

SLAUGHTER AND MAY

An introduction to our  
Derivatives practice



# An overview of Slaughter and May

Slaughter and May is a leading international law firm recognised throughout the business community for its commercial awareness and commitment to clients. We have a diverse and extensive practice advising on the full range of corporate, commercial, financing and other matters.

Our firm is unique among major UK law firms:

- We are client-focused, rather than product-focused. We work with our clients to anticipate their business needs and offer solutions.
- We place quality of advice before growth in numbers. Our measured organic growth is sustained by lawyers recruited, trained and developed within the firm.
- We have considerable continuity of personnel.
- We train our lawyers to be multi-specialists, with a broad skills base, so that they offer not only a depth of legal expertise but also a breadth of experience and sound commercial judgement.
- We manage large and complex transactions from beginning to end and deliver them on time.

## Contents

**3** Our Derivatives practice

**4** How we deliver

**6** What we offer you

**8** We have the experience you need

**9** Fees

**10** Profiles

# Our Derivatives practice /

We have a leading derivatives practice covering all aspects of derivatives work. We offer an integrated approach when derivatives form part of a larger transaction, such as a securitisation, structured financing, restructuring or an acquisition. We are also regularly instructed on standalone derivatives transactions and compliance and regulatory matters, ranging from the highly bespoke and complex to the straightforward.

We also have significant experience of advising clients on derivatives within restructuring and insolvency matters as well as high profile disputes and regulatory investigations relating to derivatives and associated benchmark rates.

Our clients range across the entire spectrum, from sophisticated financial institutions to occasional end-users of derivatives. We regularly work with a wide range of different clients and counterparties, including banks, insurers, pension funds, investment funds, sovereign entities and corporates.

**Slaughter and May is 'an exceptional firm with great flexibility across the finance space'.**

Legal 500 2016

**They are intellectually extremely capable. They get their hands around any problem we give them.**

Chambers UK 2017

# How we deliver /

We are client-focused, not product-focused. Central to our culture is the priority we give to the specific needs of our clients, with whom we develop strong professional and personal relationships.

- We ensure that our clients are advised by the same partners and, so far as practicable, the same team of associates. This allows our lawyers to acquire a knowledge of the client's aims, policies and business, and ensures continuity of service.
- We regard partners' ready accessibility to clients as essential to the client relationship.
- Our lawyers have a reputation for technical excellence, a strong appreciation of commercial objectives and a positive approach to legal issues. All our lawyers are kept up-to-date on developments in relevant law and practice.
- In contrast to many law firms, it is our policy to encourage commercial and finance lawyers to work on a broad range of matters. As a result, our lawyers offer a broad range of experience as well as multiple areas of expertise. They are particularly well qualified to devise creative and innovative solutions.
- Our tax and regulatory teams are routinely involved in our derivatives matters.

Our organisation and approach differentiate us from our competitors, and explain our popularity with clients who seek versatile lawyers able to provide integrated advice on all aspects of their financing transactions.



“They are very strong, show good client focus and real personal involvement, and it really feels like they care.”

Chambers UK 2017

“Predominantly a buy-side firm, the practice is also handling a growing stream of sell-side work for global investment banks.”

Legal500 2016



# What we offer you /

## Master agreements and collateral arrangements

We advise on master agreements of all kinds, including ISDA Master Agreements, GMRA and GMSLAs, as well as local forms of agreement not based on ISDA, ICMA or ISLA documentation. We advise on energy and emission specific master agreements such as the EFET and IETA agreement and on energy and commodity specific annexes to the ISDA and EFET.

Some of our clients, such as pension funds or special purpose vehicles, enter into umbrella master agreements, and we frequently advise on novations and other forms of transfer, whether actual or synthetic.

We have extensive experience of collateralised trades and the different ways collateral or margin can be provided, including through prime brokerage arrangements. We advise on related collateral and credit support documentation (ISDA and bespoke), including triparty and other security arrangements over different financial asset classes, and we work with a variety of custodians, including Clearstream and Euroclear.

## Structured transactions

A significant part of our derivatives practice involves advising on loan financings/re-financings and securitisations which involve derivatives and also structured transactions which embed derivatives, whether as part of the terms of a debt or equity security or through the interaction of different components of the deal.

We have advised on many longevity and other risk transfer transactions, for both insurers and pension funds as well as financial institutions that act as counterparty to such trades.

For these complex transactions, we believe our clients want to work with versatile lawyers, who provide joined up advice on all aspects of their transactions, which may involve derivatives, repos

and stock loans, but also require knowledge of company and partnership law, as well as a breadth of experience of debt and equity financing. Typically on these trades, we will field a small team of multi-specialist financing lawyers, who will work closely with their tax, financial regulation and other colleagues.

