Keats and Clive Ransome are also described by clients as excellent practitioners, as are counsel Matthew Job and associate Simon Caridia.

In the energy sector, Ijaz is leading a cross-jurisdictional team that is advising a consortium of lenders, including export credit agencies, commercial lenders and Islamic financing institutions, in the \$14 billion financing of the Jubail Refinery in Saudi Arabia.

Charlotte Morgan is leading a team advising RWE on its acquisition of a 49% stake in Bulgaria's Belene Power Company, as well as the subsequent design, construction and financing of units one and two of the new Belene nuclear power plant.

Linklaters again showed off its international capabilities when Morgan teamed up with Matthew Hagopian to lead a team advising a consortium of Chilean companies on the commercial and engineering aspects of the Quintero LNG (liquefied natural gas) receiving terminal in central Chile. This was the first LNG re-gasification terminal built in South America.

Stuart Salt and James Douglass again showed the firm's prowess in the LNG sector when it advised the consortium of sponsors on the phase two financing of the \$20 billion Sakhalin II LNG project in Russia. The project is the world's largest limited recourse oil and gas financing and Russia's largest-ever foreign investment.

Linklaters' infrastructure work had more of a UK flavour, with Bruce White leading a team advising the Royal Bank of Scotland as mandated lead arranger in a limited recourse PPP (public-private partnership) financing for the UK Military Flight Training System. The deal, worth up to £6 billion over the 25-year term, was structured to make it bankable for the senior lenders to the training packages.

Stuart Rowson is advising the commercial lenders and the European Investment Bank on the M25 maintenance project, while Rowson and Fiona Hobbs are continuing to advise the UK Department for Transport on the Crossrail project for London and south-east England.

Elsewhere, partner Ian Andrews and counsel Martin Kavanagh are advising the lenders on the third phase of the M6 motorway in Hungary.

"I have had a very positive experience in working with the Linklaters UK project finance team," says one client. "Every time we have worked together we have achieved significant results with favourable outcomes."

Leading lawyers

Alan Black
Jeremy Gewirtz
Clive Ransome
Bruce White

Latham & Watkins

Latham & Watkins holds its position in the second tier on the back of substantial client praise for the quality of its London office. "They do a good job, they are very client friendly," says one client. "They are there when we need them and explain things patiently. They interact well with sponsors – Dennis [Nordstrom] is particularly good at that."

Another client notes the firm's "depth, experience and commercial-and-practical approach", adding: "Dennis Nordstrom is always very good." While David Miles transferred to the Hong Kong office in December 2008, the London office has welcomed Bill Voge and Jennifer Massouh from the New York office over the past year.

Voge has been a hit with clients, and is praised for his work as sponsors' counsel. "He's the best; he's really good," says a client. "He can lead a crazy bunch of ECAs [export credit agencies] on a deal. He's good at diffusing difficult situations and getting the process moving forward on complicated multi-lender deals." Associate Brian Marcus is also noted for his work by one client.

Latham & Watkins is known for its focus on Qatar oil and gas projects, and this year it did not disappoint. Nordstrom and Simon Dickens advised the sponsors of the Ras Girtas Power Company, a Qatari joint stock company, on the financing of the development of the \$3.25 billion Ras Laffan C power plant. The financing consisted of loans from the Japan Bank for International Co-operation (Jbic), Istituto per i Servizi Assicurativi del Credito all'Esportazione and a syndicate of 21 international and regional banks, as well as an Islamic tranche from Qatar Islamic Bank and the Islamic Development Bank.

Dickens was instructed by Qatar Gas Transport Company, and its subsidiary Nakilat, in the \$6.8 billion debt programme to finance the construction and acquisition of a fleet of LNG (liquefied natural gas) vessels. The deal, which involved multiple tranches of debt provided by commercial banks and export credit agencies, is the largest ship financing ever done.

While Latham & Watkins is often dismissed by competitors as only focused on the Qatari market, Nordstrom showed that the firm is capable of acting on deals in other regions too. He advised Global Wood Holding on the financing for the construction of a new wood-chip-fired power station in south Wales, UK.

Nordstrom is acting for Nigerian National Petroleum Corporation and Exxon Mobil as sponsor in the \$220 million financing of the construction of natural gas liquids facilities in Nigeria, and acted as lenders' counsel on the \$11.3 billion financing of the PNG project; an upstream production and LNG plant development project in Papua New Guinea.

