

# ‘A transatlantic transformation’ – why elite US firms have been so successful in London

## Shrewd moves by top US outfits both before and after the financial crisis enabled them to crack the London legal market

In the last 20 years there has been a profound shift in the City’s legal landscape, which has been particularly dramatic in the last five years.

In the mid-nineties, few leading US firms had London offices. Those that did were typically extensions of practice areas that were strong in New York, offering a relatively narrow range of services and staffed primarily by US lawyers. Notwithstanding higher levels of profitability, there were questions over the long-term sustainability of these elite players in London.

In the years leading up to the financial crisis, several US firms began to strengthen their English law capabilities, kick-starting a trend of ‘star’ English partners moving to the City outposts of top US firms. The corresponding migration of leading US lawyers to the New York offices of UK firms yielded fewer successes.

The credit crunch was a tipping point. A steep drop in transactional work meant a decline in the number of clients that were once a major source of revenue to firms in London, and throughout English law jurisdictions. There was a ‘flight to quality’ where clients wanted the best lawyers for their most complex legal issues around the world – which had become more compounded in the wake of the crisis.

New types of work emerged. In finance, US investment banks and the US loan and bond markets recovered more rapidly than



elsewhere, and several European credit-starved companies began tapping this funding, alongside traditional sources. Courts on both sides of the Atlantic grew busier with fallout from the crash, while regulators around the world – particularly those in the US and UK – became deeply embroiled in investigating and taking action in relation to issues that had been exposed by the crisis. Restructurings also became transatlantic.

The need for elite firms that could service these new types of work in the US and London became more profound and, as the US economy recovered faster than the UK’s, the profitability gulf between the American outfits and the top UK firms widened, accelerating the movement of leading UK lawyers to pre-eminent US players.

Milbank Tweed Hadley & McCloy has been one of a handful of top firms fortunate enough to be able to take advantage of these trends, both pre and post-crunch, to provide a leading transatlantic

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offering across our transactional and contentious practices.

Our strategy in London has been simple: to create an English offering that is both complementary and equivalent in quality to our New York office, and that not only competes with the magic circle but can attract mandates that we are – relative to the leading UK firms – uniquely placed to execute given our transatlantic strengths. That process began before the financial crisis, but has accelerated in the past five years, during which we have made major hires into our main practices, and established new ones.

Others have also been successful in growing their London offices: Latham & Watkins, for instance, has a top transatlantic finance practice; consistent with its US strengths, Kirkland & Ellis has built a market-leading private equity and restructuring practice; and some, including Simpson Thacher & Bartlett and Weil Gotshal & Manges, have made strong investments in their private equity and related finance practices, as has Sullivan & Cromwell in M&A. Strong inroads have also been made on the litigation front at firms such as Debevoise & Plimpton and Quinn Emanuel Urquhart & Sullivan.

The magic circle and other major UK players have lost stars as part of this process. The music has not yet stopped in this transatlantic transformation, but there is little doubt as to the significance of the shift that has already occurred.

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