The American connection

Goodbye SJ Berwin and Clifford Chance, hello Fried Frank and Simpson Thacher: funds work is now a US play
Funds lawyers make good leaders because they have multiple projects, teams and firms to manage on just one deal

Mark Mifsud

“My US colleagues were unable to answer questions as to how leading US private equity operators did things in practice”

Jason Glover

By Rachel Moloney

When Mark Mifsud is asked how he came to be a funds lawyer he casts his mind back to a deal carried out more than 20 years ago.

Mifsud had returned to his home country of Malta after training at Slaughter and May. He was hired by the country’s government to help set up the regulatory environment for funds work, leading him to advise on one of the first private equity funds to be raised in Malta by Hambros European Ventures, now known as Duke Street Capital.

The deal saw Mifsud work closely with Hambros, advising on the first-of-its-kind deal in the Mediterranean country. It also brought Mifsud face-to-face with Hambros’ top management players, including up-and-coming funds lawyer Jason Glover.

At the time, Glover was working for Hambros as its chief operating officer (COO) during a three-year stint in which he left the law altogether. Like Mifsud, Glover had started his legal career in the City (he trained and worked at Clifford Chance until 1996), only to try his hand at something new several years later.

Twenty years on, both men have found their calling. While Mifsud is now managing partner of Fried Frank Harris Shriver & Jacobson’s London office, Glover has been appointed to lead Simpson Thacher & Bartlett’s City operations. Their move from UK funds powerhouses Clifford Chance and legacy SJ Berwin symbolises the dominance of US firms when it comes to funds work in London.

Parting of the ways

After starting on similar paths at Slaughter & May and Clifford Chance, Glover’s and Mifsud’s career trajectories began to veer apart when they left the City for varying reasons. Mifsud was keen to return home after qualifying, while Glover had started to put together a practice at Clifford Chance acting for clients such as Candover and Charterhouse.

Four years in, however, Glover stopped to think.

“I didn’t know how I could take the practice forward as an associate,” he says. “I wondered whether I should hang around or do something else, and I left the law.”

Glover jumped straight into an in-house role at Hambros where he worked on various funds deals, including the one in Malta. He left for Hong Kong’s Asian Infrastructure Fund a year later, where he also served as COO.

Private practice was always going to call Glover back and, sure enough, he returned to Clifford Chance in 1998 as a partner. Ascendancy was quick and he was chosen to lead the firm’s funds team with Stephen Ross. When Ross left for Man Group in 2003 Glover was appointed to lead the group single-handedly, running a group of younger partners including future Weil Gotshal & Manges trio Ed Gander, Nick Benson and Nigel Clark. The group won work from clients such as Actis, Barclays Private Equity, Permira and Glover’s old shop Duke Street, while a standout deal in 2003 was advising the Department of Trade and Industry on the launch of one high-tech and nine regional venture capital funds, which were to invest in small UK businesses.

But all good things come to an end. In 2010 Glover was one of the first magic circle partners to feel the pull of the US, announcing that he was to set up a UK funds practice for Simpson Thacher & Bartlett. His corporate colleague Adam Signy had gone the same way just a few months before.

“I’d taken the Clifford Chance practice as far as it could go,” Glover says. “The financial crash resulted in a heavy regulatory environment in the US and clients would ask questions about...”
how to raise money there. While my US colleagues could provide technical responses they were unable to answer questions as to how leading US PE operators did things in practice.”

Glover says the “lightbulb” moment was during a pitch for BC Partners in which Clifford Chance and incumbent firm Linklaters were pitted against a raft of US firms for the work. Despite going on to win the work Glover could not help noticing that the US firms pitching for work had no UK funds practices in London.

“If you’re prepared to use New York lawyers rather than UK ones for a deal like that, the game has changed,” he recollects. “I had to find an outfit which had a strong US capability.”

**Pioneer spirit**

Simpson Thacher was the obvious choice for Glover, with the US firm regarded as the top funds outfit globally, alongside Debevoise & Plimpton. Having built up a successful practice at Clifford Chance Glover was brought in to do the same thing for Simpson Thacher’s burgeoning UK funds team. Lacking a strong enough City funds group at the time meant Simpson Thacher had had to pitch for the BC Partners mandate along with UK leader SJ Berwin. But the latter firm was having its own troubles, and lost funds star Mifsud in 2007.

Mifsud had felt the pull of the US-headquartered firms three years before Glover. He dragged himself back to the City in 1995, joining SJ Berwin as a lawyer and making partner just before the millennium. As one of the brightest new members Mifsud was responsible for hiring and building up a number of future funds stars including Proskauer Rose partner Nigel van Zyl. Often going head-to-head with Glover’s funds team at Clifford Chance, SJ Berwin acted for clients such as Abingworth, Apax Partners, Bridgepoint and PAL. It also won Candover as a client from rival Clifford Chance in 2005, advising the buyout giant on the final closing of a fund worth £3.5bn (€3.8bn). The Candover relationship is understood to have drifted away from Clifford Chance after Glover’s move in-house, allowing other firms to muscle in.