Milbank Tweed Hadley & McCloy

Milbank's UK projects team is very much focused on emerging markets, with a particular expertise in multi-tranche funding structures and political risk insurers. Clients praise the team for its combination of pragmatic advice and client service. "They were extremely professional and knowledgeable about the project finance business," says a client. "They're very customer-oriented and are always pushing to do a deal. They don't stick to their legal positions; they always want to get the deal done."

The team is led by the well-regarded Philip Fletcher, but the focus of most praise is John Dewar. "Dewar has a good reputation in the market," says one competitor. "He's very good, very reliable and solid," says one client about Dewar. "He has created a very good place in the market. He's a lawyer that lenders and sponsors are happy to turn to. His advice is very solid and he doesn't rush to make decisions." Suhrudd Mehta and Cathy Marsh are also noted by a client for their solid work.

Fletcher and Dewar were active in the Middle East, advising the lenders on the \$2.8 billion financing for the Yemen LNG (liquefied natural gas) plant and its associated infrastructure. Cathy Marsh also advised the equity bridge lenders on the financing of the 2,730MW Ras Laffan C power plant in Qatar, while Dewar advised the lenders on the financing of the \$15 billion Yanbu export refinery project.

Milbank was present in the IWPP (independent water and power project) sector, with one highlight seeing Marsh advise the sponsors on the financing of the development of the \$2.5 billion Al Dur IWPP in Bahrain.

Dewar advised the mandated lead arrangers on the financing of the development of the \$3.5 billion Marafiq Yanbu IWPP, and also acted for the lenders in the proposed financing of the \$3 billion Shuweihat IWPP.

Leading lawyers

John Dewar
Phil Fletcher

For analysis of other leading law firms in the UK project finance market visit the website at www.iflr1000.com

Restructuring and insolvency

Recommended firms	
Tier 1	
Allen & Overy	
Clifford Chance	
Freshfields Bruckhaus Deringer	
Linklaters	
Tier 2	
Bingham McCutchen	
Slaughter and May	
Tier 3	
Denton Wilde Sapte	
Latham & Watkins	
Lovells	
Weil Gotshal & Manges	
Tier 4	
Ashurst	
CMS Cameron McKenna	
Herbert Smith	
Kirkland & Ellis	
Sidley Austin	
White & Case	
Tier 5	
Cadwalader Wickersham & Taft	
Jones Day	
Norton Rose	
Simmons & Simmons	
Skadden Arps Slate Meagher & Flom	
Travers Smith	
Tier 6	
Berwin Leighton Paisner	
DLA Piper	

“This has been the most comprehensive downturn I have ever seen. There have been SIVs hitting trouble, then Bear Stearns and Lehman, and then the banks getting capital poured into them,” says one partner. “This led to the credit constriction and the knock-on effect is hitting good corporates [that are] unable to raise finance.”

While the news is generally grim around the City, every cloud has a silver lining. Yes, markets have been through some of the most difficult times since the onset of the 1930s depression, but it has never been a better time to be a restructuring and insolvency lawyer. “The level of activity is extraordinary. April 08 saw the market change and it’s really been increasing ever since,” the partner says.

Much of the work over the past 12 months has had a restructuring angle to it, meaning the quality of a firm’s R&I practice is increasingly defining its position in the UK market as a whole. Freshfields Bruckhaus Deringer’s and Linklaters’ respective roles on the Woolworths and Lehman Brothers collapses

have done wonders for their reputations, with strong client and peer feedback propelling the pair into the top tier.

The innovative and tactical nature of the work means that clients are calling for a lot more partner time than in the past. While some firms are rebranding banking and M&A partners as restructuring specialists, clients say they are drawn towards the experienced names they know and have worked with for years. Clients also state that they are keener on partners who are proactive and can balance being commercially aware with a strong knowledge of the law.

Insolvencies, however, have so far been rather thin on the ground compared to what commentators were expecting after the fall of Lehman Brothers and Woolworths. With so much uncertainty in the market at the moment, lawyers say that banks are holding back on calling in debts as there’s no point pulling the trigger when there’s no market to sell into.

