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BARTALK

FOR DAVIS POLK, DODD-FRANK PAYS

The firm proves The Wall Street Journal *right.*

IN JULY A *WALL STREET JOURNAL* EDITORIAL declared that the Dodd-Frank Wall Street Reform and Consumer Protection Act would create jobs only "in Washington—and in law firms like Davis Polk." Naming Davis Polk & Wardwell made sense: The firm had just put out a hefty summary of the law's sweeping new financial regulations that soon became a must-read on Capitol Hill, in Wall Street boardrooms, and among bank regulators themselves.

Time has proven the *Journal* prescient: Davis Polk does appear to be succeeding at turning the new law into fee-generating work. Six of the country's largest investment banks have hired the firm for Dodd-Frank advice, according to the firm and well-placed bank sources.

Davis Polk, of course, was one of several top firms set to capitalize on financial regulatory reform from the first days of the banking crisis. The firm got a leg up, in part, when the U.S. Department of the Treasury relied on its help in drafting early financial crisis legislation—even, according to *The New York Times*, using a Davis Polk–generated template to create a draft bill that would expand the agency's authority.

But the firm cemented its lead in other ways. Soon after the Troubled Asset Relief Program's passage in 2008, financial institutions partners Margaret Tahyar and Randall Guynn persuaded firm leaders to reassign idle associates to serve, in effect, as reporters

Davis Polk's Margaret Tahyar and Randall Guynn

whose beats were specific financial products likely to be affected by regulatory changes. With partners acting as editors, the group began to churn out free downloadable online "news flashes" and memos on new regulations. "A lot [of the work] was only partly billable," Guynn says. "But we decided it was a good investment." The group's first TARP report, written by Tahyar, was downloaded from the firm's Web site 17,000 times. That paled next to the Dodd-Frank material, which, at press time, had been downloaded 94,466 times. An in-house lawyer at one bank says Davis Polk's summary was "just so much better" than what other firms did.

But Guynn was thinking beyond alerts and summaries. With so many new rules coming—some 250 over the next two years alone, affecting nearly every aspect of the financial services industry—he knew that counsel would need a thorough way to track them. A simple spreadsheet was deemed lacking, so second-year associate Gabriel Rosenberg created a customizable, Web-based tool. A client interested in derivatives, say, could type in "derivatives" and get a list of all relevant regulatory activity, plus public comment deadlines, links to agency Web sites and original documents, and a slew of other data. There's even a "statutory blacklines" feature that compares existing and discarded clauses—saving in-house counsel from digging up specific statutes pre– and post–Dodd-Frank.

The firm began to show the product to clients in June. By November, some 1,000 subscribers—mostly management-level officials at financial institutions—had signed on at $7,500 a month per company. They get access to the tracker, plus extras like daily and weekly summaries of new rule-makings. Subscriptions are free for those that hire the firm for significant Dodd-Frank advisory roles—a move that Davis Polk says has helped it secure 15 new engagements, including nine for non–U.S.–based banks, insurers, and investment-management firms. "It's genius," says a bank senior counsel, adding that other firms would be wise to take note.

—JULIE TRIEDMAN