At SJ Berwin Mifsud met and worked with partner Graham White, a man he was to follow twice in his career. Just a year after White joined US powerhouse Kirkland & Ellis after a brief spell at Linklaters in 2006 Mifsud followed suit, taking team members Richard Watkins and Justin Dolling with him. Taking advantage of the firm’s strong relationships in the US Mifsud built up Kirkland’s funds offering in London and set about winning top mandates from clients such as Apax and Terra Firma. His team closed the latter’s €5.4bn fund shortly after joining. He also strengthened his ties with Candover, just as Clifford Chance’s grip on the client was growing more fragile by the day.

Mifsud was one of Kirkland’s most successful funds partners in London, but alarm bells should have sounded in the corporate department when White left for Fried Frank Harris Shriver & Jacobson. The firm, which had failed to make much of an impact
on the London stage until that point, was starting to attract a number of Mifsud’s former colleagues – White, Stuart Brinkworth and Dan Oates – in a concerted effort to make inroads into the City market. It was only a matter of time before Mifsud would be convinced to go the same way.

**Into management**

In 2015 Mifsud left for Fried Frank in a similar fashion to the way he exited SJ Berwin, taking two more partners with him – Kate Downey and Alexandra Conroy. The pair have followed Mifsud throughout his career, starting as associates in SJ Berwin’s funds practice and making partner on joining Kirkland. Downey is still a Fried Frank partner with Mifsud, although Conroy left over the summer to become a business coach. Continuing to take partners and associates with him, Mifsud is clearly a man to whom colleagues remain loyal.

Mifsud was hired by White in 2015 as a precursor to his retiring in the next few years. And there are a number of other qualities possessed by funds lawyers that arguably make them more suited to management than the usual choice of a corporate partner. The size of deals is one thing, with Simpson Thacher’s most recent mammoth deal for CVC, for example, seeing the firm’s lead partner Gareth Earl dealing with more than 300 investors. Over a third were using their own legal counsel, demonstrating the logistics involved in getting a funds deal over the line.

“Funds lawyers make good leaders because they have multiple projects, teams and firms to manage on just one deal,” explains Mifsud.

Glover, who was this year appointed to replace Greg Conway as head of Simpson Thacher’s London office, agrees.

“It gives you a strong skillset when lots of people are working for you,” he says.

He also points to the high leverage of teams in funds work, with most US firms tending to have a ratio of 3:1. In Simpson Thacher’s funds team, it is nearer 9:1.

Simpson Thacher’s funds team in London is significantly larger than Fried Frank’s, totalling some 30 lawyers compared with 20. And the difference in size highlights that Fried Frank still has some way to go in the City, a task undertaken by Mifsud as part of his ‘Fried Frank 3.0’ strategy. When White joined in 2014 he reduced headcount in London from 35 lawyers to just 13, representing a complete shake-up in how the City operation was run. However, now that number is back up to 57 – with Mifsud expecting the figure to grow again by a third come the end of 2017. Turnover in London totalled $48m (£37m) at the end of the 2016 financial year.

Mifsud’s ambitious plans give him a far more managerial role compared to his long-time rival Glover.

“My role will be different from Glover because Fried Frank in London has more to do,” admits Mifsud. “We continue to focus on recruitment, growth and client relationships with the US, whereas Simpson Thacher has already got that covered.”

For years failing to feature as one of The Lawyer’s top 30 US firms in London, Fried Frank is now in expansive mode similar to Simpson Thacher post-2010. With turnover of $61m in 2013 Simpson Thacher’s UK revenues were estimated to have grown 65 per cent in a year, to over $100m.

Growth was steady over the next financial year, although there was another spike between 2015 and 2016 in which turnover increased 27 per cent, from $110m to $140m. This was on the back of a marked rise in lawyer numbers, from 74 in the UK to 106.

With the numbers steadily rising Simpson Thacher’s new London head Glover appears relatively subdued about his new title. Claiming that he receives a lot of information from partners and support from the firm’s office manager, Glover says his new leadership duties take up just three or four hours a week.

Mifsud says he is far more heavily involved with the task, interviewing associate and lateral candidates while at the same time winning work from BlackRock, Permira and Ropes & Gray favourite Bain. As head of London, Mifsud is also responsible for hiring partners into non-funds areas, most recently taking on a real estate duo from Ashurst – Patrick Williams and Darren Rogers, two more SJ Berwin alumni.

**Broad expertise**

Real estate funds work is a big driver of growth in the market, explaining Fried Frank’s new laterals. The way the market has gone means funds lawyers have developed knowledge of areas away from pure funds work, adding an understanding of real estate and tax to their credentials. Working closely with the leading figures of private equity houses, top funds partners also get right to the heart of management decisions. They become the client’s go-to adviser – a position much sought by those plumping for legal leadership.

“There’s something about funds leaders that’s just a bit different,” says Glover. “To operate, you have to have a lot of non-legal knowledge and you’re a business adviser to your clients, not just a good technical lawyer.”

Project management, broad legal knowledge and links to the top people in private equity are just some of the qualities needed by office managing partners and they are skills funds lawyers appear to possess. The route to leadership may have wavered slightly for Glover and Mifsud, but their ability to build practices and lead teams has put them at the forefront of decision-making for two of the most profitable US firms in London. Expect more in the coming years – they are guaranteed to have followed Glover or Mifsud one way or another.

For more data and analysis on Simpson Thacher and Fried Frank, see The Lawyer US Top 50 Firms in London report. To order a copy please contact letitia.austin@centaurmedia.com