

Back on track

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CARLOS RUEDA

Aiming high

ECIJA'S ALEJANDRO
TOURIÑO TALKS MERGERS

Battle-hardened

HOGAN LOVELLS
CELEBRATES 15 YEARS
IN MADRID

Private equity

RAINFOREST DUNAS
CAPITAL'S JORGE VIERA
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ON LATEST TRENDS

In-house

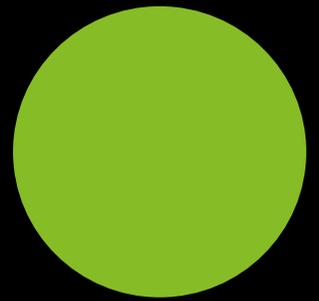
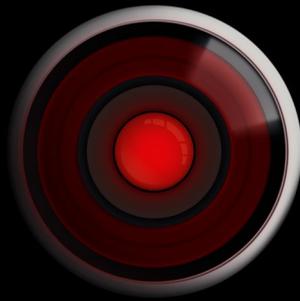
INTERVIEW WITH TOTAL
GENERAL COUNSEL
AND ECLA PRESIDENT
JONATHAN MARSH

Expanding workload

BANCO CREDIBOM'S
DUARTE GOMES
PEREIRA ON INCREASING
REGULATION

At the end of this year, PLMJ founding partner José Miguel Júdice will leave the firm he founded more than 40 years ago after making an acquaintance in a Portuguese prison cell – he talks to Iberian Lawyer about his new career as an arbitrator as well as the story behind the rise of PLMJ, Portugal's biggest law firm

PASSING THE BATON



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Legal

US FIRMS EYEING MADRID MUST TREAD CAREFULLY

by ben cook

A

A number of senior figures in the Spanish legal market say more US firms could open offices in Madrid in the coming year. And yet, while they see the arrival of US firms as a possibility, at the same time they struggle to see why it makes good business sense. One of the key issues is that US firms generally charge much higher fees than law firms in Spain, and a commonly held view among lawyers in Madrid is that a US firm opening in the Spanish capital would fail to reach the levels of profitability they are used to on their home turf. However, there is a firm belief among senior sources in the

»»

Madrid legal market that US firms will be arriving in the near future. So what strategy do US firms looking to open in Madrid need to adopt to ensure that they are successful? Well, one theory is that you launch an office that is staffed with the best legal talent money can buy. In other words, this involves poaching the top lawyers from the best law firms in Spain by offering them a substantial increase in remuneration. But the question is: will such a strategy work?

OF COURSE, SOME US FIRMS HAVE ESTABLISHED VERY PROFITABLE OFFICES IN MADRID, BUT ANY OF THEIR COMPETITORS WHO ARE LOOKING TO FOLLOW IN THEIR FOOTSTEPS MUST CAREFULLY CONSIDER THEIR STRATEGY BEFORE TAKING WHAT COULD BE A VERY RISKY STEP.

Possibly not. A number of senior figures in the Madrid legal market tell the story of one US firm that, in an effort to try and attract the brightest and best lawyers in the Spanish capital, began calling up their targets and made offers that would increase their earnings by as much as 40 per cent. At face value, it seems an attractive offer, and it certainly had the effect of causing extreme disruption and unrest at other rival firms in the market. Stories abound of leading lawyers at partner and associate level going to their respective managing partners with details of an offer they had received from the US firm and, in some cases, asking what their current firm could do to match it. Indeed, it is understood that one firm in particular had so many of its lawyers targeted that the managing partner was forced to call up the US firm to ask them to stop trying to poach their top talent. The general consensus is that, in this particular instance, the strategy of trying to attract top lawyers by offering much higher levels of remuneration simply didn't work. The US firm in question failed to attract the Spanish legal profession's leading lights. Why? A number of reasons have been put forward. Firstly, earning more money is appealing up to a point, but once you are taking home a seven-figure pay packet, for example, a further pay increase is not going to dramatically alter your lifestyle. Secondly, lawyers generally work pretty long hours anyway, and the thought of having to put in even more time at the office – albeit for a bigger pay packet – is not always an appealing prospect. Of course, some US firms have established very profitable offices in Madrid, but any of their competitors who are looking to follow in their footsteps must carefully consider their strategy before taking what could be a very risky step. ■



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Legal Deposit

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MANAGING PARTNER

Latham & Watkins appoints Ignacio Gómez-Sancha as Madrid managing partner

Latham & Watkins has appointed **Ignacio Gómez-Sancha** (*pictured*) as the new managing partner of its Madrid office. Gómez-Sancha joined the firm from DLA Piper in 2018. He replaces **Juan Picón**, who died earlier this year, as managing partner.

Gómez-Sancha's practice focuses on advising investment funds, companies and investment banks on capital markets, restructuring, and private equity deals. Latham & Watkins has 75 professionals working in its Madrid office.

APPOINTMENT

Bird & Bird appoints Isidro del Moral as Madrid co-head

Bird & Bird has appointed partner **Isidro del Moral** (*pictured*) as co-head of its Madrid office. He will share the role with fellow partner **Coral Yáñez**. **Del Moral** replaces **Jesús Vega**, who will become the Madrid office's chief financial officer (CFO).

Del Moral has been the partner in charge of the Madrid office's real estate practice. Prior to joining Bird & Bird, he was a partner at Broseta and Baker & McKenzie





LISBON

PLMJ partners Manuel Santos Vitor and Nuno Cunha Barnabé leave for Abreu Advogados

Two of PLMJ's most experienced partners – **Manuel Santos Vitor** and **Nuno Cunha Barnabé** – have quit the firm to join Abreu Advogados. In what will be seen as a major coup for Abreu Advogados, the firm has landed Vitor (*pictured, right*), one of PLMJ's leading corporate partners and the firm's former managing partner. He was a partner at PLMJ for 30 years, and his areas of expertise include corporate and M&A, energy and natural resources, as well as insurance and aviation law. Meanwhile, Cunha Barnabé (*pictured, left*) is recognised as one of the leading tax partners in Portugal. He had been with PLMJ for 19 years. Prior to that, he was a tax consultant at Deloitte. A PLMJ statement said: "Manuel Santos Vitor and Nuno Cunha Barnabé embrace new challenges, leaving PLMJ where they devoted themselves, respectively, to the corporate and tax practice areas. PLMJ appreciates their contribution."

UK

Pérez-Llorca appoints Álvaro Ramírez de Haro as head of London office

Pérez-Llorca has appointed **Álvaro Ramírez de Haro** (*pictured*) as the new partner in charge of the firm's London office. He will replace **Fernando Quicios** on 1 September. After five years in London, Quicios will return to the Madrid office, where he will continue advising clients on M&A deals, project financing and restructuring. Ramírez de Haro joined Pérez-Llorca in 2006. His expertise includes advising on M&A, restructuring, joint ventures and corporate governance





BARCELONA

Cuatrecasas recruits Josep Riba as partner

Cuatrecasas has appointed **Josep Riba** (pictured) as partner in charge of the criminal law department in its Barcelona office. Riba specialises in litigation and arbitration. Prior to joining Cuatrecasas, he worked for Morales Abogados. He has also worked for Bufete Rofes & Asociados. He specialises in the Criminal Jurisdiction of Minors, and is accredited by the Consell Dels Ilustres, Colegis D'advocats de Catalunya. His other areas of expertise include advising on sanctions for doping related to international and national sports federations and the Court of Arbitration for Sport (CAS).

LATERAL HIRES

Cases & Lacambra recruits Lucas Palomar and Bojan Radovanovic as partners

Cases & Lacambra's Barcelona office has recruited **Lucas Palomar** and **Bojan Radovanovic** as partners. Palomar (pictured, left) was formerly a partner at PwC Tax & Legal's Barcelona office. He has more than 25 years of experience in corporate law and mergers and acquisitions and will manage the corporate and M&A group in Spain. He has extensive experience advising on transactions, joint ventures, and due diligence processes, as well as leveraged buyout, management buyout and build-up transactions for private equity funds. Radovanovic (pictured, right) was formerly a senior associate in Uría Menéndez's Barcelona and Beijing offices. He specialises in corporate and M&A and banking & finance matters. His clients include investment funds and financial sector businesses. Cases & Lacambra now has 13 partners in Barcelona, Madrid, Miami and Andorra.



TAX

CCA hires Tânia de Almeida Ferreira from Cuatrecasas to head tax team

CCA has recruited Cuatrecasas' tax specialist **Tânia de Almeida Ferreira** (pictured) as a partner. Almeida Ferreira will become head of CCA's tax department. She had been at Cuatrecasas for eight years, prior to that Almeida Ferreira worked at Linklaters. Almeida Ferreira's expertise includes advising on the tax aspects of M&A deals, corporate restructuring and real estate deals.

Domingos Cruz, managing partner of CCA, said: "Tânia will be an enormous asset for the growth and consolidation of the tax department, which currently has five people and is a key area of our firm, which is increasingly sought after by our clients."



DIGITAL ECONOMY

Gómez-Acebo & Pombo recruits Francisco Pérez Bes as of counsel

Gómez-Acebo & Pombo has recruited **Francisco Pérez Bes** (pictured) as of counsel to lead the firm's new digital economy law practice. Prior to joining Gómez-Acebo & Pombo, Pérez was secretary general and data protection officer at the National Cybersecurity Institute of Spain (INCIBE). His previous roles have also included compliance & regulatory affairs officer at Ladbrokes International. He specialises in internet law and new technologies, including cybersecurity and information protection, privacy, regulatory compliance, electronic and social media, online reputation, advertising law and self-regulation.

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PROMOTION

Ecija promotes María González Moreno to partner

Ecija has appointed **María González Moreno** as a partner in its IT & Privacy department. González (pictured) joined the firm in 2012 and has more than 17 years of experience in new technologies, data protection and cybersecurity. She has experience leading projects in areas such as data protection, compliance management systems, electronic signature and public procurement. Managing partner **Alejandro Touriño** said the promotion was a recognition of González's "work, effort and commitment". With this promotion Ecija now has 84 partners (11 of which are women) in 12 countries. The firm has a total of 29 partners in its Madrid office.



NEW RECRUIT

Abreu Advogados recruits Ana Rita Duarte de Campos from Vieira de Almeida

Abreu Advogados has recruited **Ana Rita Duarte de Campos** (pictured) from Vieira de Almeida. Criminal law specialist Duarte de Campos will become a partner at Abreu Advogados. She was previously a managing associate at Vieira de Almeida, where she worked for nearly two years. Prior to that, she was a senior associate at Morais Leitão. Duarte de Campos will be part of the criminal law, sanctions law and compliance team at Abreu.

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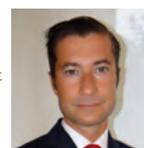
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FOOTBALL CRAZY

Iberia is home to some of the biggest professional football clubs in the world and consequently the sports industry is generating significant work for the region's law firms

The sport and leisure industries have long been rich sources of work for law firms in Spain and Portugal. It's hardly surprising when you consider that Iberia boasts a proud sporting tradition and is home to some of the most prominent professional football clubs in the world. Consequently, lawyers in Iberia have significant opportunities to advise on high profile, and often lucrative, deals in these sectors. While summer can be one of the quieter times of the year for many lawyers, those involved in advising on football player transfers often find the months of July and August extremely hectic as football clubs look to complete signings ahead of the closure of the transfer window. Portuguese law firm Morais Leitão – which is renowned for its work on some of the biggest transfers in world football and includes **Cristiano Ronaldo** among its clients – recently advised Portugal forward **João Félix** on his €126 million move from Benfica to Atlético Madrid. Upon completion, Félix's move became the fifth most expensive transfer in football history. Meanwhile, another Portuguese law firm Vieira Advogados recently advised blockchain technology company Kick Soccer Coin on a sponsorship deal with Spanish football club Deportivo Leganés. Betting on football is a popular pastime and there was a notable deal in the gambling sector recently with Garrigues advised Cirsa Gaming Corporation on the acquisition of a 50 per cent stake in Spanish retail betting company Sportium. Another recent sport and leisure-related transaction saw Pérez-Llorca advising sport centre manager Forus on the acquisition of six sports centres – in Gijón, Badajoz, Córdoba, Sevilla, Jaén and Cádiz – from Santagadea.

MORAIS LEITÃO ADVISES

JOÃO FÉLIX ON €126M

ATLÉTICO MADRID TRANSFER

Morais Leitão advised Portugal forward **João Félix** on his €126 million move from Benfica to Atlético Madrid in the fifth most expensive transfer in football history.