The conditions haven’t been a boon for all firms, however. Cadwalader Wickersham & Taft was the big loser this year, suffering from the departure of three of its key names and leading many to question its position in the market going forward. And given clients’ reticence to turn to mandate new, and therefore risky, firms from outside the top two tiers, commentators note that it may be difficult for the practice to regain traction in the market.

On the whole there also haven’t been a lot of other partner movements in the market this year. The most notable saw White & Case leading lawyer Dan Hamilton leave for Ashurst, while in August 2009 Ashurst restructuring head Nick Angel announced his intention to move to Milbank Tweed Hadley & McCloy to spearhead its foray into the UK R&I market.

Allen & Overy

Allen & Overy holds its position at the top of the R&I rankings following another strong year. While its restructuring work is largely driven by its finance department’s traditionally strong links with banks, Allen & Overy is viewed as equally adept at working on all levels of capital structure.

Headed by the well-respected Gordon Stewart, the R&I department is seen to act more as a team than through individual partners, but Mark Sterling attracts particular praise from clients. “He’s practical, sensible, commercial – and he’s pretty innovative. He’s a smart guy,” says an investment banking client.

Ian Field meanwhile attracts praise from peers for his practical nature. One comments: “You can lift the phone up and he will react

straight away. He’s a good practical practitioner who looks for a commercial result.” Partner Jennifer Marshall also gains recognition from the market for her appointment to the insolvency sub-group of HM Treasury’s Expert Liaison Group, which consulted on the recently-enacted Banking Act 2009.

“A&O are probably the best team to work with at the moment,” says a client. “They do a thorough job. It probably costs more, but they are thorough.” The client adds: “Gordon Stewart and Mark Sterling stand out, but they have enormous strength and depth with Ian Field and Jennifer Marshall – their work won’t let you down.”

While some commentators note that Allen & Overy missed out on some of the more high-profile roles over the past 12 months, the firm is still seen as technically one of the strongest in the UK.

One highlight was representing the facility agent and the informal ad hoc committee of first lien lenders on the €450 million restructuring of flooring company Nybron. Led by Carolyn Conner, David Frauman and Peter Schulz, the firm utilised a multi-departmental team for one of the first multi-jurisdictional leveraged restructurings since the constriction of the credit markets.

Allen & Overy followed this up by acting on the Four Seasons Health Care Group’s debt restructuring. Earl Griffith led a team advising the servicer and special servicer on the restructuring of ten tranches of senior and pay-in-kind debt obligations, with one tranche securitised via two series of listed notes.

Royal Bank of Scotland was another client of the firm this year, with Ian Field advising the bank on the first large opco/propco default. Randal Weeks was also active this year, advising the joint co-ordinators and the senior mezzanine facility agent on the Azzurri Group restructuring.

Allen & Overy showed the depth of its resources by counselling almost 150 clients on the R&I issues arising from the collapse of Lehman Brothers, with Jennifer Marshall advising more than 70 clients herself. At the same time, the firm is keeping itself busy with its long-running role advising administrators Ernst & Young on the Metronet Rail insolvency – the largest formal insolvency in the UK after Lehman Brothers.

Leading lawyers

Ian Field
Earl Griffith
Mark Sterling
Gordon Stewart

Clifford Chance

Another colossus of the R&I market, Clifford Chance retains its position in the top tier again following a typically strong year acting on all range of matters coming out of the downturn.

While the firm has a top-tier presence in the finance sector, commentators note that its market-leading presence in the private equity and M&A fields mean that its R&I group can work equally strongly on both the debtor and creditor sides.

The firm enjoys a strong reputation within its peer group, with many welcoming the opportunity to work across the table from its lawyers. "Clifford Chance were very good and it was a pleasure working with them," says one competitor. "It helps to shorten the process if you have someone who knows the issues on the other side."

Unsurprisingly Clifford Chance is also very well respected among clients, particularly for its tenacious approach to deal-making: "I might use Clifford Chance if we need something slightly more aggressive," says an investment banking client. Nick Frome is noted by clients for his skill in this area.

The R&I group is headed by Mark Hyde, who has a particularly strong fan base among his peers. "Mark is always calm and very considerate," says one competitor. "When he has something to say it's worth listening to and he really moves the process along." David Steinberg is also praised by peers for his ability to comment with considerable thought and work hard to find a solution.

