

Banking MVP: Cleary Gottlieb's Derek Bush

By Andrew Westney

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Derek M. Bush in the past year has played a key role in putting together the largest initial public offering in history for a U.S. retail bank, winning him a place among Law360's Banking MVPs.



Bush works out of Cleary Gottlieb's Washington, D.C., office in the firm's financial institutions practice, focusing on transactional work such as mergers and acquisitions and capital markets transactions, regulatory compliance, enforcement proceedings and legislative and regulatory advocacy.

In September, Bush served as lead bank regulatory counsel to the underwriters, led by Goldman Sachs, JPMorgan Chase and Morgan Stanley, for the \$3.5 billion initial public offering of shares of common stock of Citizens Financial Group Inc. The deal not only marked the biggest-ever IPO of a U.S. retail bank in history, but also the largest U.S. IPO of any financial institution since 2007, according to the firm.

IPOs that involve financial institutions are currently being done amid significant regulatory change, with much more attention paid to disclosure than was the case before the financial crisis of the late 2000s, Bush told Law360.

"Oftentimes it was an environment where the powers of the banks was expanding, and laws were changing that made the conduct of business easier, not harder," Bush said. "Now it's just different and requires more time by a regulatory specialist."

However, Bush said that despite the increased regulatory scrutiny, he expects more such activity.

"I don't think the Citizens transaction will be an anomaly," Bush said. "It was on the large end of these transactions, but there are definitely going to be more."

Bush also played an instrumental part in another transaction heavily affected by regulatory concerns, serving as lead bank regulatory counsel to American Express Co. in a joint venture the company is

creating with an investor group led by Certares LP by separating its global business travel division.

The joint venture, which kept the American Express Global Business Travel brand, was announced in March and closed at the end of June. The investor group led by Certares and including Qatar Investment Authority, funds managed by BlackRock Inc. and Macquarie Capital received 50 percent ownership of the joint venture in exchange for their \$900 million investment.

Amex' status as a bank holding company added a further layer of consideration to the deal that wouldn't have existed prior to the financial crisis, Bush said.

"The joint venture is going to be regulated by the Fed, and therefore how it's designed and how it works, and the joint venture partners' understanding of how it works, ends up having to be something that conforms with those limitations," Bush said.

Bush also led Cleary Gottlieb in providing lead bank regulatory counsel to KB Financial Group in connection with its \$590 million acquisition in June of a controlling stake in LIG Insurance Co., a Korean insurance company.

Bush's practice is focusing increasingly on regulatory work, particularly counseling clients on compliance with the Volcker Rule, the Dodd-Frank Act's ban on proprietary trading. With five different regulators involved in writing and interpreting the rule, Bush spends much time with clients figuring out what activities are affected by the rule and developing policies and procedures to conform with it.

"It is a big, complicated new regulatory regime, and one where the rules are just fraught with questions about what they were meant to do," Bush said.

His client's concerns come ahead of the impending July deadline for conforming with the rule, as well as January deadlines for banks with interests in funds that may not be able to conform with the rule to apply for time extensions, Bush said.

"The Volcker Rule is having an incredible number of unintended effects, broad-reaching effects," Bush said. "It's incredible how much time and attention the rule is taking both for banks internally and for teams of advisers, consultants, law firms and the like."

However, increasing regulation means more opportunities for younger lawyers at the firm as they quickly get up to speed on the evolving Dodd-Frank regulations, Bush said.

"They can know pretty much everything there is to know about a regulation even if they don't have a decade or two of experience," Bush said. "That's a big advantage, and it's also an area that's become very popular. Banking regulation is cool again."

--Additional reporting by Zachary Zaggar and Benjamin Horney. Editing by Emily Kokoll.