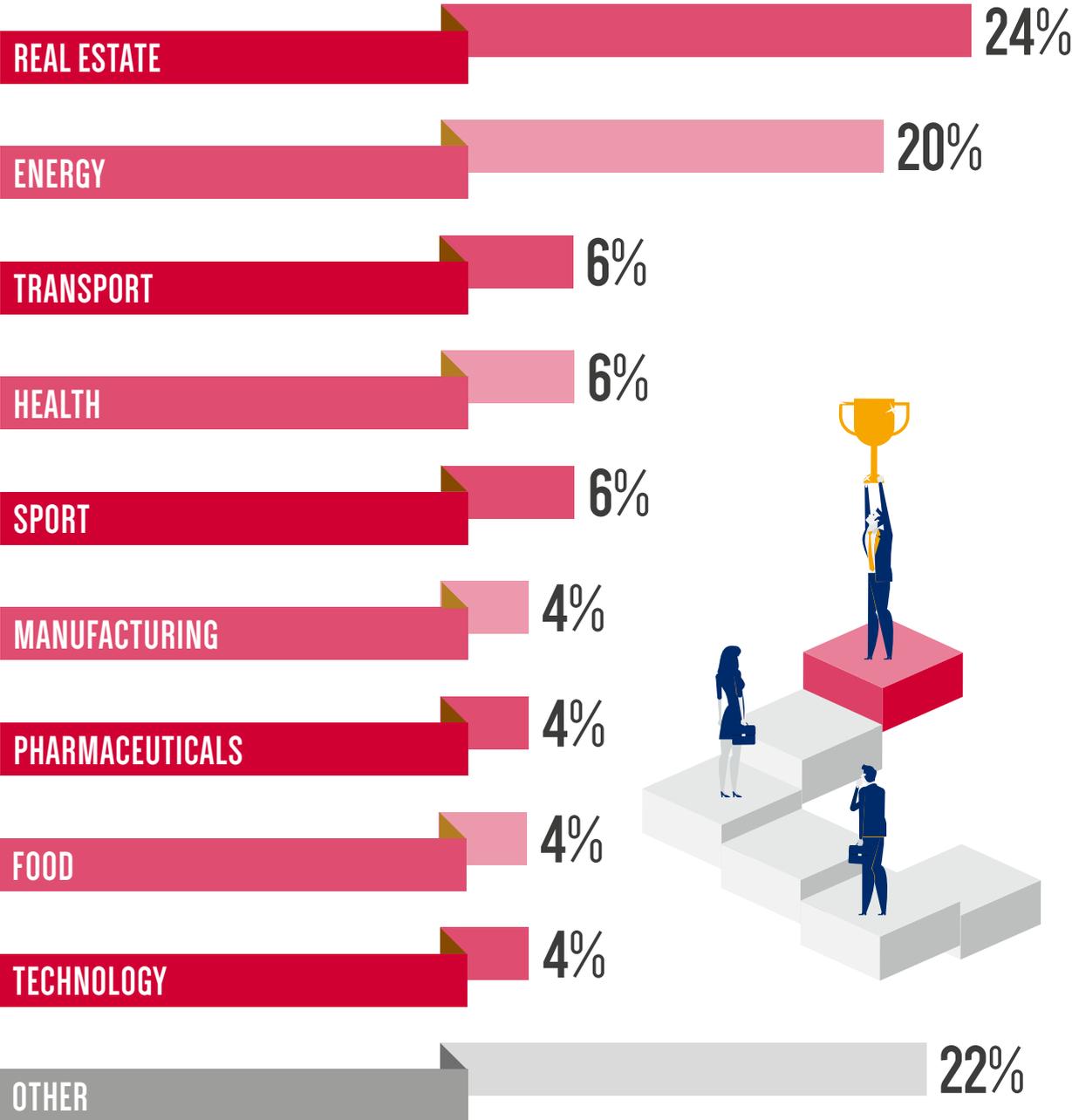
The 19-year-old player has signed a seven-year contract with the club. Félix made his Benfica first team debut in August 2018 in a league game against Boavista. He scored his first goal for the club in the following match against Sporting Lisbon.

During his first season in the top-flight, Félix played 43 games, scored 20 goals and contributed 11 assists. He also made his Champions League debut during the group stage match against AEK Athens.

Later in the season, he scored a hat-trick in a 4-2 win against Eintracht Frankfurt in the Europa League.

He made his debut for the Portugal national team in the UEFA Nations League match against Switzerland. The Morais Leitão team advising on the transfer was led by partner **Paulo Rendeiro**.

Iberian Deals: **KEY SECTORS**



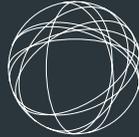
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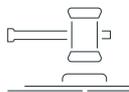


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Practice area:

Sport

The deal:

Portugal forward João Félix's move from Benfica to Atlético Madrid

Firm:

Morais Leitão

Lead partner:

Paulo Rendeiro

Value:

€126 million

KICK SOCCER COIN ADVISED BY VIEIRA ADVOGADOS ON DEPORTIVO LEGANÉS SPONSORSHIP

Braga-based Vieira Advogados advised blockchain technology company Kick Soccer Coin on a sponsorship deal with Spanish football club Deportivo Leganés. The deal means the Kick Soccer Coin logo will appear on the sleeve of Club Deportivo Leganés' official shirts. Kick Soccer Coin is a cryptocurrency that fans can use to purchase football merchandise.

The Vieira Advogados team advising Kick Soccer Coin was led by managing partner **Nuno da Silva Vieira**.

Practice area:

Commercial

The deal:

Kick Soccer Coin's sponsorship deal with Spanish football club Deportivo Leganés

Firm:

Vieira Advogados

Lead partner:

Nuno da Silva Vieira

CIRSA INSTRUCTS GARRIGUES ON €70M SPORTIUM DEAL

Garrigues advised Cirsa Gaming Corporation on the acquisition of a 50 per cent stake in Spanish retail betting



João Félix



Paulo Rendeiro



Nuno da Silva Vieira



Alex Pujol



Julio Lujambio



Bernardo Gutiérrez de la Roza

company Sportium.

The stake – which was valued at €70 million – was acquired from GVC Holdings. The Garrigues team included partner **Alex Pujol** and senior associate **Alejandra Álvarez Úcar**.

Practice area:

M&A

The deal:

Cirsa Gaming Corporation's acquisition of a 50 per cent stake in Sportium

Firm:

Garrigues

Lead partner:

Alex Pujol

PÉREZ-LLORCA ADVISES FORUS ON SANTAGADEA ACQUISITION

Pérez-Llorca advised sport centre manager Forus on the acquisition of six sports centres from Santagadea, which instructed Ontier. The sports centres are located in Gijón, Badajoz, Córdoba, Sevilla, Jaén and Cádiz. As a result of the deal, Forus now has a total of 45 sports centers distributed over 400,000 square meters, more than 250,000 members and more than 2,500 employees.

The Pérez-Llorca team was led by partner **Julio Lujambio**. The partner in charge of Ontier's team was **Bernardo Gutiérrez de la Roza**.

Practice area:

M&A

The deal:

Forus' acquisition of six sports centres from Santagadea

Firm:

Pérez-Llorca, Ontier

Lead partners:

Julio Lujambio (Pérez-Llorca), Bernardo Gutiérrez de la Roza (Ontier)

After a worrying drop in revenue three years ago, Gómez-Acebo & Pombo has reduced its number of partners, cut down on commoditised work, and increased its focus on value-added work – now it seems managing partner Carlos Rueda is steering the firm in the right direction

BACK ON TRACK

CARLOS RUEDA

The last three years have seen some turbulence at Gómez-Acebo & Pombo. Rewind to 2016, and the firm looked to be in trouble. It was a year in which it was the only one of Spain's ten biggest independent firms to experience a drop in revenue. While Uría Menéndez and Garrigues, for example, reported revenue increases of 6 per cent and 3 per cent respectively in 2016, Gómez-Acebo & Pombo's revenue fell an alarming 6 per cent. All in all, it was a difficult first year in charge for the firm's managing partner **Carlos Rueda**. However, three years later, it appears that Rueda has made some significant progress and looks to have now set the firm on the right course. The firm's revenue stood at €56 million in 2016, but, by 2018, this had grown to €62.01 million, which represents an 11 per cent increase.

However, bringing about a change in Gómez-Acebo & Pombo's fortunes has involved a lot of hard work. With revenue at the firm on the slide, the firm had to make what Rueda describes as some "internal adjustments". It's an expression that appears to play down what have been some pretty dramatic changes at the firm. Perhaps the most obvious way in which the firm has altered is that the size of the partnership has been reduced by 12 per cent in the last two years – in 2017, the firm had 67 partners, but that number has been slimmed down to 59. One way in which the firm did this was by not always replacing partners who had retired. Rueda explains the change by saying that, while in the past the firm had some salaried partners, the policy now is to ensure that all new partners should be equity partners. "There is a strict policy on the appointment of new partners, they all have to be involved in the equity," Rueda says.

PROFITABILITY GROWING

Now the outlook is brighter than it was three years ago. Revenue increased in 2017 and 2018 and further growth is expected this year. “The first semester of this year was better than last year,” he says. Rueda adds that he expects a third consecutive year of growth as well as an increase in profitability and efficiency. “Profitability is growing due to our leverage and utilisation rates,” Rueda explains. To give an indication of how the firm’s leverage has changed, while the number of partners at the firm dropped from 67 to 59 in the last two years, the total number of lawyers at the firm has stayed around the 275 mark. “The firm’s current leverage is correct,” says Rueda, implying that this had not necessarily been the case in the past.

Rueda says that, while there remains some pressure on fees, the firm has managed to increase its revenue and profitability by “moving away from commoditised work and focussing more on value-added work”. The firm has improved efficiency partly due to an enhanced focus on technology. “We created a new department and hired a manager focussed on digital transformation,” says Rueda. “We are using legal tech in our internal systems and standard tools for due diligence and drafting contracts.”

Rumours about law firms merging were flying around Madrid this summer, but

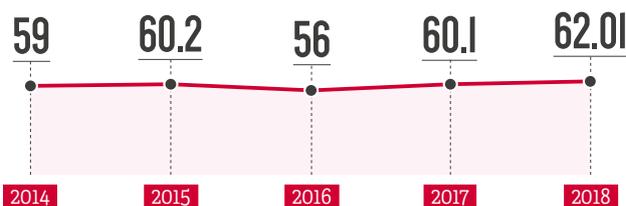


WE HAVE KEPT AN EXCELLENT POSITION IN THE MARKET FOR HIGH-END QUALITY WORK.

CARLOS RUEDA

Rueda says Gómez-Acebo & Pombo is committed to remaining an independent firm. “We are not considering an approach and there have been no discussions,” he adds. Some market observers say that Gómez-Acebo & Pombo doesn’t enjoy the same stature it did in years gone by and that it is losing ground to competitors. However, Rueda argues: “We have kept an excellent position in the market for high-end quality work, we still do quality work.” Around 40 to 45 per cent of Gómez-Acebo’s revenue is generated from clients based in jurisdictions other than Spain. “We get a lot of referral work,” Rueda says.

TOTAL REVENUE AT GÓMEZ-ACEBO & POMBO | 2014-2018 (€ mln)



CUTTING-EDGE CREDENTIALS

There is also a perception in the market that Gómez-Acebo & Pombo is a very traditional law firm. While this is not necessarily a negative trait, some market insiders say that it has meant the firm has found it difficult to modernise due to the fact it has a lot of older partners who are too resistant to change. However, Rueda rejects such suggestions. “Generally speaking, law firms are traditional, but we



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are not traditional in a negative sense – we have a new board of directors and half of them are aged under 45, while the heads of many of our major practice areas are also aged under 45,” says Rueda. “There has been a generational change.”

Indeed, while the firm may be seen by some in the market as extremely conservative, there is evidence to suggest this is a misperception. The firm’s ‘cutting-edge’ credentials were recently given a boost when it launched its own cryptocurrency called ‘Pombo’, which will be used to finance pro bono projects. “It showed the legal market that this is a firm of innovation, technology and social purpose, it’s in our DNA,” says Rueda. “Technically it [Pombo] is impeccable and it has generated a lot of interest from clients.”

LISBON OFFICE GROWING

Gómez-Acebo & Pombo views itself as an Iberian firm and Rueda very much embodies this ethos. Prior to becoming managing partner of the entire firm in 2016, Rueda was managing partner of the firm’s Lisbon office for just over a year. The Lisbon office, along with the firm’s office in Barcelona, is now the firm’s joint-second biggest office – revenue grew by around 30 per cent in 2018. Though the firm does not publish an official figure for the revenue of its Lisbon office, it is believed to be around €6.6 million. Rueda says the Portuguese office has grown, in part, because of the country’s growing economy. He adds: “There is still room to grow further, we believe in the concept of an Iberian firm.” Rueda says he expects the Lisbon office to grow further and highlights the appointment of **Mafalda Barreto** as managing partner of the office at the beginning of last year as evidence of



THERE IS A STRICT POLICY ON THE APPOINTMENT OF NEW PARTNERS, THEY ALL HAVE TO BE INVOLVED IN THE EQUITY.

CARLOS RUEDA

significant progress. Barreto is the first Portuguese managing partner Gómez-Acebo & Pombo’s Lisbon office has had and suggests that the operation is finally finding its feet and becoming less reliant on the firm’s head office in Madrid. With regard to the firm’s future objectives, Rueda says the firm will aim to keep improving efficiency and productivity, as well as enhancing the “personal approach to dealing with clients”. He adds that recruiting and retaining talent are among the biggest challenges the firm faces, but also says the firm is well-positioned to meet this challenge head-on. “We believe in giving a career to our own people, we are not an enormous firm and considering our size, we are able to keep a close eye on any lawyer recruited,” Rueda explains. “We can provide young lawyers with direct access to clients – when we go to universities [for recruitment purposes] we are quite attractive.”



GENERALLY SPEAKING, LAW FIRMS ARE TRADITIONAL, BUT WE ARE NOT TRADITIONAL IN A NEGATIVE SENSE – WE HAVE A NEW BOARD OF DIRECTORS AND HALF OF THEM ARE AGED UNDER 45.