Clifford Chance proved it was a firm of choice for high-profile structured investment vehicle (SIV) restructuring roles when it was mandated by Goldman Sachs on the landmark restructuring of the \$6.6 billion Cheyne Finance SIV. Led by Steinberg and Stewart Dunlop in London and Steven Kolyer in New York, the restructuring combined a conventional receivership asset sale for cash with a pre-pack transfer of receivership assets to a new company, which was owned by creditors wanting to retain their investment in the Cheyne portfolio. The firm followed this up by working on restructuring of the Whistlejacket and Rhinebridge SIVs.

The Lehman Brothers collapse provided a strong source of business for Clifford Chance, with the firm continuing to advise a range of creditors and counterparties on their relative exposures.

The firm showed its ability to advise non-financial clients when Hyde and Paul Gillard acted for chemical company LyondellBasell on its \$27.5 billion debt restructuring. Clifford Chance also advised on the restructurings of British Vita Group, Wagon Group

and Monier Group (previously known as Lafarge).

Leading lawyers

Adrian Cohen
Nicholas Frome
Mark Hyde
David Steinberg

Freshfields Bruckhaus Deringer

Freshfields moves up into the top tier this year after a dream run over the past 12 months backed by some extremely positive client and peer feedback. The firm won a succession of key roles on everything from the Northern Rock nationalisation to the Woolworths R&I proceedings, and received much praise from clients for its work on these difficult and innovative matters.

"They've been quiet movers here," says a competitor. "The group is very, very strong and you'll find they're a sleeper." Clients are equally generous with their praise of the firm's talent pool: "The team and the platform at Freshfields stand out. They've got star lawyers and the Freshfields infrastructure behind them," says one financial client.

The client adds: "They're very strong on the law and in restructuring you often get lawyers strong on chat but not on the law. With Freshfields you're getting extraordinary legal counsel who are also very creative – Richard Tett created a couple of innovative structures which, frankly, I was impressed with."

Partner Nick Segal's arrival at Freshfields in 2006, following a long stint at Allen & Overy in London and at Davis Polk & Wardwell in New York, was seen as a big boost for the firm. Segal this year received a raft of praise from competitors, particularly for his work on the Northern Rock nationalisation. "He's extremely knowledgeable, extremely capable and user friendly," says a peer. Recently promoted partner Adam Gallagher is also noted by clients as one to watch.

The firm's stand-out role of the past year has arguably been acting for Northern Rock on its £110 billion nationalisation by the UK government. Freshfields backed this up by winning a coveted role advising Woolworths on all aspects of its R&I issues. Once the company filed for administration, the team acted for the administrators of EUK – the company's wholesale division of entertainment products.

The firm also showed strong ability at working on insolvency matters. Ken Baird, Anne Sharp and Richard Tett advised Ernst & Young as administrators in the administration of Icelandic bank Kaupthing Singer & Friedlander. The matter involved negotiations

between the UK government, the Financial Services Compensation Scheme and ING Direct regarding account transfers, complex trust analysis and loan refinancing. The firm provided advice to the Bank of England regarding the same matter.

Elsewhere, Freshfields advised home-builder Crest Nicholson on its £1.1 billion debt restructuring and acted for Royal Bank of Scotland as fulcrum creditor in the £1.34 billion restructuring of the Four Seasons Health Care Group.

"I think they're the best team in town," says a client. "I see every big law firm in Europe in deep distressed restructuring and Freshfields is the best team in Europe."

Leading lawyers

Ken Baird
Chris Howard
Nick Segal
Richard Tett

Linklaters

"With Lehmans they have the marquee transaction of the moment," says a peer. The firm's role advising PricewaterhouseCoopers as administrators on the high-profile Lehman Brothers insolvency stole the headlines in September 2008, giving the firm's restructuring reputation a huge boost in the process.

While some clients noted that the Lehman mandate has swamped them and made them temporarily unavailable, the fact that the firm can still pick up work on such cases as Woolworths and Waterford Wedgwood means its depth is beyond question.

The one question mark over the Linklaters team has been surrounding the firm's global head of banking Robert Elliott, with some commentators suggesting that his move into senior management has made him less visible on deals. However with the backing of a powerhouse team including Tony Bugg and Rebecca Jarvis, along with the increasing profiles of David Ereira and Richard Holden, the firm has more than enough talent to cover any potential loss.

