

Capital Markets Group Of The Year: Cleary Gottlieb

By **Kat Greene**

Law360, Los Angeles (January 18, 2018, 4:16 PM EST) -- Cleary Gottlieb Steen & Hamilton LLP spent 2017 guiding the Republic of Iraq, Verizon, a Citigroup Inc. unit and others in complex, unique capital markets offerings, capturing value for clients around the globe and landing the firm a spot among Law360's Capital Markets Practice Groups of the Year for the third year in a row.

Cleary Gottlieb's team over the past year handled initial public offerings, high yield debt offerings and, in Citigroup Global Markets' case, the first senior debt offerings by a U.S. global systemically important bank since new rules by the Federal Reserve came into play. The firm said it built on existing relationships and a willingness to go to where lawyers were needed to bolster its success.

In the Citigroup matter, Cleary Gottlieb attorneys were counsel to the underwriters led by Citigroup Global Markets in the first senior debt offerings by a global systemically important bank since the Dec. 31, 2016, grandfathering deadline set by the Federal Reserve in its final Total Loss-Absorbing Capacity rule, the firm said. Cleary's work allowed the issuer, Citigroup Inc., to maintain liquidity as it issued debt under the new rules.

The Fed said at the time that the TLAC requirement was aimed at shifting the burden of a potential loss on investors rather than taxpayers. The rule increased the amount of regulatory capital and long-term debt certain banks have to keep on hand.

"We had to interpret those rules where there was not a lot of guidance, and a lot of grey area," partner Jeff Karpf said. "And also, what the market would tolerate, (we had) to calibrate that."

Karpf said he chalks up his firm's success in the capital markets realm to an ability to be flexible and work together across the globe.

"Clients come to us for the most complicated, innovative transactions," he said. "Our ability to work in different areas and come up with creative solutions ... I don't think other firms have that kind of flexibility, given their structures."

Cleary Gottlieb lawyers are encouraged to partner up with each other without competition, which Karpf



cited as one reason for the firm's success.

Partner Adam Fleisher agreed, saying that clients take note when lawyers maintain a consistent adherence to their values.

"Cleary Gottlieb is an unusual firm in that we're a true lockstep firm from cradle to grave," he said. "We treat each other very well; we're a very tight-knit community."

One area in which the firm has made a name for itself is in its representation of sovereign nations turning to the markets to raise capital. For example, Cleary Gottlieb served as counsel to the Republic of Iraq in a \$1 billion high yield debt offering, the nation's first-ever "new money" international debt offering.

The deal, announced on July 27 and closed on Aug. 9, was put in Cleary's hands after the firm represented Iraq in a debt restructuring in 2006 in the wake of war, and led it again in an international development-connected capital raise a year ago, according to the firm.

"As you see countries go through crisis or change, they're all aware of what's going on around the globe, and they know we're the number one player," Fleisher said.

The firm also represented Greece in its €3 billion high yield debt offering, which closed on Aug. 1, in the Hellenic Republic's first return to international capital markets since 2014.

And the firm represents a slate of private clients around the globe, including serving as counsel to Verizon as it issued multiple investment grade debt offerings totaling more than \$10.5 billion in March. And it represented the communications giant in a nearly \$1.5 billion debt offer on the Taipei Exchange.

Cleary Gottlieb worked with long-time client Petroleos Mexicanos, better known as Pemex, on billions of dollars of capital markets transactions in 2017, including the largest-ever euro-denominated emerging market corporate bond offering.

And it represented Petróleo Brasileiro SA, aka Petrobras, in a newer-style abbreviated exchange offer targeting outstanding notes valued at a principal of around \$15 billion. The abbreviated offer is a format that Cleary itself was instrumental in defining in 2015, the firm said.

Fleisher said that the firm's attorneys "have international markets in our blood."

"We're very good at traveling, we're very good at staying in touch with people, and we're very good at developing new techniques," he said.

--Editing by Emily Kokoll.