CARLOS RUEDA

MARKET RUMOURS

The energy, new technology and real estate sectors will be key drivers of growth at the firm in the coming year, according to Rueda. He adds: “M&A was very good last year, though this year there have been fewer enormous transactions.” Rueda believes there will be few major changes in the Spanish legal market, though he thinks there will be more market segmentation in the sense that firms will increasingly be choosing to focus on a particular type of work, whether that be high-end value-added work or commoditised work. Rueda doubts that there will be any big mergers involving the major Spanish law firms, though he says there could be more mergers involving international firms and Spanish mid-market players. Rumours persist about US firms opening



AT GÓMEZ-ACEBO & POMBO, PEOPLE ARE INVOLVED, THEY ARE PART OF IT, THE DECISION-MAKING IS NOT HAPPENING THOUSANDS OF MILES AWAY, THE PEOPLE HERE FEEL IT IS THEIR PROJECT.

CARLOS RUEDA

12%

Size of the reduction in the number of partners at Gómez-Acebo & Pombo since 2017

THE MANAGING PARTNER



A specialist in banking and capital markets, Rueda was formerly a lawyer at Banco Central Hispano before he joined Gómez-Acebo & Pombo. He became a partner at the firm in 2001 and a member of the firm’s executive board in 2009. He was managing partner of the firm’s Lisbon office during the period 2014-16, before becoming managing partner of the entire firm in 2016.

in the Spanish market, but Rueda says such a move can be challenging for those involved. “It can be difficult to build a tier one, full-service firm,” he adds. Rueda began his second three-year term as managing partner this year, so he will be leading the firm for the foreseeable future. Consequently, it seems that he is fully committed to the project and he argues that having firm full of lawyers demonstrating similar commitment will be key to its future success. “At Gómez-Acebo & Pombo, people are involved, they are part of it, the decision-making is not happening thousands of miles away, the people here feel it is their project,” Rueda explains. He says that keeping the firm’s lawyers motivated is one of his key challenges, but it seems that Rueda is taking all the steps necessary to ensure this happens. 



ALEJANDRO TOURIÑO

AIMING HIGH

Spanish law firm Ecija has completed mergers with 11 law firms in the last two years as it pursues its goal of being the leading ‘Spanish and Portuguese-speaking’ law firm – while this could be seen as a risky strategy, managing partner Alejandro Touriño says “size matters” in an increasingly competitive market

Ecija has big ambitions. In the words of managing partner, Alejandro Touriño, the firm’s strategy can be summed up thus: “Grow, grow and grow with the focus and goal of being the top Spanish and Portuguese-speaking firm and one of the five most important firms in the country”. Considering Uría Menéndez, Garrigues and Cuatrecasas, for example, are Spanish and Portuguese-speaking firms – not to mention being the three biggest law firms in Iberia – one thing you have to say for Touriño is that he is certainly a man who aims high. Some would say such a goal is completely unrealistic, but time will tell.

What we can say with certainty is that the firm has undergone substantial growth in the last two years. Since 2017, the firm has merged with an astonishing 11 firms [see box]. Given that merging with just one firm can be extremely challenging – and in many cases can throw up what turn out to be insurmountable problems – the fact that the firm has incorporated so many in such a short time,

suggests that it is supremely confident that it can turn these varied and disparate groups of lawyers into one big happy family.

So, with the goal of becoming the leading Spanish and Portuguese-speaking law firm, how far is Ecija from reaching this target? Well, it is currently the sixth-biggest Spanish law firm by revenue, with annual income of €44.5 million. The five Spanish firms that are bigger are Garrigues (with a revenue of €364.6 million), Cuatrecasas (€277.4 million), Uría Menéndez (€240.7 million), Gómez-Acebo & Pombo (€62 million) and Pérez-Llorca (€52 million). While the last two firms in that list look catchable, especially if Ecija continues to incorporate new firms at the current rate, the top three firms are all at least five times bigger.

However, Touriño – who now leads a firm with 83 partners and 420 employees worldwide – is clearly not daunted by the challenge of overtaking them. We spoke to him to find out how Ecija selects potential merger partners, how it ensures firms are successfully integrated, and what the risks are associated with such a strategy.

WE HAVE THE GOAL OF BEING THE TOP SPANISH AND PORTUGUESE-SPEAKING FIRM AND ONE OF THE FIVE MOST IMPORTANT FIRMS IN THE COUNTRY

ALEJANDRO TOURIÑO

Why has Ecija merged with so many firms? Is size important?

We have been committed to growing for a number of years. We are in an extraordinarily competitive market where size matters. Winning new customers is always complex, but maintaining relationships with them can be equally complicated. As a result, you need to differentiate yourself in terms of the products and services you offer, and also in the way in which you approach your clients. However, you also need to grow – grow in terms of talent, offices, practice areas, territories and so on. Otherwise it can be difficult to compete to have the best clients and the most important work. This is a very good time for us. We have won many awards and a lot of recognition in recent times, which makes us think that this is our time to grow. Historically, our focus has been on technology and it has permeated everything to date, which has allowed us to be at the epicentre of what is happening.

Ecija's revenue in 2018

€44.5m

How do you select the firms you merge with?

We have grown a lot in recent years. The criteria for selecting firms has differed. However, there has always been a common element, which has been sharing a business vision. Our new partners are a real example of diversity, but despite their differences, we all share the vocation of excellence and customer service. In some cases, the focus has been launching new practice areas. On other occasions we have sought to grow in new territories with the aim of accompanying our customers, and in other instances, we have sought to gain market share and give a better service to customers.

After the initial conversations, what process is followed before completing a merger?

It is difficult to identify a common pattern, because this is a business of people where the personal element plays an important role, but the truth

is that it is not so different from the acquisition of a company. The periods of maturation are usually long, from the first conversations that are necessary in order to understand the culture of the other firm, to the signing of the agreements enabling the merger to proceed. I could say that there is a clear plan, but I admit, at least in our case, that there is a lot of flexibility. In our growth plan, learning and the ability to adapt are common elements.

What steps must be followed to ensure that a firm is successfully integrated into Ecija? How many partners and lawyers do you currently have?

The integration process takes place in stages. I would say that until there has been a real cross-selling to clients of both firms, there is always room for improvement and growth is possible. We currently have 83 partners and 420 employees in 20 offices, 13 of which are outside Spain. This represents significant growth when compared to the corporate structure of the firm just a few years ago. We have a wonderful challenge ahead, which is

Law firms incorporated into Ecija in the last two years

2017	
November	Antas Da Cunha (Portugal)
2018	
February	Azpitarte Abogados (Spain)
May	DeuxTic (Spain)
June	Expertis (Costa Rica)
July	Díaz de Aguilar (Spain)
	Julio Pérez Abogados (Spain)
2019	
February	Zadal (Spain)
April	Colón de Carvajal (Spain)
May	Ad & Law (Spain)
June	Jiménez de Parga (Spain)
July	Sanabria Bauermeister Garcia & Berio (Puerto Rico)

to keep growing, but also consolidate what we have already. Both objectives are equally important.

WE ARE CURRENTLY IN TALKS WITH FIRMS IN SPAIN AND LATIN AMERICA AND WE HOPE TO CLOSE THE YEAR WITH POSSIBLY TWO OR THREE OFFICES IN NEW JURISDICTIONS AND PERHAPS SOME NEW OFFICES IN SPAIN.

ALEJANDRO TOURIÑO

Does the firm have a target size, in terms of the amount of partners and lawyers?

We have not set a target in terms of the number of lawyers we want to integrate, or a target in terms of the amount we want to bill. Our focus is on positioning ourselves as the leading Ibero-American firm and among the five most important national firms in the Spanish market. We know it's a complex goal, but setting goals and trying to fulfill makes our day-to-day even more fun.

Are there plans to integrate any more law firms?

Yes, definitely. We are currently in talks with firms in Spain and Latin America and we hope to close the year with possibly two or three offices in new jurisdictions and perhaps some new offices in Spain. Our headquarters in Madrid will also grow significantly with the integration of new teams.

So you plan to open offices in new jurisdictions?

Our road map goes through Latin America. We aspire to be the firm of reference for many companies that perceive Spain as a gateway to the Iberian and Latin American market. We are already in nine countries in Latin America and our objective is to cover the most important territories in the region in the coming years with our own offices.

How would you summarise your strategy?

The plan we have shared with our investors is clear: grow, grow and grow. As already stated, the goal is to be the leading Spanish and Portuguese-speaking firm and one of the five most important firms in our country.

What are the risks associated with integrating so many firms?

Integrating firms is a risk, but also a challenge. It is like digestion. It is not only about chewing and swallowing but also about digesting. The culture of the firm is very strong. We are not a traditional firm, we are clearly a company, we behave in that way, we enjoy an incredible work environment, full of young and diverse talent, which means we work, and share our work, with passion. Any corporate organisation has to reinforce that culture, whereby we all experience Ecija as our home. We are privileged to have so many lawyers who are true ambassadors of our brand.

WE KEEP OUR FINGERS CROSSED.
IT'S PROBABLE THAT THIS
GROWTH WILL CREATE SOME
DISCOMFORT. THIS EXPANSION
IS AN APPRENTICESHIP AND
WE WILL TRY TO GET UP
QUICKLY WHEN WE FALL.

ALEJANDRO TOURIÑO

How would you describe Ecija's culture and values?

It can be described in three words: freedom, innovation and merit. In Ecija there are no working hours, only the work. It seems obvious, but many

The top six Spanish law firms by revenue

Firm	Revenue
1 Garrigues	€364.6 million
2 Cuatrecasas	€277.4 million
3 Uría Menéndez	€240.7 million
4 Gómez-Acebo & Pombo	€62 million
5 Pérez-Llorca	€52 million
6 Ecija	€44.5 million

Ecija's managing partner**Alejandro Touriño**

In addition to being managing partner, Touriño is also the firm's head of information technology. He is also information technology and communication president at the Madrid Bar Association. Touriño is also arbitrator for the World Intellectual Property Organization a role that focusses on resolving disputes concerning domain names and trademarks. He has been a past winner at the Iberian Lawyer 'Forty Under 40' Awards. He is a lecturer and professor at IE Law School, University of Navarra, ICADE, Universidad Carlos III de Madrid, Universidad Autonoma de Madrid, as well as being director of the "Startup Lawyers" programme at IE Law School.

lawyers who join us are surprised by how we work, and by the autonomy and freedom we have. Innovation is also key – we try every day to do things differently, to be close to the business and the reality and to give the best of ourselves for our clients. The last of the mantras is the principle behind our career plan: meritocracy. No matter your age or how long you have been in the firm, it's about what you contribute on a day-to-day basis. Those who demonstrate talent in Ecija are able to grow rapidly and doors will open for them.

Can integrating so many firms have a negative impact on the culture of a firm?

As our corporate culture is so strong, we feel safe whenever we take another step. However, the challenge is always there. We want to maintain our corporate identity, and the essence of Ecija in terms of passion, commitment, effort, talent, and autonomy.

Sometimes mergers between firms can be problematic, why do you think Ecija's strategy will be successful?

We keep our fingers crossed. It's probable that this growth will create some discomfort. This expansion is an apprenticeship and we will try to get up quickly when we fall. In our corporate culture, the acceptance of error is a mantra. We prefer to do things and make mistakes rather than not doing them at all. We are not reckless, we know that we live off our reputation and work well done, but we do believe that the only way forward at times is to take reasonable risks.

Are all the partners that join the firm equity partners?

We are not organised like a traditional law firm, but as a company. We are not an integrated partnership, but a service company. Those who are the partners are the directors of the company. We believe that this is the only way to align the objectives of the professionals with those of the firm, to make decisions in an agile manner and to invest in projects that, otherwise, we could not undertake. The partners remuneration is based on our performance the previous year, this system enables us to grow as much as we want. We do not have an 'up and out' system either – there are incredible people in the firm who enjoy their role, but do not want to continue climbing. There is no reason not to have those people who are helping us to try to be the best every day.

What is the difference between Ecija and its competitors?

Ecija is my home and I speak about it with the passion of someone who believes in their project. We are a unique company in the market. We are a modern, agile, passionate, innovative and goal-oriented firm. And naturally, we cannot forget our DNA, technology, which serves us every day and distinguishes us from our competitors. We are the only European independent firm that is in the top ten in terms of billing in its country that has technology as its backbone. In a world where the word 'tech' is added to everything, we cannot help but be proud of the firm's commitment to technology for more than 20 years. 🇪🇸



TAX INCENTIVES FOR INVESTMENTS IN ELTIFs

Among the tax incentives provided by the Law Decree no. 34 of April 30, 2019, as amended by Conversion Law No. 58 of June 28, 2019, on “Urgent measures for economic growth and for the resolution of specific crisis situations” (so-called “Growth Decree”), it is worth mentioning the tax advantages introduced in order to encourage investments in ELTIFs (European Long Term Investment Funds).

The Growth Decree indeed has introduced, with the article 36-bis, a special regime available to Italian tax resident individuals, which provides for the tax exemption on capital incomes and other incomes – respectively art. 44, par. 1, letter g) and art. 67, par. 1, letter c-ter) of the Italian Tax Code – deriving from investments in ELTIFs, also via CIVs, which meet certain conditions.

Moreover, the Growth Decree provides for the exemption from the inheritance tax in case of the transfer due to the succession.