Richard Bussell is one partner singled out by the market as one to watch: "Richard Bussell is a bit younger but he's a guy who gets it done," says a competitor. "He's user friendly, but very astute and a good grafter."

Clients agree: "He's always reachable and very practical, and is backed with a good bunch of senior associates," says a client. "He's the choirmaster and he does very well."

Linklaters has plenty of fans within its peer group, with many praising its aggressive but commercial approach: "Across the table they're good; they're pleasing to work with and quite capable," says a competitor. Clients

also appreciate their practical approach: “They’re very, very functional, very beneficial and very helpful,” says one.

It is difficult to overstate the sheer size of the firm’s role advising PricewaterhouseCoopers as the administrators of Lehman Brothers International (Europe) – the largest insolvency ever in the UK and the largest corporate insolvency in history. Led by Tony Bugg, Richard Holden and David Ereira, the mandate has drawn in a huge number of partners, including Richard Bussell, Rebecca Jarvis, Euan Clarke and Yushan Ng. The Lehman role was arguably the most sought-after of the downturn, with the firm reportedly billing up to £33 million for its services on the case.

Linklaters proved it wasn’t overburdened by the sheer size of the PwC mandate by winning a key role advising Deloitte as administrators on the £400 million Woolworths insolvency. Led by Bussell and Jarvis, the task involved advising on trading issues, dealing with retention of title creditors, and disposal of the company’s business and assets.

And Deloitte returned to Linklaters to mandate it on the administration of Waterford Wedgwood. Jarvis and Bugg led a team that advised on a wide variety of issues across seven jurisdictions.

Linklaters showed it wasn’t solely focused on advising administrators when Jarvis led a multi-disciplinary team that advised the lender co-ordination committee on the £1 billion debt restructuring of UK homebuilder Crest Nicholson. Elsewhere, Bruce Bell led a team advising the lender co-ordination committee on the £1.2 billion debt restructuring of retirement accommodation builders McCarthy & Stone.

Leading lawyers

Tony Bugg
Richard Bussell
Robert Elliott
David Ereira
Richard Holden
Rebecca Jarvis

Bingham McCutchen

Known for its focus on representing note and bondholders, Bingham McCutchen this year benefited from the chaos at rival Cadwalader Wickersham & Taft, with commentators suggesting the firm has now effectively made the niche area its own. “With Andrew Wilkinson gone from Cadwalader, Bingham is the pre-eminent firm for bondholders,” says a competitor.

While some observers suggested that the firm has been acting for clients lower down the capital structure than usual due to a slow-

down in strong bond and noteholder roles of late, there is absolutely no doubt in the market that the quality of its work is top-notch. Some clients note that as the firm doesn’t have strong links with banks, it isn’t afraid to take on the banks in big matters.

“They have a great guy in London: James Roome. He’s one of the best in the business and one of the best partners in Europe,” says a client. “He has a strong sense of what US hedge fund clients expect with recovery and he thinks outside of the linear approach.”

The client adds: “I got to know James and I found him to be creative, aggressive when he needed to be, but also not afraid to take an aggressive position when he can support it legally. He’s not an aggressive guy yet he will find ways to create leverage to our benefit.”

Peers also enjoy working opposite Bingham McCutchen on restructuring deals. “I like James Roome and Barry Russell – they’re very capable and experienced restructuring people, and it helps to shorten the process if you have people like that to work with,” says a competitor.

One of the firm’s key roles this year saw Russell act for the bondholders of securities issued by Icelandic banks Landsbanki, Glitnir and Kaupthing, when the three hit financial difficulty in October 2008.

Bingham McCutchen was also a key player in the real-estate sector, advising noteholders on the debt restructuring of UK homebuilders Taylor Wimpey and Barratt Developments, and counselling the mezzanine lending syndicate on German residential property group LevelOne’s €150 million debt restructuring.

The firm was active in central and eastern Europe, with James Roome and Natasha Harrison advising a committee of noteholders of a Bulgarian steel plant owned by Pramod Mittal – brother of Lakshmi Mittal of ArcelorMittal. The plant suffered a default in late 2007, and Bingham McCutchen is spearheading recovery and enforcement efforts on behalf of the committee.

