

# CLIENTS 'WAKING UP' TO THE NEED FOR GOOD CORPORATE GOVERNANCE

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## **Law firms face the challenge of having the 'capacity and flexibility' to create multi-disciplinary teams that offer tailored and insightful advice to clients**

The introduction of the new criminal code in Spain, as well as legislation and rules related to anti-money laundering and good governance – in addition to the General Data Protection Regulation – has made clients 'wake up' to the need for good corporate governance in order to avoid risk. "This represents an excellent opportunity for law firms to help companies transform themselves in order to meet the demands of the market," says Jordi Sot, partner at Toda & Nel-lo Abogados.

While the corporate governance debate in Spain has mostly focused on listed companies and financial institutions, attention is now turning to the challenges faced by non-listed companies. Family businesses, small and medium-sized enterprises and public bodies are increasingly interested in implementing effective corporate governance practices.

One of the main challenges for law firms when advising on corporate governance is being able to create multi-disciplinary teams. Sot explains that while a “generalist lawyer can provide good advice, when more in-depth analysis is needed, having an expert is key”. He adds: “The capacity and flexibility to create multidisciplinary teams that deliver tailored and insightful legal advice to clients is very important.”

Sot says that Toda & Nel-lo has a number of lawyers who have “seen both sides” in that they have experience working within companies as in-house counsels. “This is a valuable asset that helps us to understand clients’ needs as we speak the same language and are able to identify legal risks, as well as compliance and corporate governance requirements,” he adds. Companies are taking a more proactive approach to corporate governance. They are aware the cost of a corporate governance breach is more expensive in terms of legal, economic and reputational damages than the cost of preventive legal advice. Sot says: “Advising on matters of risk, governance and compliance is a new trend that is not going to disappear.”