The tax exemption is applicable only if the investment in ELTIFs is equal to a maximum annual amount up to Euro 150,000 and to a total amount not exceeding Euro 1,500,000.

Other than the quantitative limits, the investments in ELTIFs, including those made through the subscription of units or shares of ELTIF CIVs, shall have the following elements:

- The funds raised by a fund manager must not exceed Euro 200 million for each year, up to a total amount of Euro 600 million for each fund manager;
- At least 70% of the capital should be invested in the so-called “eligible” investments or in “eligible portfolio undertaking”.

At this regard, it must be specified that eligible investments are deemed to be, according to Article 10 of EU Regulation 2015/760, for example:

- Equity and quasi-equity instruments and debt instruments issued by an eligible portfolio undertaking;
- Loans granted by the ELTIFs to an eligible portfolio undertaking;
- Units or shares of one or several other ELTIFs, EuVECAs and EuSEFs provided that those ELTIFs, EuVECAs and

EuSEFs have not themselves invested more than 10% of their capital in ELTIFs.

Conversely, “eligible portfolio undertakings” are companies which, according to article 11 of the EU Regulation 2015/760:

- Are not a financial undertaking (as banks, investment firms, insurance undertakings...);
- Are not admitted to trading on a regulated market or on a MTF (or admitted to trading with a market capitalization of no more than EUR 500 million). Furthermore, those companies should be tax resident in Italy or in EU/EEA countries with a permanent establishment in Italy.

ELTIFs are indeed investments with a long time horizon and are typically illiquid. They are usually aimed at financing projects with average durations from 7 to 10 years and often the instruments through which investments are made do not allow an early liquidation of their share.

In fact, in order to benefit from the tax exemption the investment in ELTIFs must be held for a period of at least 5 years. Nevertheless, in the event of sale or redemption of the investment before the 5 years holding period, where the value received is fully reinvested in another ELTIFs (or ELTIF CIVs) within 90 days, the special tax regime will still apply.

For this reason they are particularly suitable for High Net Worth Individuals investors with an high value asset, typically higher than 500,000 euros, who can allocate a portion of their assets to investments at medium-high risk, structurally illiquid.

Finally, the Regulation (EU) 2015/760 has also provided, as a form of protection for investors, the following two quantitative criteria:

- if the client's total asset is less than € 500,000, the investment in ELTIFs shall not exceed 10% of the investor's portfolio;
- the initial amount cannot be less than 10,000 euros.

Given these premises and considering the exemption from the inheritance tax, ELTIFs are now considered a useful wealth planning tool, which can help to reduce the amount of future taxes.



LUCAS OSORIO

BATTLE-HARDENED

When Hogan Lovells opened in Madrid 15 years ago, some market observers believed they were making their move too late, but today the firm's Spanish operation boasts more than 100 lawyers – Madrid managing partner Lucas Osorio says the office has demonstrated great resilience in that time and future success will depend on a policy of organic growth

Hogan Lovells was warned against opening in Madrid. Back in 2004, when the firm – then known as Lovells – was planning to launch in the Spanish capital, some observers said the firm had waited too long and would struggle to make the office a success. However, this year, the firm marked the fifteenth anniversary of its Madrid office, which has grown into an operation billing more than €42 million each year.

Speaking of the decision to open the Madrid office in 2004, current managing partner **Lucas Osorio** says: “The circumstances of the market were good but many people thought we were late.” However, **José María Balañá** and **Lucía Lorente** the two Lovells lawyers who established the firm in the Spanish capital with a business plan they called ‘Blue Sky’ were vindicated and a decade and a half later the firm is thriving. On the claims that the firm had waited too long to open the office, Osorio says: “The reality is that it was not so and there was a long way to go and there was space for us to move into.”

THE CIRCUMSTANCES OF THE MARKET WERE GOOD BUT **MANY PEOPLE THOUGHT WE WERE LATE.**

BUILDING LOYALTY

Opening in Madrid as Lovells, it remained the firm’s name until it merged with Hogan & Hartson in 2010. At the time of the opening in 2004, the Madrid office had three partners and seven lawyers. Today the office has 21 partners and more than 100 lawyers. With regard to billing, revenue at the firm grew 2.3 per cent to €42.3 million in 2018. Osorio, who joined the office in 2008, four years after it had opened, says the launch of the Madrid

IN A VERY SHORT PERIOD OF TIME, THE FIRM MANAGED TO ESTABLISH ITS OWN CLIENT PORTFOLIO – **WE MANAGED TO BUILD LOYALTY OVER THE YEARS** AND ALSO INCREASE CROSS-SELLING

operation was a “natural step in the development of the European practice of Lovells, whose objective was to offer a business law service – with a range of practices – to both Spanish and international clients”.

Osorio says most of the lawyers staffing the office at the time of the launch came from firms such as Cuatrecasas and Landwell, but there were also partners that came from other Lovells offices or from the government. He adds that, at the outset, most of the work was referred by other Lovells’ offices, but “in a very short period of time, the firm managed to establish its own client portfolio – we managed to build loyalty over the years and also increase cross-selling.”

Law firm mergers can create significant problems for the lawyers involved, but Osorio insists Lovells’ merger with Hogan & Hartson had “an absolutely positive impact” on the Madrid office. “With the merger, Madrid acquired a very important role as a link between Spanish multinational companies and the markets of the United States and Latin America,” he explains. Osorio adds that it was a merger that brought numerous advantages, particularly for clients. “Thanks to the merger we can offer the highest level of advice from more than 45 offices around the world and, for our teams, it has opened a huge range of new professional development opportunities,” he claims.

Hogan Lovells Madrid: Recent major deals

In 2018, the firm advised **CVC Capital Partners** on the acquisition of a 20 per cent stake in Gas Natural Fenosa, a deal that was valued at nearly €4 billion. The firm also acted for **HNA** on the sale of its 26.5 per cent stake in NH Hotel Group. The office also advised on the IPO of **Metrovacesa**, which was valued at €2.5 billion.

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Lucas Osorio

Osorio is a partner in the firm's corporate practice. He has extensive experience advising on M&A and PPP projects, with a special focus on infrastructure. He is a former State Lawyer (Abogado del Estado), having worked for seven years in the Spanish public sector on administrative law, public procurement, and regulatory law matters. Before joining Hogan Lovells, he was general counsel and secretary general at the listed company Cintra (Grupo Ferrovial), one of the world's leading transport infrastructure companies. He worked there for 12 years.

TRUST IS VITAL

Osorio says the legal sector has altered significantly since the firm first began operations in Madrid. "Customers are increasingly demanding quality and efficiency, and tremendous speed, in a very competitive context," he explains. However, Osorio adds that there are many firms that do this and do it well. As a result, the challenge now is to provide even better services or offer added value to customers. In addition, Osorio says firms also face the challenges of having to adapt to new business models, deal with the technological revolution, and develop a better work-life balance for their lawyers.

However, despite all these changes, Osorio is adamant that "our industry remains a profession of trust". He continues: "Trust is the basic pillar

42.3

€ million

Total revenue of Hogan Lovells' Madrid office in 2018, a 1.9 per cent increase on the previous year

of the relationship between lawyer and client, and this is something that Hogan Lovells can say it has achieved over these 15 years." However, the last decade and a half has presented the firm with some major challenges, not least of which was the global economic crisis. Osorio says: "Fortunately, the office has endured very well and has grown at a tremendous rate during those years due to several factors: an adequate balance between the different areas of practice; the correct sizing of the office; and, above all, an extraordinary team."

Osorio has clear objectives for the Madrid office in the coming years. These include increasing the firm's presence in the city, increasing the firm's visibility, growing the firm's brand, and following a strategy of organic growth and internal promotions. However, the firm will not grow for the sake of reaching a specific target in terms of size. "Our growth will be based on the need we detect, but it will always balance two factors: internal organic growth and opportunities in the market," says Osorio. As a result, he does not foresee any major changes in strategy in the near future, though lateral hires of partners are not ruled out. The firm's Madrid office appears to be built on solid foundations, but in an increasingly competitive market, it remains to be seen whether growth in the next fifteen years will be as rapid as it has been in the last fifteen. But, the philosophy of steady, rather than dramatic, growth should stand the firm in good stead. ■

Hogan Lovells Madrid: The founders

Hogan Lovells' Madrid office was established by **José María Balañá** and **Lucía Lorente**. Balañá is head of the firm's corporate practice group in Madrid. Specialising in M&A, clients Balañá has advised on acquisitions include HNA, Sepura, Gruma and Euler Hermes. Lorente, who died last year, was the firm's chief operating officer for Continental Europe. Prior to joining Lovells in 2004, she was a corporate and M&A partner at Cuatrecasas.

At the end of this year, PLMJ founding partner José Miguel Júdice will leave the firm he founded more than 40 years ago after making an acquaintance in a Portuguese prison cell – here he talks to Iberian Lawyer about his new career as an arbitrator as well as the story behind the rise of PLMJ, Portugal's biggest law firm

PASSING THE BATON

JOSÉ MIGUEL JÚDICE



It's all change at PLMJ. Portugal's largest law firm is in the midst of a period of regeneration – in the last five months, not only has the firm moved to new offices in Lisbon's Avenida Fontes Pereira de Melo, it has also launched a new logo as part of a re-branding exercise that sought to freshen up the firm's image. The new office and new logo are indeed symbolic of a new era for the firm. However, equally symbolic of the significant changes the firm is undergoing is the imminent departure of one of the firm's founding partners, **José Miguel Júdice**.

Without Júdice, there would be no PLMJ. He was one of the creators of the firm back in the 1970s and the story of the birth of PLMJ is a particularly dramatic one. It goes like this: an academic at the Universidade de Coimbra who specialised in politics, sociology and economics, Júdice found himself imprisoned following the Portuguese revolution in 1974. Júdice says that, despite never being charged, he was incarcerated for a total of three months. However, during his time in the cells, he met a fellow prisoner, **António Maria Pereira**, in doing so making an acquaintance that would dramatically change the course of his life. Upon their release, the two men – together with **Luís Sáragga Leal** and **Francisco de Oliveira Martins** – would found PLMJ in 1976.

“

SOME LAWYERS LEAVE, BUT OTHERS COME,
YOU HAVE TO OPEN THE WINDOW – IF THE
NUMBER ONE GOES, THE NUMBER TWO HAS AN
OPPORTUNITY

”

PLMJ | A timeline

1976	1989	1999	2018
PLMJ founded by José Miguel Júdice, António Maria Pereira, Luís Sáragga Leal and Francisco de Oliveira Martins	PLMJ's headcount reaches 50 lawyers	Headcount reaches 100 lawyers	PLMJ reaches a total of 298 lawyers

TOO MUCH WORK

The four lawyers, who worked alongside three trainees soon found themselves inundated with work. “We had too much work,” says Júdice. The partners believed the best strategy for dealing with the increased workload was to expand the size of the law firm, though they were discouraged from pursuing this path. Júdice says: “All our friends were saying why have a big law firm? But we decided growth was best.” And so the firm grew, significantly. By the end of the 1980s, it had around 50 lawyers, and by the end of the 1990s, it had approximately 100 lawyers. Today it is the biggest Portuguese firm by headcount with almost 300 lawyers and annual revenue of €55 million.

Although he is one of the firm’s founding partners, Júdice, who will celebrate his 70th birthday this year, resolved early on that he never wanted to be managing partner of the firm. He says that if he wanted to be a manager he would have gone into the business world, arguing that



ALL OUR FRIENDS WERE SAYING WHY HAVE A BIG LAW FIRM? BUT WE DECIDED GROWTH WAS BEST.



managing a law firm poses a particular set of challenges. “Law firms with rules don’t adapt so quickly,” he argues. “It is a group of lawyers, not employees.” Júdice adds that if a lawyer is promoted, this can cause internal strife. “You can quickly have internal problems, you have to reconcile the ‘community’ of the law firm with the ‘eat what you kill’ ambition.”

Júdice will officially leave PLMJ at the end of this year and he insists that he is parting on good terms. He could have quit eight years ago when he was 62 – in accordance with the firm’s rules at the time – but he was persuaded to stay. “I asked the firm if they wanted me to stay and they said we want you to stay until you’re 70,” Júdice says. However, he adds that he wanted to be certain that all the partners were happy with this decision and so, Júdice says, he asked all the partners to vote on the decision, promising that if a single partner abstained he would leave the firm. However, Júdice says the partnership unanimously voted that he should stay. Now he is leaving, Júdice insists there is no ill-feeling. “There is no problem at all, we have a wonderful relationship.”

WINDS OF DISCONTENT?

It’s a story that certainly paints a picture of a partnership that was united in its support of Júdice. However, like all law firms, PLMJ has also gone through periods of unrest when some partners have been dissatisfied with life at the firm and have opted to leave. For example, back in 2008, a group of partners left the firm to form their own practice, AAA Advogados.

