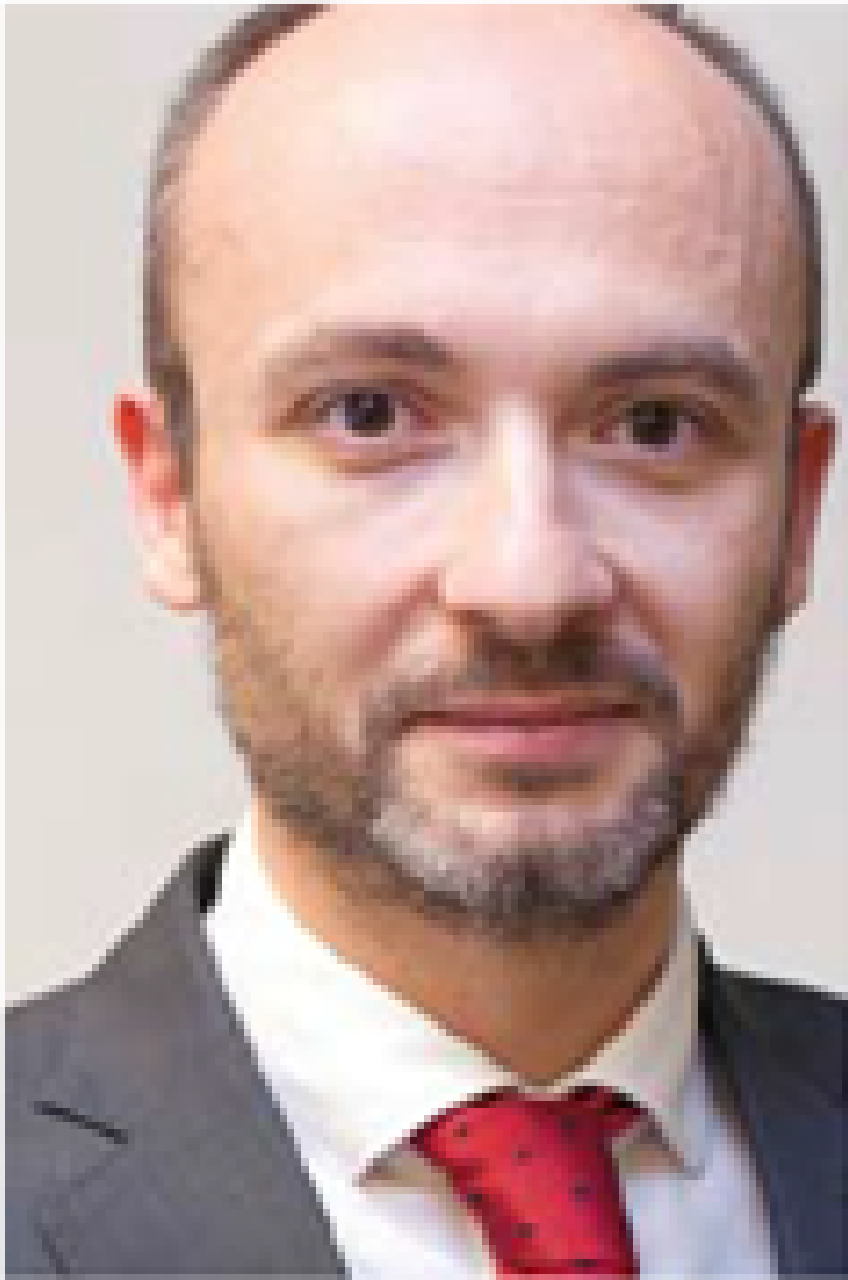


# NATURAL OUTSOURCERS - SAREB

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**'Bad bank' Sareb works with around 60 law firms and aims to make its outsourcing policy as fair**

## **and transparent as possible, says Oscar Garcia Maceiras**

"This is a peculiar and unique project," remarks Oscar Garcia Maceiras, general counsel at Sareb, when discussing his role at the 'bad bank'. "We manage a huge range of financial and real estate assets so we are natural outsourcers [of legal work]." Garcia has been with Sareb since it was established in 2012. "I was employee number four," Garcia explains when talking about his role in the bank's origins. Garcia was the first lawyer at Sareb, but he now oversees a team of 17 lawyers, which is divided into several departments: tax, corporate, compliance, as well as a department dealing with business restructuring, litigation and transactions. The headcount at Sareb has boomed in the last 18 months – on 1 January 2013, when €36 billion of assets was transferred to the bank, it had just four employees, but now it has around 250 part-time and full-time staff.

"We have three criteria for outsourcing [legal work]," says Garcia. "Specialisation, volume and work that is not core to the business." But he adds that Sareb is "concerned about the fairness of its outsourcing". With this in mind, Sareb's board of directors passed an outsourcing policy in January 2013, which means that before outsourcing, the bank's legal team has to consult its internal procurement department. "We proceed on the principle of transparency and a healthy rotation." Consequently, the bank's strategy is to draw up a shortlist of at least three different firms to which the work could potentially be outsourced. The shortlisted firms then bid for the work by each making two submissions, one outlining the technical aspect of the bid, and the other outlining the costs – Sareb then assesses the technical and cost-related submissions separately before making a decision.

What examples are there of the type of work Sareb outsources? Garcia highlights cases where foreign law has to be applied in the context of existing rules. "This type of work is highly specialised," he says. Garcia acknowledges that Sareb's outsourcing policy is still being developed. "We're trying to make the process more automatic," he says. How long does it take to make a decision on which firm will be awarded work? From one-and-a-half to six or seven weeks, according to Garcia. He adds that if Sareb knows that it will require a particular type of service on a frequent basis, it takes the approach of appointing a panel of law firms that will receive regular instructions. "This is instead of having to accept single proposals for each piece of work," he says.

Sareb currently outsources work to around 55 to 60 firms, and Garcia says that this number could potentially increase. Around 80 percent of Sareb's legalwork is carried out using a "co-sourcing" approach, which involves appointing external law firms to support the bank's in-house team.

### **Big due diligence budget**

One of the initial challenges facing Sareb was carrying out due diligence on all the assets that had been transferred to the bank. For this Sareb invited several leading firms – Clifford Chance, Cuatrecasas, Gonçalves Pereira, Uria Menéndez, Freshfields Bruckhaus Deringer and Garrigues – to bid for the role of leader of a consortium of firms that would carry out this work. Sareb opted for Clifford Chance, which carried out the due diligence work in partnership with a number of firms, including Gómez-Acebo & Pombo, Perez-Llorca or Broseta. "The first year was very important," Garcia says. "The due diligence budget was very big, but was in accordance with the complexity of the work." Garcia declines to reveal Sareb's legal spend because he says it is distorted by the due diligence expenditure.

Garcia says that his role changes every day. "This project is very demanding, we have to adapt every day to provide services to our internal clients," he says. For example, Sareb needs to constantly adapt to changes in the real estate market – there may be new classes of transaction that may be developed with new special purpose vehicles.

Garcia concludes that Sareb will outsource to all types of law firms, "not just the big five or six". But he knows that, ultimately, Sareb's lifespan is limited by law, with 2027 marking the end of the

organisation. "We only have 15 years," he says.

Garcia is well aware of the pivotal role he, and his team, are playing in the Spanish economy. "In Spain, we suffered an earthquake, and this project is at the epicentre of the real estate and financial markets." Is the economy improving? "I have to be optimistic, we are trying to improve conditions – we are very proud to belong to Sareb, which it was the Spanish authorities' duty to create."

**Oscar Garcia Maceiras is general counsel at Sareb**