Elsewhere, the firm advised bondholders on the debt restructurings of a number of Norwegian oil companies and acted for noteholders on the £9 billion restructuring of BAA’s debt.

Leading lawyers

James Roome
Barry Russell

Slaughter and May

Slaughter and May moves up to the second tier following an extraordinarily strong year that garnered a raft of praise for the quality of

its advice on a series of complex and innovative deals.

The firm boasts excellent links with the UK government, which they exclusively advised on the series of bank nationalisations and recapitalisations in 2008. At the same time, the firm’s phenomenal stable of UK corporate clients put it in a prime position to advise on a slew of corporate and debt restructurings as well as administration procedures.

Slaughter and May doesn’t have a traditional stand-alone R&I group like its competitors, preferring to staff deals utilising a combination of corporate and financial partners, with dispute resolution partners advising where required. Despite this unusual setup and smaller size, the quality of the firm’s advice is never under question.

“Slaughter and May have very bright people with the idea that they can pick up all kinds of work,” explains a client. “They’re a superb team and they’re super bright,” adds an investment banking client.

While the firm’s peers claim it is a bit weaker on larger cross-border restructuring work, they respect the practice as a whole: “They have a happy knack of pulling together a very good group of lawyers,” says one competitor.

George Seligman heads the practice area and is one of the more recognised names in the market. “George Seligman is absolutely one of the brightest guys around,” says a client.

While some competitors note that Sarah Paterson is focused more on the banking side, her work in this field is praised highly: “Sarah Paterson is fantastic. She’s a typical Slaughters lawyer – technically very, very good. You think she would be polite but she’s as tough as old boots and a great negotiator.”

The firm’s role as key advisor to HM Treasury handed the firm a series of outstanding mandates this year, including the nationalisations of Northern Rock and Bradford & Bingley, the administration of Kaupthing Singer & Friedlander and the recapitalisations of Lloyds TSB/HBOS and Royal Bank of Scotland, to name a few.

Slaughter and May also advised HM Treasury on issues relating to Heritable Bank, London Scottish Bank and Dunfermline Building Society.

Away from treasury work, Slaughter and May was involved in the real-estate sector, advising Taylor Wimpey on its debt restructuring and acting for an investment company subsidiary of Morgan Stanley Real Estate Funds on the restructuring of the Four Seasons Health Care Group. Elsewhere, Andrew Johnson acted for Cemex on its \$15 billion refinancing.

Leading lawyers
George Seligman

Other ranked firms

Denton Wilde Sapte is particularly well-known in the market for its work advising administrators in insolvency proceedings. While some competitors noted that the firm's visibility has begun to slip of late, Dentons is still seen as a very safe pair of hands.

The firm also boasts the talents of practice head Mark Andrews, who is noted as one of the stand-out names in the UK restructuring and insolvency market. "I like Mark Andrews very much – he's a class operator and a force in this market," says one peer. "Mark Andrews is an older statesman of the insolvency world. He's got good experience from the US, he's no nonsense and gets the job done," adds another competitor.

Leading lawyers: Mark Andrews

Latham & Watkins holds its position in the second tier after another solid year under the leadership of head of European restructuring, John Houghton. "They think tactically. They know what's coming up and know what to do at a particular point in time. They think three steps ahead," says one client.

While Latham & Watkins has the benefit of a market-leading position in the US restructuring and insolvency market, John Houghton has worked hard to build a European client base of his own. His success is shown in the praise he receives from the market.

"In the US, lawyers do all the talking, in the UK they sit back. John fits well into that," says one client. "Being part of a US firm culture he will expect to sit in the middle giving a strategic point of view. When we ask him the probability of getting something done he will give a response like 'legally you can but commercially no'."

The client adds: "The other strong point is that he's a very good guy to manage everything on the legal side. You can channel everything through him."

While competitors note the strong reputation of Latham & Watkins on the creditor side, some note that the firm should be a bigger competitor, especially after the mass exits at Cadwalader Wickersham & Taft. "It should have been a glide path to building a substantial practice," says one peer. "They've got the name and the connections with investment banks, but they haven't been doing the work." But with the firm picking up ex-Cadwalader partner Jackson Taylor in October, the firm is well-placed to make a move on this sector.