PLMJ’s revenue in 2018

€55 m

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José Miguel Júdice's Blueprint for Reform of the Legal Profession

modernise the profession with technology

reform the courts

increase the transparency of the profession

introduce more competition into the market

accept different styles of career

Currently, there are rumours that new winds of discontent are blowing through the firm's corridors. Telles Advogados recently recruited PLMJ tax partner **João Magalhães Ramalho**, while, in March this year, PLMJ partner, and former head of the firm's Oporto office, **Tomás Pessanha**, left the firm to join Garrigues. Meanwhile, other recent departures saw PLMJ's **Pedro Barosa** join Abreu Advogados as a partner. If that wasn't enough, in arguably the biggest lateral move of the year so far in Portugal, PLMJ's former managing partner **Manuel Santos Vitor**, as well as the firm's tax partner **Nuno Cunha Barnabé**, both quit the firm to join Abreu Advogados in July. More recently, it emerged that partner **João Medeiros** will soon join Vieira de Almeida.

However, Júdice is philosophical when it is put to him that there is some unrest at the firm. "Some lawyers leave, but others come, you have to open the window – if the number one goes, the number two has an opportunity," says Júdice. He adds that the firm has also made some spectacular lateral hires in recent years. In particular, he highlights the arrival of M&A partner **Diogo Perestrelo**, the former co-managing partner of Cuatrecasas in Portugal, who joined the firm in 2016. "The hire of Diogo was an enormous success," Júdice says.

RISKY DECISION

Júdice will officially depart PLMJ at the



YOU HAVE TO
RECONCILE THE
'COMMUNITY'
OF THE LAW
FIRM WITH THE
'EAT WHAT YOU
KILL' AMBITION.



end of this year to focus on his work as an arbitrator. "I quit the firm's lockstep on the 1 January this year – I am no longer a partner and I will receive a flat fee for this year," he explains. When he started out at PLMJ, Júdice was an all-rounder who handled a wide range of matters, including tax, corporate and real estate work, but in 1998 he quit transactional work to focus on dispute resolution. Júdice had the wisdom and foresight to plan for the day his career as a lawyer would come to an end, and so he successfully forged a career in arbitration, a field he describes as the "noble part" of dispute resolution. He established PLMJ Arbitration as a separate unit from the Litigation Unit in 2013 – he acknowledges it was a "risky decision", but it was a gamble that has paid off. The arbitration unit now has 17 lawyers in Lisbon and an annual turnover of more than €4 million. The unit has won plaudits and Júdice is confident that he will be leaving it in "very good shape".

The fact Júdice is leaving PLMJ means he will be able to eliminate the conflicts of interest he has faced in the past. "I have lost tens of cases in the past due to conflicts of interest, but now there is no conflict," he says. "I will be working as a sole practitioner, arbitration is a trend, people prefer arbitration and now I'll be doing nothing but that." Júdice, who is a former president of the Portuguese Bar Association, has found himself in demand and currently has four arbitrations scheduled in Latin America. To date, he has acted in more than 50 arbitrations – 33 of them as president and three as sole arbitrator. The seats of the arbitrations have been in Brazil, Switzerland, the United Kingdom, Spain, Angola, France, the Netherlands and Portugal, and they have been held in English, Spanish, French and Portuguese, with many of them being bilingual.

NO WORRIES

Júdice believes he is leaving PLMJ in good hands. Commenting on the firm's



JOSÉ MIGUEL JÚDICE

“

WE HAVE HUNDREDS OF INTERNATIONAL QUALITY LAWYERS, BUT THE QUALITY OF JUDGES IS NOT SO GREAT.”

”

managing partner, **Luís Miguel Pais Antunes** – who was Secretary of State in the 15th and 16th Constitutional Governments (2002 - 2005), a member of the Portuguese parliament and vice-president of its European Affairs Commission (2005-2009) – Júdice says: “Luís Pais Antunes has been in politics, he is able to negotiate, which is important in a law firm, which is full of personalities. If I was worried about the future of PLMJ, I would never have quit – if PLMJ collapsed, I wouldn’t be happy.”

Júdice tells a story of the time he was president of the Portuguese Bar Association and he went to visit one of the former presidents, who told him: “I gave all my life to this profession and when I started it was in better shape.” Júdice is of the view that the legal system needs to be reformed, specifically he would like to see: a modernisation of the profession with technology; a reform of the courts; an increase in the transparency of the profession; more competition; and the acceptance of different styles of career.

“We need to adapt,” he says. “We have hundreds of international quality lawyers, but the quality of judges is not so great.” And what does the future hold for the Portuguese legal market? “There might be some mergers and spin-offs, but there won’t be much more concentration,” he says. “More international firms will come and the competition will be tough, but this will be good for the client – more multidisciplinary practices will emerge, though I’m not in favour of that, they won’t be at the top end of the market, they will do a lot of commoditised work.” But this is the outlook for the longer term. In the short term, Júdice’s days at PLMJ are coming to an end. But, in his role as an arbitrator, he will not be lost to the profession – indeed his legacy will live on at PLMJ in the shape of his daughter **Rita Alarcão Júdice**, who is a partner in the firm’s real estate, planning and tourism practice. Some say there is no substitute for experience and **José Miguel Júdice** has plenty of it – the wisest members of the Portuguese legal profession will surely take every opportunity they can to tap into it. ■

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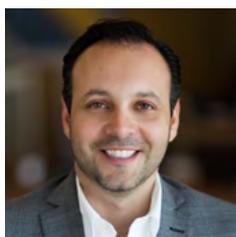
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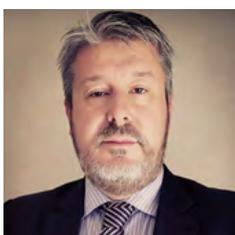
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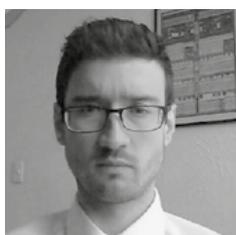
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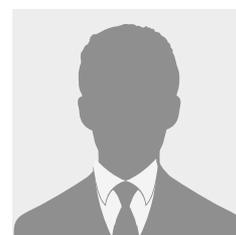
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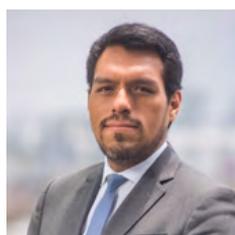
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TRAIN TO GAIN

Portuguese law firm GPA is growing rapidly with managing partner Sofia Gouveia Pereira attributing its success, in part, to a willingness to invest in training



SOFIA GOUVEIA PEREIRA

Lisbon-based law firm Gouveia Pereira, Costa Freitas & Associados (GPA) is in expansion mode. The firm has 15 more lawyers than it did one year ago, and the firm is anticipating that revenue will grow from €5 million to €6 million this year, an increase of 20 per cent. The firm has traditionally focussed on corporate, M&A, banking, employment and compliance work, but now it is branching out into new areas such as public law, litigation and arbitration, real estate and insurance. However, another key factor in the firm's rapid expansion, according

to managing partner **Sofia Gouveia Pereira**, has been its ability to adapt to the changing dynamics of the economy. "More than 15 per cent of our growth comes from new areas, such as TMT [technology, media and telecommunications], data protection, fintech and compliance," she says. "We have made a huge investment in training and staff – and will continue to do so – to be able to respond to a changing economy and a changing legal environment." More traditional areas of practice at the firm have also been key drivers of growth in recent years. Banking work

has grown substantially, while there has also been an increase in instructions in the areas of insurance and real estate. “In the last few years, our banking practice has seen significant growth, our insurance practice has doubled in terms of size and revenue, while our real estate practice has been greatly enhanced by the creation of our tax practice,” says Gouveia Pereira. In particular, the firm has received a significant amount of instructions as a result of the need of financial and insurance sector clients to adapt to a raft of new regulations. “This includes legal assistance provided to some of

“ **MORE THAN 15 PER CENT OF OUR GROWTH COMES FROM NEW AREAS, SUCH AS TMT [TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS], DATA PROTECTION, FINTECH AND COMPLIANCE.** ”

Sofia Gouveia Pereira

GPA in Numbers



93

Lawyers



8

Partner



€5 million

Revenue



€625,000

Revenue/partner



€55,000

Revenue/lawyer

the major Portuguese banks concerning due diligence and the drafting of internal policies and procedures, as well as advising on the restructuring of finance and insurance companies, in addition to handling major litigation proceedings,” says Gouveia Pereira.

‘SUSTAINABLE MISSION’

Following the recruitment drive that took place in the last year, GPA now has 93 lawyers,

of which eight are partners. In mid-July, it announced that its revenue for 2018 was €5 million, which means that revenue per partner at the firm stands at €625,000, while revenue per lawyer totals approximately €55,000. While the firm is growing, Gouveia Pereira stresses that any growth has to be sustainable. She says: “Sustainability is embedded in our mission, and that is environmental and human sustainability. We don’t believe in a good client service without motivated professionals who have a good work/life balance –

we try to help each other and to be aware about each other, and we don’t believe in growth that is not sustainable.”

GPA as a firm is a strong believer in the importance of providing training to staff even if the rewards are not seen in the short term. Gouveia Pereira highlights increased investment in training as one of the major developments at the firm in the last year. “Sometimes we need to go a step back to go a step further,” she says. “It is difficult to take people ‘off the job’ to invest in training – it does not

»»

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The managing partner

Sofia Gouveia Pereira

Gouveia Pereira founded GPA in 2005 after leaving PwC, where she spent 11 years as a lawyer. Her areas of specialism include corporate, banking and finance, and energy. She speaks five languages: Portuguese, English, Italian, Spanish and German. She studied at Universidade Católica Portuguesa de Lisboa and Universidade de Lisboa.

generate immediate results and everything around us is extremely results-sensitive and results-driven.” Gouveia Pereira continues: “We obviously have no problem with this, but it becomes a problem when we just look at the short term – we believe in sustainable growth, and for that we need to invest and to be patient.”

in the legal market many people are bi-lingual, this is an obvious strength, we also have good universities and people have a good legal background.” Gouveia Pereira says that the firm has a young team with a “lot of drive and initiative”, but she adds that the challenge will be to ensure these qualities are not lost as the firm grows. Another challenge will be keeping hold

“ WE HAVE MADE A HUGE INVESTMENT IN TRAINING AND STAFF – AND WILL CONTINUE TO DO SO – TO BE ABLE TO RESPOND TO A CHANGING ECONOMY AND A CHANGING LEGAL ENVIRONMENT. ”

Sofia Gouveia Pereira

TALENTED PEOPLE

Gouveia Pereira says the outlook for the Portuguese legal market is positive given the high standard of lawyers in the country. “Portugal is a small country with very talented people and the proof of this is our legal market,” she says. “We have a strong legal market with a very good offer for clients at European standards – Portuguese people are good at languages and

of the firm’s best lawyers – in May this year, **Tomás Assis Teixeira**, who had been a lawyer at GPA for 11 years, left the firm to join CCA Law to lead the firm’s tourism and leisure practice. However, with 20 per cent growth forecast for this year and the firm seemingly committed to investing in its people by providing training, the short-term future for GPA looks bright. ■



JORGE VIERA LANDALUCE

ATTRACTING INVESTORS

Private equity funds have a growing appetite for deals in Spain and Portugal, Jorge Viera Landaluce, managing partner of Rainforest Dunas Capital, explains what assets funds are targeting and the latest trends regarding how deals are structured

Private equity funds are increasingly targeting Iberian assets. Of particular interest to such investors are Spanish and Portuguese mid-market companies, which are often family-owned, and have enormous growth potential given that there are significant opportunities to improve such businesses' efficiency, corporate governance, financial management and international presence. In an effort to capitalise on such opportunities, asset management company Dunas Capital – which has almost €1 billion of assets under management – established Rainforest Dunas Capital, a private equity fund of funds [that is, a pooled investment fund that invests in other types of funds] that is focussed on the Iberian market. Dunas Capital views the Spanish and Portuguese private equity industries as having experienced a post-crisis resurgence and consequently both countries are now extremely attractive destinations for both local and foreign investors.

While takeovers are a common type of deal in Iberia, **Jorge Viera Landaluce**, managing partner of Rainforest Dunas Capital, says there are other types of transaction that are beginning to occur more frequently. "In the midmarket segment, it is usual to see takeover transactions," he says. "However, there is increasing diversity in transactions, including minority holdings, financing with hybrid instruments – such as quasi-equity – or even structured debt." Viera Landaluce adds that mid-market companies in Spain and Portugal are being targeted by many funds. "For scale reasons, all Iberian funds invest in medium-sized enterprises," he explains.

902
€ million

Value of assets managed by Dunas Capital

“Within this group, companies with high growth potential (both organic and inorganic) combined with opportunities for improvements in operational efficiency, corporate governance and financial management are very attractive.” Viera Landaluce adds: “Lower mid-market-oriented funds are best placed to detect very good companies with relatively little competition when it comes to acquiring them.”

THE ABUNDANT LIQUIDITY THAT IS CURRENTLY AVAILABLE FORCES INVESTMENT PORTFOLIO MANAGERS TO LOOK FOR NEW DESTINATIONS

MORE MATURE MARKET

With regard to the biggest obstacles faced when investing in Iberia, Viera Landaluce says that the challenges involved depend on the type of investor. “A large institutional investor may find it difficult to find funds on a scale that is big enough to be efficient in an investment commensurate with their size, without overexposure,” he explains. “For private investors, there is still little awareness about the benefits of the asset class in general and, in particular, about who the market players are in terms of making a proper selection – for this type of investor, a fund can be a suitable alternative.”

Viera Landaluce is in no doubt that more investors will begin targeting the Iberian market. He

adds that his is “not only because of the good returns that have been given in the various active funds in the market, but also because it has become a more mature market, with greater depth, and it is still somewhat lagging behind other European countries”.

