

Fintech Group Of The Year: Davis Polk

By **Emilie Ruscoe**

Law360 (December 11, 2020, 3:02 PM EST) -- Davis Polk & Wardwell LLP's fintech team steered multiple multibillion-dollar acquisition deals and continues to advise Facebook and the group formerly known as the Libra Association, which recently rebranded as Diem, on its ambitious cryptocurrency initiative, earning the group's practitioners a spot among Law360's 2020 Fintech Groups of the Year.

Two noteworthy acquisition deals the group worked on — one on behalf of Charles Schwab and one on behalf of Morgan Stanley — share some similar characteristics, and together the pair of transactions involved upward of \$39 billion, according to the firm.

The Schwab matter, which was announced in November 2019, saw the company pay \$26 billion for digital trading platform TD Ameritrade. According to Davis Polk, the all-stock deal combining the two companies brings 24 million client accounts holding about \$5 trillion in assets under the management of one entity. The firm noted that the transaction is one of the largest deals in the industry since the 2008 financial crisis.

The \$13 billion Morgan Stanley deal, which was announced this February, saw Morgan Stanley acquire online trading company E-Trade Financial Corp. The combination adds 5.2 million E-Trade clients to Morgan Stanley's business, and the companies together will manage more than \$3.1 trillion in client assets, the companies said when the deal was unveiled.

Davis Polk partner Luigi De Ghenghi, who provided banking law advice on the Morgan Stanley deal, told Law360 that brokering the agreement involved obtaining regulatory approval of the acquisition from the Federal Reserve, which in turn assessed the competitive factors involved in the deal, among other factors. The agency made several additional information requests as it weighed whether to sign off on the acquisition, and there was "quite a thorough approval process on the part of the Federal Reserve," De Ghenghi said.

To facilitate the approval process amid the COVID-19 pandemic, De Ghenghi said, "We made every effort to be as complete and transparent in the application as we could and to be restrained in our use of confidential treatment requests in order to facilitate the public review of the application, and the



public notice and comment on the application," adding that this approach seemed to help keep the process in motion.

In the spring, the Davis Polk fintech team was busy on the other side of the globe, as part of the group advised Indian conglomerate Reliance Industries Ltd. as its subsidiary Jio Platforms Ltd., a technology and telecommunications company, undertook a capital raise that Davis Polk described as "unprecedented." Between April and July, according to Davis Polk, Jio collected north of \$20 billion dollars in the form of 13 new minority investments, including \$5.7 billion from Facebook and \$4.5 billion from Google.

The investments came as Jio was meeting rapidly growing demand for internet connectivity in the country. At the time the investment was made public, Facebook's chief executive Mark Zuckerberg hailed companies like Jio for having played "a big part in getting hundreds of millions of Indian people and small businesses online."

In August, Davis Polk represented underwriters including Goldman Sachs, Morgan Stanley, Credit Suisse, J.P. Morgan and RBC Capital Markets in connection with the \$1.8 billion initial public offering of Rocket Companies, the parent company of Quicken Loans, the digital mortgage lender that leads the U.S. mortgage lending market. The IPO came amid the pandemic's outsize impact on the mortgage lending industry.

Davis Polk partner Michael Kaplan told Law360 that it was especially gratifying to see the IPO go smoothly considering the unprecedented circumstances.

"I think all of us have a stake in making sure that the economy does well and continues to function, and it was pretty nice to have a company like this — a very large company, high profile — get the deal done and get it done well and continue to encourage other companies to go forward," he said, noting that other mortgage lenders have since followed Rocket Companies into the public markets.

Davis Polk's ongoing work with Facebook and the group now known as the Diem Association has involved guiding the nascent digital currency through plenty of hurdles. Notably, in April, the association revised its white paper, proposing to grow the number of single-currency stablecoins on its network instead of having a global stablecoin tied to a group of fiat currencies as it had initially envisioned.

The changes came on the heels of widespread legislative and regulatory scrutiny of the initiative in 2019. At the time that it updated its white paper, the cryptocurrency group sought licensing from the Swiss Financial Market Supervisory Authority.

The firm lists 22 attorneys, including 17 partners, as playing a role in its fintech practice, and all of those attorneys also play a role in one or more of the firm's mergers and acquisitions, capital markets, financial institutions, corporate, and litigation groups.

Davis Polk partner Shane Tittle told Law360 that the fintech group distinguishes itself because the firm has historically had a strong financial regulatory practice and a strong tech practice but also because the firm has "a number of partners who have been very focused on fintech" who understand the technology well and "have really worked hard to build a very strong practice."

In addition to its aforementioned major accomplishments in the past year, the group helped digital currency client Tezos Foundation settle a proposed class action alleging it held an unregistered initial coin offering, and also represented Visa, PayPal and Fiserv in connection with debt offerings.

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