However Latham's work this year was still very notable, with the firm scoring roles acting for noteholders on LyondellBasell's \$27

billion Chapter 11 proceedings, and on a proposed merger of a French issuer into its Italian parent company.

Mark Nicolaides was also active in a number of Structured Investment Vehicle (SIV) and SIV-lite restructurings.

Elsewhere, Latham was active on formal insolvency work, advising Grant Thornton as administrators of the Bell Leisure Investment companies (holding companies of the Esporta group) and working with the Madrid office to advise a creditor in the Martinsa-Fadesa insolvency.

Leading lawyers: James Chesterman, Christopher Hall and John Houghton

Lovells' Business Restructuring and Insolvency department is headed by the well-regarded Robin Spencer, and forms part of the wider Finance group. The firm holds its position in the third tier after a number of strong recommendations from clients and peers about its work with structured investment vehicles (SIVs) in particular.

While Lovells lost partner Matthew French to UBS in March 2008, clients note that the talents of Robin Spencer and Stephen Foster mean that the firm won't break its stride. Other names to catch the eye of clients include Deborah Gregory and capital markets partner Kit Johnson. "Kit Johnson did the SIV work and has just been made partner – he's a great guy," says one client. "They also have a strong and growing bank practice with Foster and Gregory."

Following on from Lovells' work on the refinancing of the Cheyne Finance SIV which won it the Restructuring Team of the Year at the *International Financial Law Review's* 2009 Europe awards, the firm acted for Ernst & Young as receivers of the Sigma Finance Corporation's SIV. At time of writing the matter was granted leave to appeal to the House of Lords. The firm also advised the joint administrators of Landsbanki Guernsey in matters relating to the Icelandic bank's insolvency proceedings.

While some competitors noted that the firm will become less visible as the SIV restructuring work dries up, Stephen Foster showed the growing presence of its bank-focussed work when he led a team acting for a syndicate of lenders on the restructuring of New Star Asset Management group's balance sheet in January 2009. Joe Bannister followed this work up when he advised the corporate trustee of the Uniq pension scheme in the rescheduling of its banking facilities.

Lovells also boasted a role in the Lehman collapse, advising the Financial Services Authority as well as a number of counterparties involved in the insolvency proceedings.

Leading lawyers: Joe Bannister, Stephen Foster and Robin Spencer

Weil Gotshal & Manges scored a coup when it hired Tony Horspool from Cadwalader Wickersham & Taft in April 2008. Horspool effectively replaces former restructuring head Chris Mallon, who left to join Skadden in 2007. The move has been well-received by the market: "Chris Mallon's departure has been a blow but they've got Horspool, so they've got more of a dimension to their practice," says one competitor.

Clients praised the firm for its commercial nous: "They're very commercially focussed, not problem focussed, which helps to get over any legal issues which can arise," says one financial client.

Tony Horspool is singled out by one client for his skill at controlling a transaction. "He stands up to take the lead position and drive the discussions, and takes the arguments away from a legal view and towards a commercial one," says one client.

Like Latham & Watkins, Weil has the benefit of an extremely strong restructuring and insolvency practice in New York, which has given them a direct line into some of the more juicy mandates in the market. As such, the firm is seen by UK clients as a firm of choice for US restructurings with a European angle. The firm's role acting for Lehman Brothers Holdings on the Chapter 11 proceedings and in realising the assets of its UK and European subsidiaries is proof enough.

However the firm's UK office has slowly been building its own stable of European clients, which was shown when the firm was mandated by Icelandic bank Kaupthing in November 2008 following its collapse. A team comprising Dominic McCahill, Matthew Shankland and Tony Horspool provided advice on the restructuring proceedings, as well as a range of related court matters.

The firm has been involved in the structured investment vehicle (SIV) restructuring market, acting for the receivers of the Mainsail II SIV and advising an investor in the restructuring of the Golden Key SIV.

While the firm tends to focus more on debtor work, Weil is starting to make a dent on the creditor side. One role this year saw the firm act for Marathon Finance Fund, Cheyne ABI Fund and Cheyne AB Fund as holders of several tranches of debt in the restructuring of the Four Seasons Health Care group.

Leading lawyers: Tony Horspool

For analysis of other leading law firms in the UK restructuring and insolvency market visit the website at www.iflr1000.com