ROLE OF LAWYERS

Investors in the Iberian market frequently require legal advice on the tax regime for private equity investments, and specifically how this will impact on foreign investors, Viera Landaluce says. He continues: “In addition, a legal advisor can play a very important role in ‘translating’ the complexities of this active class for investors unfamiliar with it.”

Awareness of the advantages of diversifying investment portfolios by investing in alternative assets – which are defined as non-traditional assets, such as private shares in start-up companies, for example – is growing and this is expected to lead to an increase in interest in investing in Iberia. “As the benefits of diversifying investment portfolios using alternative assets are further disclosed, and it is more widely understood that through private equity it is possible to achieve

THERE IS INCREASING DIVERSITY IN TRANSACTIONS, INCLUDING MINORITY HOLDINGS, FINANCING WITH HYBRID INSTRUMENTS – SUCH AS QUASI-EQUITY – OR EVEN STRUCTURED DEBT

JORGE VIERA LANDALUCE

Managing partner
Rainforest Dunas Capital

Viera Landaluce is an economist from the Andrés Bello Catholic University. He obtained an MBA from the Haas School of Business at the University of California, Berkeley. He is an expert in corporate finance, corporate governance and private equity, and has participated in various acquisitions of industrial companies through several private equity investment vehicles in Venezuela and Colombia. Previously, Viera Landaluce was the CEO of Cencozotti, a leading company in the chemical area in the Andean region and the Caribbean. He is currently board member of C.A. Ron Santa Teresa. Viera Landaluce is also an independent member of the Investment Committee of Evolvere Capital, a private equity firm with several industrial and service assets in Venezuela.

interesting returns – which have little correlation with those on quoted markets – there will be more investor interest,” claims Viera Landaluce. “In addition, the abundant liquidity that is currently available forces investment portfolio managers to look for new destinations, and in that sense the Iberian market offers very interesting assets.” Meanwhile, Viera Landaluce adds that, as regulatory standards in Spain and Portugal become more aligned with those in other jurisdictions, so investment in Iberia will increase. All in all, good news for the region’s lawyers – with an influx of new investment expected, opportunities for law firms to advise on deals should increase substantially. ■



JONATHAN MARSH

BUILDING BRIDGES

In his role as general counsel at Total and president of ECLA, Jonathan Marsh will be paying much closer attention to Spain and Portugal in the near future – the creation of Iberian law firm panels and the provision of greater support for the region's in-house lawyers are high on his agenda

Jonathan Marsh's attention is increasingly being diverted towards Iberia. In his role as international general counsel at energy company Total, Marsh will soon be launching a process to create Total legal panels for different countries, including Spain and Portugal. Meanwhile, in his other major role, as president of the European Company Lawyers Association (ECLA), he will soon be developing plans to take ECLA's 'Legal Disruption Roadshow' – which explores how legal technology impacts on in-house counsel – to Spain and Portugal in 2020.

The news about Total's plans to create legal panels for Spain and Portugal will make law firms in the two countries sit up and take notice because the sheer size of the energy company suggests that it could be a rich source of work for lawyers in private practice. The Total Group has 100,000 employees and annual revenues of around \$185 billion. The company has 550 lawyers located in offices in 150 countries. "Within my division, downstream distribution of petroleum products to businesses and end user customers, we have 25,000 employees and annual

revenues of \$66 billion, with 170 in house lawyers," Marsh explains. "Sixty nationalities are represented in our division's legal team, which is 60 per cent comprised of women."

SPANISH AND PORTUGUESE PANELS

Marsh says that Total has a global panel consisting of eight full service international firms, which the company uses "for large multi-jurisdictional projects". However, he adds: "We are about to launch a process at the individual country or regional level for local matters – stay tuned for results in Spain and Portugal."

The Total legal team in which Marsh works is divided into regions – it has 50 lawyers in France, 30 in the rest of Europe, 60 in Africa, eight in the Americas and 22 in the Middle East and Asia-Pacific. "We are a geographically based organisation within the four main regions, and lawyers work on a dedicated basis for the different business lines, explains Marsh, who is based in Paris. "In France, we also have specific teams dedicated to specialty areas such as antitrust, distribution and licensing, health and safety, compliance and digitalisation."

Marsh joined the Total legal team 19 years ago. In the two decades since, he says the team has learned

TOTAL IN NUMBERS

550

NUMBER OF IN-HOUSE LAWYERS

100,000

NUMBER OF EMPLOYEES

\$185 billion

REVENUE

to work together more effectively. “We’ve broken down silos between departments,” he says. “There’s much more sharing of best practice, lessons learned, templates, and favourite clauses.” Marsh adds that Total’s in-house counsel have become business partners in the sense they support the business from the “beginning of their projects, as well as contributing to corporate strategy”. He continues: “Our lawyers are multidisciplinary, taking into account business, personnel, financial and technical information, working on compliance and governance and shedding light on potential risks.”



WE [TOTAL] ARE ABOUT TO LAUNCH A PROCESS AT THE INDIVIDUAL COUNTRY OR REGIONAL LEVEL FOR LOCAL MATTERS – STAY TUNED FOR RESULTS IN SPAIN AND PORTUGAL



SELECTING LAW FIRMS

Generally speaking, there are no limits on the legal work that Total’s in-house team is able to handle, however it does outsource contentious matters. “In disputes we work in close coordination with outside counsel who handle the actual pleadings before the relevant tribunals,” says Marsh. “We outsource on a case by case basis,” he explains. “We look at our ability to service the matter efficiently in-house as well as minimising legal risk and maximising potential gains – this leads to outsourcing matters which are time intensive and urgent, or involve significant legal or financial considerations, such as complex multijurisdictional litigation and M&A.” Total reviews its legal panel every three years. The process involves inviting 20 “full service international law firms” to submit proposals which the Total legal team analyses in collaboration with the company’s purchasing department. “Beyond the main issues of expertise within the legal teams

JONATHAN MARSH CV



- 2015 - PRESENT**
 Total SA (Total Marketing & Services)
Vice president, international general counsel
- 2000-2015**
 Total SA (Total Marketing & Services)
Vice president, legal director, mergers, acquisitions & finance
- 1998-2000**
 Elf Aquitaine
Group legal counsel for US legal issues including securities law compliance
- 1990-1998**
 Willkie Farr & Gallagher
Senior Associate
- NOVEMBER 2015 - PRESENT**
 ECLA - European Company Lawyers Association
Chairman of the Board and President
- NOVEMBER 2013 - PRESENT**
 AFJE (Association Française des Juristes d'Entreprise)
Vice President International and Director

presented and value for cost, other significant criteria are added value services such as access to the firm's training modules, templates and libraries for the benefit of our lawyers, their policies on secondments (both their lawyers to our teams and vice versa) as well as diversity and pro bono programmes," says Marsh. "Panel firms adhere to our general terms and conditions for outside counsel and must complete due diligence screening for compliance issues."

Total conducts annual performance reviews of its external lawyers, which involves "collecting feedback worldwide," according to Marsh. He adds: "We look primarily at efficiency in staffing to ensure work is done at the appropriate level, clarity in billing so we can understand and evaluate fees, and project management so we can ensure work is conducted efficiently with minimal waste."

SHARING THE BLAME

With regard to the biggest frustrations when working with external lawyers, Marsh says "blame can be shared equally". He continues: "Fundamentally we need to work more effectively as a single team towards the common goal of minimizing costs while improving the value of the legal services delivered."

EUROPEAN COMPANY LAWYERS ASSOCIATION (ECLA) MEMBERSHIP

21

NATIONAL ASSOCIATIONS

20

COUNTRIES

50,000

IN-HOUSE LAWYERS

“

WE [TOTAL] OUTSOURCE MATTERS THAT ARE TIME INTENSIVE AND URGENT, OR INVOLVE SIGNIFICANT LEGAL OR FINANCIAL CONSIDERATIONS, SUCH AS COMPLEX MULTIJURISDICTIONAL LITIGATION AND M&A

”

This requires setting common goals from the start, monitoring continuously throughout the mandate, and post-mandate evaluation with lessons learned." When he is not busy with his Total-related duties, a lot of Marsh's time is spent carrying out tasks associated with his role as president of ECLA, whose membership includes 21 national associations in 20 different countries. ECLA, which was founded 35 years ago, represents around 50,000 in-house lawyers in Europe. According to Marsh, the association's current priorities are as follows: advocating for the status of company lawyers at a European level as well as in national jurisdictions; keeping company lawyers informed about major developments and challenges; offering a platform to share best practice; and offering a network that enables company lawyers to connect with each other at a European level.

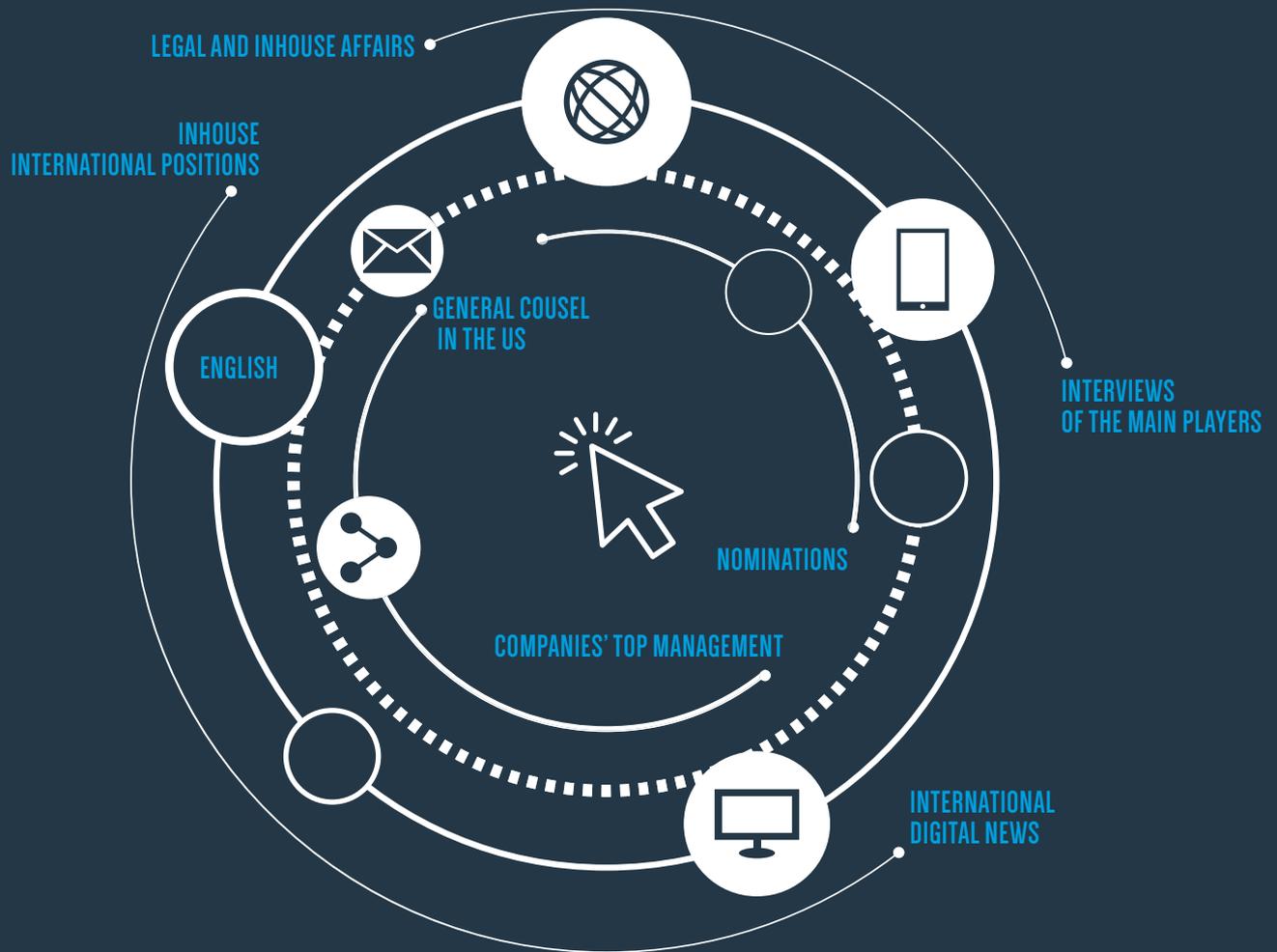
UNDER PRESSURE

Marsh says the pressure is on in-house lawyers to develop new skills and "become increasingly hybrid" in their approach. He continues: "Digital technology provides a real boost for our profession. I view digital tools as valuable assets, including collaborative databases, blockchain technology, document-sharing, cloud computing, communication tools and electronic signatures." Marsh adds: "Software and applications developed by legal tech produce automated contracts, bots provide answers to the most frequently asked questions, while artificial intelligence and predictive algorithms are



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SIGNIFICANT CRITERIA [FOR CHOOSING LAW FIRMS] ARE SERVICES SUCH AS ACCESS TO TRAINING MODULES, TEMPLATES AND LIBRARIES FOR THE BENEFIT OF OUR LAWYERS, POLICIES ON SECONDMENTS AS WELL AS DIVERSITY AND PRO BONO PROGRAMMES

