

## Capital Markets Group Of The Year: Davis Polk

By Tom Zanki

*Law360 (February 4, 2022, 2:02 PM EST)* -- Davis Polk & Wardwell LLP's global team prospered from a robust year for corporate financing, guiding landmark initial public offerings and public listings in industries such as fintech, consumer retail and electric vehicles and earning the firm a spot among Law360's 2021 Capital Markets Groups of the Year.

With offices spread across the U.S., Europe, Latin America and Asia, Davis Polk executed some of the world's most notable transactions in the past year, highlighted by Swiss running shoe company On's U.S. IPO and trading app Robinhood's splashy debut, among others. The firm's 260 or so capital markets attorneys, based mostly in New York and northern California, plus Sao Paulo, London, Paris, Madrid, Hong Kong, Beijing and Tokyo, helped arrange the globe-spanning deals.

"We benefit from a deep platform that does well across product areas and across geographies," said Maurice Blanco, co-head of Davis Polk's capital markets practice, who works in the firm's Sao Paulo and New York offices.

On Holding AG — the owner of On sneakers — was among several multifaceted IPOs steered by Davis Polk that crossed multiple jurisdictions.

Zurich-based On, which counts tennis star Roger Federer among its investors, raised \$746 million in September. The IPO marked the first Swiss company with a dual-class stock structure to go public in the U.S. Davis Polk partner Yasin Keshvargar noted that advisers had to reconcile differing U.S. and Swiss laws regarding dual-class structures, whereby certain founders or executives own separate stock with additional voting rights.

"That was particularly interesting to do, including in terms of complexity," said Keshvargar, a 2021 Law360 Rising Star who was part of the Davis Polk team that guided On's IPO.

On's leadership team consists of three founders and two co-CEOs who own Class B shares, which carry 10 votes each, while Class A shares sold to the public carried one vote each. On sought to create a stock structure that signaled the leadership's long-term commitment to the company, which Davis Polk said required lawyers to manage novel challenges regarding corporate governance, sunset provisions and equity incentives.



The firm also represented underwriters for trading app Robinhood Markets Inc., which raised \$2.1 billion in July through an IPO that had distinct features. The offering included a provision by which Robinhood made 20% to 35% of IPO shares available to its customers through a specific platform. Typically, initial shares are only available to institutional or wealthy investors through a process managed by IPO underwriters.

Davis Polk also represented dLocal Ltd., a Uruguayan cross-border payments startup. The fintech company marked the first so-called unicorn — a term for private companies valued at \$1 billion or more — to list in the U.S., raising \$618 million in June.

"The company really benefited from the fintech/payments boom we all saw in 2021," Blanco said.

Davis Polk advised Tuya Inc., a Chinese Internet of Things platform developer that raised \$915 million last March. The firm said Tuya's IPO was completed in about five months, compared to a typical timetable of six to seven months for a U.S. listing. Tuya was one of a handful of Chinese companies to list in the U.S. before regulatory friction between the U.S. and China froze IPO activity between the two countries around June.

U.S. companies also went public through alternative means, including electric vehicle maker Lucid Groups Inc.'s merger with special purpose acquisition company Churchill Capital Corp. IV. Davis Polk represented Lucid, which received a boost from a \$2.5 billion financing agreement known as a PIPE — or private investment in public equity — whereby private investors provide post-IPO funding to consummate a SPAC merger.

While splashy debuts generated many headlines, existing public companies also tapped markets in droves. Many companies sought to bolster war chests for acquisitions or to improve their cash balances in order to navigate economic uncertainty. Davis Polk advised Delta Air Lines Inc., which raised \$9 billion in high-yield debt in September 2020 through its SkyMiles IP Ltd. subsidiary to help the carrier emerge from pandemic shocks.

As economic activity rebounded, Keshvargar and Blanco noted that companies continued tapping debt markets in an effort to stay ahead of potential interest rate hikes. Bonds raised to finance mergers and acquisitions were also steady in 2021.

"We saw a return to more thematic fundraising, where you are raising debt either to take out existing debt, lower your interest rate, or if you have a strategic corporate action in mind," Keshvargar said.

New IPO issuances have slowed in early 2022, hampered by market volatility. But the ranks of private companies considered strong IPO candidates remains strong, Davis Polk said, and if market conditions improve, its lawyers expect to seize those opportunities.

"We have a significant pipeline of deal flow just waiting to hit, when the markets are there," Blanco said.

--Editing by Adam LoBelia.

---