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WE LOOK PRIMARILY AT EFFICIENCY IN STAFFING TO ENSURE WORK IS DONE AT THE APPROPRIATE LEVEL, CLARITY IN BILLING SO WE CAN UNDERSTAND AND EVALUATE FEES, AND PROJECT MANAGEMENT SO WE CAN ENSURE WORK IS CONDUCTED EFFICIENTLY

”

gradually getting better at supporting decision-making and determining the probability of achieving the desired result.” He says that such technology reduces costs by decreasing the amount of time devoted to repetitive tasks. As a result, Marsh argues that “augmented lawyers can thus focus on putting their strategic and imaginative talents to work creating original solutions, enhancing their soft skills, learning more about the operations of the various businesses, developing their proficiency in communication and leadership, and gaining a broader view of the company – in short, demonstrating agility and cognitive flexibility”. So how can ECLA help in-house lawyers in Spain and Portugal? Marsh says one of the key benefits is the association’s ‘Legal Disruption Roadshow’. He explains: “Through this series of conferences being held this year in Dublin, Stuttgart, Paris and Prague, we aim to explore how technological advances and the development of legal technology impact the everyday lives of in-house counsel.” Marsh adds that, in 2020, there are plans to continue the Roadshow in order “to serve Spanish and Portuguese constituents”. He continues: “By bringing together representatives from various leading European companies, both large and small, we aim to provide an outstanding networking platform to share best practices and solution-oriented skills within the legal community.” With Marsh targeting Spain and Portugal on two fronts – both in his role as general counsel at Total and president of ECLA – Iberian lawyers could be set to enjoy the benefits of the increased amount of attention being paid to their markets. As Marsh says, “watch this space”. ■



DUARTE GOMES PEREIRA

EXPANDING WORKLOAD

Banco Credibom's Lisbon-based head of legal Duarte Gomes Pereira says his team is having to deal with a growing amount of regulatory work in recent years – consequently, he is often on the lookout for knowledgeable lawyers that not only respond quickly, but also in a clear and concise way

The workload of Banco Credibom's legal department has boomed in recent years. As financial sector businesses become subject to ever-increasing amounts of regulation, in-house lawyers in the sector are under intense pressure to ensure their organisation complies with the new laws. *Iberian Lawyer* spoke to Duarte Gomes Pereira, the Lisbon-based head of legal and compliance at Banco Credibom – which is part of Crédit Agricole Group – who discussed the factors he considers when selecting external counsel, the biggest challenges his legal team faces, and his biggest frustrations when working with external lawyers

How big is your legal team?

We have nine people in the legal team, which also includes compliance, as well as the data protection officer.

How is your legal team structured?

All of the team have general legal skills – for example, expertise in finance and consumer law. However, the department is divided into the following functions: contracts, business support and legal opinions and corporate law. However, all members of the team provide back-up for each other.

When did you join Banco Credibom? How has the legal team changed in that time?

I joined Banco Credibom in May 2017, since then the main change has been an increase in the number of lawyers and, as a result, a larger amount of legal matters are now being managed in-house. There is also now more interaction with other areas of the business as well as closer contact with regulators. The last two years have been very intense, with lots of new projects and regulations, and this is a

“

WE ALSO CONSIDER PRICE AND, WHERE APPLICABLE, OUR PREVIOUS HISTORY OF WORKING WITH THE FIRM IN QUESTION.

”

reflection of the development of our great team and shows how it has adapted.

Which areas of legal work do you do internally?

All areas except labour law, tax and litigation. The most significant areas of work are financial law and contracts.

Which areas of work do you outsource?

We outsource work in instances where the team does not have the relevant skills and also when the volume of work is particularly high, which is frequently the case. Also, for the revision of contracts.

Do you have preferred law firms that you choose to work with?

In general, our choice of law firms depends on the particular matter in question. We consider the law firms with the most know-how in each area. That said, we have a retainer agreement with Sérvulo.

Do you have a panel of law firms?

We do have a panel, although we choose the firm depending on the relevant area of expertise.



WE OUTSOURCE WORK WHEN THE VOLUME OF WORK IS PARTICULARLY HIGH, WHICH IS FREQUENTLY THE CASE.

**How do you select the law firms?**

We select the firms by taking in account who we consider to be the best firms for the specific situation.

What do you look for when selecting your external counsel?

We look at the counsel's reputation, the

specific lawyers and the specialisation in the law firm. We also consider price and, where applicable, our previous history of working with the firm in question.

What criteria do you use to judge the performance of external counsel?

Performance is judged on several criteria: response times; quality of the response; clarity of the opinion; and trust in the results.

How often do you review the performance of external counsel and how does this review work in practice?

We conduct a review each time we receive an answer to our requests. We analyse the work, consider whether it is a clear answer to our request, consider how much time was spent on it and how reliable the answer is.

Has your budget changed in the last year?

No. Our budget is enough for our needs.

What is the biggest challenge your legal department faces?

The biggest challenges are managing the volume of work, and managing priorities as we always have a number of urgent requests. Providing a response to all the requests and complying with all the laws and regulations issued by the regulatory authorities.

What is your biggest frustration with external lawyers?

Receiving answers that are not clearly aligned to the request or are not compliant. Also, low quality work.

If a firm fails to convince you to use their services, what is usually the reason?

Usually one, or both, of these reasons: trust and price.

Do the firms you use ask for feedback on their services? If not, should they?

Usually they don't do it directly, but they do request opinions on their legal services for legal directories. I don't feel the need to be asked for feedback, nevertheless, I believe that customers should proactively provide feedback, whether that is positive or negative. ■

IBERIAN LAWYER ANNUAL REPORT

GLOBAL COMPLIANCE





ALL EYES ON ASIA

Latin America and Lusophone Africa still hold considerable promise for Iberian law firms, but the Far East has the potential to offer a range of alternative income streams for lawyers in Spain and Portugal

While Latin America and Lusophone Africa remain key markets for law firms in Iberia, it is China and the Far East that are emerging as the new hotspots. With regard to Latin America, for Spanish firms the only debate seems to centre on what strategy should be adopted in the region, whether that be opening offices there or establishing a network of referral relationships. Meanwhile, in the case of Lusophone Africa, and more specifically Angola and Mozambique, Portuguese law firms are benefitting from a steady flow of work related to the energy, oil and gas and infrastructure sectors. But it is the Far East that is promising some of the most exciting opportunities for Iberian lawyers at present. The 'Greater Bay Area' and the 'Belt Road Initiative' are making a compelling case for law firms to have offices in places such as Hong Kong and Macau.

POTENTIAL IN MERCOSUR

When talking about the regions that offer the most significant international opportunities for Iberian law firms, lawyers at most of the biggest firms in Spain quickly direct the discussion towards Latin America. The region remains a key focus for Iberian law firms as clients from a wide range of sectors are continuing to invest there, says Uría Menéndez's partner **Jaime Folguera**. He adds: "Our presence in Latin America through PPU [Philippi Prietocarrizosa Ferrero DU & Uría], with 400 lawyers and offices in Chile, Colombia and Peru, along with our own office

GUIDE TO LEADING LAW FIRMS

in Mexico, allows us to give our clients the best advice in the area". Trade agreements such as that between the European Union and Mercosur [a common market bloc consisting of Argentina, Brazil, Paraguay and Uruguay] will become increasingly important in the near future, according to Garrigues senior partner and partner in charge of Latin America **Javier Ybáñez**. He adds: "New developments in Europe (such as Brexit) will also be very relevant for Spanish firms – all this without forgetting the United States and, within Asia, China, which always play an essential role in world trade relations".

EASTERN PROMISE

Other law firms in Iberia anticipate that the Far East will be the region that generates the most significant opportunities in the future. **Morais Leitão** managing partner **Nuno Galvão Teles** says the development of the 'Greater Bay Area' (a plan to link Hong Kong, Macau and nine other cities in southern China) justifies law firms having a strong presence both in Macau and in Hong Kong. Meanwhile, he adds that the 'Belt and Road Initiative' (which aims to enhance regional connectivity between China and other countries in Asia, Africa, Europe, South America and the Pacific) has presented companies, and law firms, with significant commercial opportunities in the infrastructure and natural resources sectors. As has long been the case, the Portuguese-speaking African countries of Angola and Mozambique continue to provide law firms with a significant



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America, Garrigues has adopted a strategy of having its own offices in the region. “We want to be present and support our clients directly,” says Ybáñez. “We believe that this model best guarantees a uniform and standardised service, while also allowing for strict control over how transactions are carried out.” Uría Menéndez’s international strategy is central to its business model and, according to Folguera, goes beyond establishing a referral network. To illustrate his point, Folguera highlights the fact the firm took a significant stake in the “largest Spanish-speaking firm in the Americas”, PPU, which has offices in Chile, Colombia and Peru. He adds: “In addition, in recent years we have developed a substantial Cuban practice, becoming the go-to firm for work on the island.” Folguera also highlights the European network the firm established two decades ago, which includes UK firm Slaughter and May, Italy’s Bonelli Erede, Germany’s Hengeler Mueller, Netherlands’ De Brauw and France’s Bredin Prat. With regard to the ‘Belt and Road Initiative’, Galvão Teles says that the initiative does not only aim to increase Chinese investment in Portugal, but also acts as a platform for investment in African countries where Portuguese businesses are deeply rooted. “In more than one way, the Chinese strategy reflects our own international strategy,” he argues. “Our presence with strong local offices in Angola and Mozambique guarantees a smooth and cohesive response from our teams, thus responding to all the axis of the initiative.”

flow of work, particularly in the energy, infrastructure, and oil and gas sectors, says Cuatrecasas partner **Antonio Baena**. Baena adds that the Chinese cities of Shanghai and Beijing are generating a steady flow of work, while there are also excellent business opportunities for Iberian law firms in the Middle East. “Both regions [China and the Middle East] have become key hubs for international investors looking at investment

opportunities in Spain, Portugal and Latin America,” he explains. “We also continue to experience a constant stream of work from sophisticated clients in the UK and North America that want to invest in Spanish-speaking and Portuguese-speaking countries.”

THE BEST STRATEGY

In order to meet the needs of international clients in Latin



**WILLIAM
SMITHSON**

FIRMS MUST PREPARE TO FORGE IN-DEPTH RELATIONSHIPS WITH THEIR OVERSEAS CLIENTS AND CONTACTS AS INTERNATIONAL INVESTMENTS ARE ON THE RISE

Law firms must be ready to create meaningful relationships with their international clients and contacts in order to best serve their needs and expectations.

With an ever-expanding market, law firms must be prepared to solidify their relationships with overseas clients and contacts, explains **William Smithson**, Partner at SRS Advogados. While the usual suspects – China, Spain, the UK and the USA – continue to provide opportunities for law firms, investors from other Asian countries such as India, Hong Kong, Indonesia and Vietnam are also increasingly directing their funds towards Portugal and Portuguese-speaking Africa, as are entities from the Middle East; in particular countries such as Israel and Turkey. “Opportunities are essentially in inbound investment,” Smithson explains, “in particular, but obviously not limited to, real estate and the hotel and leisure segment, and with an element of that linked with Golden Visa.” Over the years, SRS Advogados has worked to develop and implement an international client program, in order to meet the needs of these overseas companies; Smithson tells us that “the team is developing the usual client care strategy for existing and new clients, but has also created a proactive and immediate response team for international clients.” Alongside this, the firm has hired lawyers with dual qualifications, multi-linguistic capabilities, and relevant knowledge and experience of international jurisdictions. “SRS Advogados has followed the usual Portuguese strategy within the Portuguese speaking world: Angola, Brazil, Cape Verde, Macau and Mozambique,” Smithson explains. But, uniquely, amongst Portuguese firms SRS Advogados has been identifying and targeting other markets which have provided significant opportunities, including the likes of Malta and Singapore; SRS has opened offices in both these jurisdictions as a result, using the Singaporean base to serve as a platform and entry-point into Asia as a whole. The firm is also placing great importance on their “best friend” relationships with leading firms in jurisdictions such as (but not limited to) India, Israel and Turkey. “This move is providing significant opportunities, especially in the context of Brexit, with Portugal positioning itself as the “go-to” European platform,” according to Smithson. However, this shift into an international market will not be without its challenges. When serving clients in foreign jurisdictions, firms must remember to pay particular attention to the management of expectations and cultural differences. “Different time zones can also raise obvious issues,” adds Smithson.



**JAIME
FOLGUERA**

LATIN AMERICA STILL IN THE SPOTLIGHT FOR BOTH CLIENTS AND IBERIAN LAW FIRMS

The outlook for the entire region looks bright as it becomes an increasingly important market

The desire of law firms to strengthen their international presence in Latin America is evidenced by the fact that many local firms are currently joining forces with international law firms. “Uría Menéndez’s international strategy is central to its business model and goes far beyond establishing a large referral network”, says **Jaime Folguera**, partner at Uría Menéndez. Having initially relied on ‘best friends’ relationships with firms in Latin America, Uría Menéndez has carved out a position for itself through Philippi, Prietocarrizosa, Ferrero DU & Uría (PPU), with 400 lawyers in Chile, Colombia and Peru, along with its own office in Mexico. “Our presence in the region for over 20 years has given us extensive expertise in those markets. Over recent years, we have also developed a substantial Cuban practice which rounds up the scope of our services in the region”, Jaime Folguera adds.

Despite other challenging markets on the rise, “Latin America remains a key focus for Iberian law firms as clients from a variety of sectors are continuing to invest in the region”, according to Jaime Folguera. Regarding the most active areas of legal advice, he highlights that “regional and inbound M&A as well as international arbitration are the areas in which we have worked the most”.

However, operating in international markets does bring significant challenges as “explaining to our foreign clients the differences between the peculiarities of Spanish and Portuguese laws, and the laws to which those clients and their local counsel are familiar with”. Folguera also explains that “Latin America is a more familiar market in this sense for us because we share the legal roots, the language and the culture”. Given the increasing competition targeting the region, both the legal understanding and the cultural connection are always valuable assets for doing business.

COMPETITIVE ADVANTAGE

Companies that implement high standards of compliance will have an edge over their market rivals – this realisation represents a major opportunity for law firms



With businesses increasingly waking up to the idea that good compliance offers a competitive advantage – rather than being a regulatory burden – demand for compliance-related legal advice is on the rise. Indeed, lawyers say that after a period of time when clients seemed content to simply automate compliance functions, there is now a realisation among businesses that they need the input of lawyers when it comes to designing, implementing and monitoring compliance programmes. The commercial imperative for good compliance is now clear – failing to adhere to high standards of compliance can result in multi-million-euro fines and even, ultimately the closure of a business.

DEVASTATING CRISES

Companies now recognise that high quality corporate governance and compliance gives them a significant competitive advantage in the market and this represents a major opportunity for law firms. “Strong corporate governance and compliance programmes are critical for companies that seek

to maintain high performance and avoid devastating crises,” says Cuatrecasas partner **Álvaro Botella Pedraza**. “Knowing how to manage a crisis is another interesting aspect of the new challenges in compliance.” Botella Pedraza adds that companies should not think the only compliance risk they face is criminal-related. “The risk is not attending to the real root of the issue, which has commercial, administrative, labour and penal aspects,” he explains. “And a good lawyer has to consider reputational risks or consequences as well.” Botella Pedraza also says international companies should not neglect the activity of their subsidiaries in the mistaken belief that their risks do not affect the parent company. “Only a good global programme will give peace of mind to this type of company,” he argues. The fact that compliance has become a more mainstream concern means that professionals working in



this field now have expertise in a wider range of areas, such as tax, governance and data protection, says **Benjamín Prieto**, partner at Andersen Tax & Legal. As a consequence, multidisciplinary practices are in a better position to provide the comprehensive advice clients need, it is argued. “In the end, law firms have to make the effort to coordinate cross-departmental teams and invest in computer tools to offer the appropriate advice and mitigate the risks.” Prieto adds: “Risks analysis is, without a doubt, the keystone of compliance, and consequently analysing the specific risks of each business is one of the most important elements when developing an efficient compliance programme.”

POTENTIAL CRIMINAL OFFENCES

The biggest opportunities for law firms do not lie in carrying out corporate audits to ascertain a company's criminal risk and then developing compliance measures to avoid, or mitigate, criminal offences, says Herbert Smith Freehills senior associate **Miguel García-Casas**. He adds: “We think that greater opportunities will arise in connection with companies' internal reactions (and internal protocols) where an incident with potential criminal consequences) takes place due to the conduct of one of the company's employees or directors.” García-Casas says the biggest compliance-related risks faced by clients relate to the strategy that a company will follow after a potential criminal offence has been committed. “Companies must decide either to



support the employee or director involved or, alternatively, to focus primarily on defending the company's interests,” he explains. Data protection, anti-money laundering and terrorism financing are areas that represent the biggest opportunities for law firms, according to Morais Leitão partner **Tiago Félix da Costa**. He adds that this is partly due to the “recent approval and entering into force of the EU Regulation on Data Protection and the law for the prevention of money laundering and terrorism financing, which require the approval and implementation of complex and in-depth compliance programmes”. Law firms should also expect a significant amount to work related to anti-corruption matters “especially considering the number of criminal cases related to corruption practices that have been initiated against companies in recent years, says Félix da Costa.”



ÁLVARO BOTELLA PEDRAZA

REPUTATIONAL RISK

Morais Leitão managing associate **Duarte Santana Lopes** says the risks associated with non-compliance broadly fall into three categories: possible sanctions; financial risk; and reputational risk. “The first relates to the sanctions that can be imposed on companies and individuals that carry out non-compliant practices; the second derives not only from the fines that can be applied but also from the loss of business that is frequently associated with an accusation; and the third, which is normally the most severe for companies, is related to the market perception of non-compliant companies.”

Businesses are now aware of the need to turn to specialist external advisers to help them analyse and evaluate the risks of money laundering and terrorist financing in their organisations and this represents a significant opportunity for law firms, according to PLMJ partner

Alexandra Mota Gomes.

He adds: “They are also seeking help in defining and implementing internal policies to prevent and mitigate those risks.” The biggest risks clients face in the context of compliance are the consequences of the breach of their legal obligations in the fight against money laundering and terrorist financing, explains PLMJ senior associate **José Maria Formosinho**. “Failure to comply with these obligations is punishable with fines of between €5,000 and €5,000,000 – it is also punishable with additional penalties which may, in the most serious cases, mean the closure of the establishment for two years or a prohibition on operating for three years.”

CYBER-PROTECTION

Media scrutiny of criminal and regulatory cases, as well as the enforcement of anti-money laundering laws represent big opportunities for law firms, according to Vieira de Almeida partner **Sofia Ribeiro Branco**. She adds that, following a period in which the trend was for clients to automate compliance processes, they are now “returning their attention to the need for complementary legal advice to design, implement and monitor their compliance programmes”. Ribeiro Branco says the major compliance risks clients currently face relate to cyber-protection, the environment, corruption and failure to implement compliance processes.

Potentially significant sources of work for law firms include providing anti-corruption awareness initiatives for clients and helping them to provide training to their employees,

says Miranda of counsel **Catarina Veiga Ribeiro**. She adds that lawyers also have the opportunity to “make clients aware that an adequate compliance programme and an internal code of conduct aligned with local laws may be very helpful in court, mitigating or even excluding corporate responsibility”. Data protection is another major area of work for law firms. Veiga Ribeiro says: “Significant amendments to the legal framework require a continuous updating of processes, files, databases, and, consequently, companies’ legal responsibility – corporate entities must be aware of their duty to process personal data in strict compliance with the law and for the sole purpose for which it has been received or collected.” CCA Law Firm partner **Henrique Salinas** says, generally speaking, regulatory developments related to data protection and anti-money laundering are helping to increase awareness of corporate compliance among clients. “The EU’s General Data Protection Regulation and its fourth Anti-Money Laundering Directive are driving an increase in demand for corporate compliance services in Portugal, although many corporates still fail to appreciate the importance of having a strong compliance function,” he says. “We also have many clients which work in Spain and decide to come to Portugal. One of the first things they do is ask us for a compliance programme, partly because the Spanish Penal Code provides that companies which have implemented procedures aimed at preventing criminal behaviour within the organisation will be exempt from criminal liability if any cases are brought.”



**HENRIQUE
SALINAS**

NEW DATA PROTECTION AND ANTI-MONEY LAUNDERING REGULATIONS INCREASING AWARENESS OF COMPLIANCE

Recent regulatory developments related to data protection and anti-money laundering are increasing awareness of corporate compliance among clients in Portugal, explains CCA Law Firm partner **Henrique Salinas**.

The EU's General Data Protection Regulation and the fourth Anti-Money Laundering Directive (the Fifth Anti-Money Laundering approved in May 2018 has not yet been transposed by Portugal) are driving an increase in demand for corporate compliance services in Portugal, although many corporates still fail to appreciate the importance of having a strong compliance function.

Small and medium Portuguese companies still need to embrace the concept of being fully compliant: they tend to only take action when faced with a problem rather than taking steps to prevent any activities that may be non-compliant. The CCA Law Firm partner claims for a legislative change as "making compliance mandatory would be very important as it could change Portuguese companies' minds". "Sometimes it is more difficult to convince exclusively Portuguese companies of the need for a compliance programme without it being a mandatory requirement under Portuguese law", Salinas adds. When working with Spanish clients in Portugal, "they ask for a compliance programme, partly because the Spanish Penal Code provides that companies which have implemented procedures aimed at preventing criminal behaviour within the organisation will be exempt from criminal liability if any cases are brought", he adds. One of the biggest compliance-related challenges clients face is the impact of the company's reputational damage, according to Salinas. Sometimes, a damage to a reputation company could have been prevented if there was a compliance program. The Head of Criminal and Compliance Practice at CCA Law Firm also explains that "the fines are substantial, and with the most serious offences, companies face a temporary suspension of activity or even the shutting down of the company".

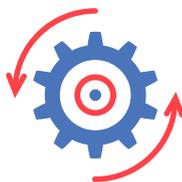


**PATRICIA
MANCA DIAZ**

CLIENTS MUST BEGIN TO EMPLOY A WELL-INTEGRATED COMPLIANCE MODEL IN ORDER TO PRESERVE THE REPUTATION AND SUSTAINABILITY OF THEIR BUSINESS

Companies must assess and identify risks in order to avoid damage or failure; a sound, technologically up-to-date compliance model will allow them to achieve this.

In order to avoid risk and maintain sustainability of their business, companies must begin to fully comprehend the importance of a well-integrated compliance model, according to **Patricia Manca**, Partner at PwC Tax and Legal Services, leading Strategic Compliance services in PwC Spain. In undermining the value of this system, companies are putting themselves at risk; this could lead to a lack of investment in the business, and can reduce integration and collaboration within the company structure. "Anticipating forthcoming regulatory changes, identifying relevant compliance risks, and bringing value-added insights into the organisations' business strategy will be key," Manca Díaz explains. Technology and data analytics are essential, and cannot be separated from invaluable law expertise and knowledge. Any law firm which is able to aid a company in the realisation of this strategy will put themselves in good stead. Over-regulation is one of the greatest challenges faced by clients when imposing a compliance model, according to the 22nd Annual Global CEO PwC survey. The increasing pressure implicated onto businesses by activists and global groups mean that an ethically and morally sound structure must be introduced. Furthermore, whilst technology is an essential tool in the growth and stability of a company, Manca warns that digital transformation is a challenge in itself: "As the organisation moves into digital transformation, the way in which the organisation functions changes alongside this technological adaptation; this brings new areas of risk into which compliance must be introduced." To be successful, therefore, compliance empowerment must be seen as a method of improving business strategy and preserving the company's ethics, rather than as a barrier. According to the experts at PwC, emerging trends in the coming years will only solidify this need for a well-integrated compliance model, and must adapt to the relevant regulatory environment in which it functions. Companies must also ensure to seek out the right technology to fit seamlessly with their organisational needs; data governance structure and analytics will become increasingly important. Finally, new capabilities, skills and resources must also be injected into compliance function as the business – and its market – grows.



LEGAL UPDATE



LEGAL UPDATE SPS - PORTUGAL

PORTUGUESE NATIONAL LAW IMPLEMENTING REGULATION (EU) 2016/679 (GDPR)



It was finally published in Portugal the internal law that comes to implement the Regulation (EU) 2016/679 (GDPR) - Law no. 58/2019 of 8 August. In general, our national legislation does not introduce real significant changes or innovations (except the fact of extending the applicability of GDPR to some kind of processing's of deceased persons), but clarifies less developed subjects of the EU Regulation (not all, unfortunately), concerning which there was still some legal uncertainty regarding the understanding to be followed by the entities.

We highlight in this article the main topics of this law:

Starting with the Regulator, National Data Protection Commission (CNPD) was designated as the national supervisory authority for the purposes of the GDPR and this law.

Regarding the conditions applicable to child's consent, in Portugal, regarding the offer of information society services, consent shall be valid from 13 years of age (inclusive). For other type of services, or when minors are under 13 years of age, consent must be given by their respective legal representatives (preferably by means of secure authentication)...

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LEGAL UPDATE CMS - SPAIN

NEW SHAREHOLDERS' RIGHT OF WITHDRAWAL DUE TO A FAILURE TO PAY DIVIDENDS.



Act 11/2018 amending several provisions of the Corporate Enterprises Act [*Ley de Sociedades de Capital*, LSC], including Article 348 bis related to shareholders' right of withdrawal due to a failure to pay dividends, entered into force on 30 December 2018. The purpose of the amendment is to harmonise companies' financial sustainability and minor shareholders' rightful aim of benefiting from the profits obtained by a company.

The LSC affords shareholders an abstract right to benefit from the company's earnings. However, that does not mean that dividends must be paid if the company turns a profit. In fact, companies are only obliged to pay out where agreed at the general shareholders' meeting (Articles 160.a) and 273 of the LSC), at which time a right to receive would be recognised in favour of the shareholders. Essentially, this legal arrangement grants majority shareholders the power to decide in favour or against apportioning the company's earnings by voting at the general meeting.

Article 348 bis was introduced into the LSC in 2011 in a bid to prevent potentially abusive conduct by majority shareholders, affording minority shareholders a right to withdrawal in the event that the general meeting passes a resolution against the payment of dividends. Nevertheless, the aforementioned article was widely criticised given the risk of impetuous acts by the shareholders claiming the payment of dividends. Under the original wording, where dividends were not paid, minority shareholders were able to compel the company to allow them to exit the company and obtain the value of their shares, irrespective of whether the decision not to pay dividends could be seen as oppressive or not...

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