## Derivatives regulation

We regularly advise a range of non-financial and financial clients on the clearing, reporting, collateral and other risk mitigation requirements for derivatives under EMIR and other recent regulatory developments. We have, for example, advised the treasury departments of a number of international corporate groups on their compliance with EMIR. We have also advised a number of EU and non-EU financial institutions on cross-border application of EMIR requirements.

We have advised a number of clients in the commodities sector on the interpretation and implications of MiFID and MiFID II/MIFIR for commodity derivatives and other firms including advice on exemptions, scope of financial instruments, interplay with EMIR and the consequences of falling within scope of the regulation or otherwise becoming indirectly affected.

We routinely advise on other OTC derivative regulation including BRRD, Solvency II, CRD IV, Financial Services (Banking Reform) Act, Short Selling Regulation and implications of Brexit.

## Restructuring and insolvency

We have significant experience of advising clients on restructuring and insolvency matters (with out-of-the-money interest rate and FX swaps a recurring theme).

We have advised a number of financial institutions and other counterparties on matters relating to their derivative positions with insolvent banks. We have also advised a number of insolvent financial institutions (and their insolvency representatives) on



matters relating to the closing out of their derivative portfolios. In one case, the portfolio involved thousands of transactions, with approximately 100 counterparties. We work alongside accountants and valuation experts to identify, classify and evaluate portfolios for the purposes of insolvency proceedings, and we assist with the resolution of disputes, including through court proceedings, where necessary.

### **Mergers and acquisitions**

Derivatives have featured frequently in our M&A work, particularly where the target has a derivatives business or significant derivative positions. Some acquisitions have used portfolio total return swaps to transfer benefit and risk.

Purchasers may need to enter into FX hedges, where their funding and the purchase price are in different currencies. Such hedges can be challenging

to execute, because of the contingent nature of the acquisition, the need for confidentiality and, in some cases, the size of the hedge relative to liquidity in the relevant FX market.

### **Dispute resolution**

Our dispute resolution department advises in relation to a wide range of disputes related to derivative products and transactions, both for financial institutions and end users. We routinely advise at all stages of the dispute process on a variety of issues such as alleged mis-selling of derivative products, enforceability and termination rights, including negotiations with the counterparty through to Court proceedings.

We also have significant experience of advising clients on high profile regulatory investigations relating to derivative transactions including the regulatory investigations into LIBOR setting.

**“Outstanding on all levels,  
Slaughter and May is second to none.”**

IFLR1000 2017

# We have the experience you need /

## Highlights of our recent derivatives work include advising:

- Goldman Sachs as arranger of a EUR613m JV option-backed financing, in the form of a structured note issue secured by a put option
- Goldman Sachs on a number of equity-backed collar financings
- a major European bank on a put option financing backed by Israeli shares
- a major financial institution on a secured funding arrangement in the form of a total return swap over a portfolio of corporate loans and bonds
- a major European bank on a number of derivatives transactions, including equity-linked swaps and securitisation-style interest rate caps
- Deutsche Bank and Bank of America Merrill Lynch in relation to equity derivatives transactions
- a US hedge fund in relation to investments in synthetic credit linked notes referenced to European and emerging markets loan portfolios
- Delta Lloyd Life on its EUR12 billion debut longevity swap with Reinsurance Group of America
- DONG Energy on the commodity trading arrangements for its sale of the Severn gas-fired power station to a consortium of investors led by Macquarie Group's Infrastructure and Real Assets business for £350 million
- Drax on its secured committed financing to support its transformation into a predominantly biomass-fuelled electricity generator, including the implementation of Europe's first ever dark green spread trading platform
- the NY branch of a financial institution on a tri-partite equity collar financing involving Mexican entities
- a major fund on a financing transaction involving a put option and stock borrowing arrangement over listed equities held in a UK listed public company whereby the shares borrowed from the secured account maintain a delta hedge for hedging exposure under the put option
- a newly formed joint venture on a total return swap over a portfolio of equity securities and associated collateralised repo arrangement with third parties
- Nordea Bank AB in connection with its synthetic risk transfer securitisation related to EUR 8.4 billion of Nordea's corporate and SME loan portfolio, the transaction being the first of its kind in Scandinavia
- Syntrus Achmea Vermogensbeheer B.V. in connection with OTC derivatives clearing matters including negotiating template client clearing agreements with various banks, to be entered into by a number of group entities/funds
- Dexia on successfully establishing the jurisdiction of the English Courts to hear its claims relating to the validity of interest rate swaps on ISDA terms between the bank and the Italian province of Brescia
- Banco Santander Totta in successful litigation in the High Court and Court of Appeal relating to the validity of interest rate swaps entered into on ISDA terms between the bank and Portuguese public sector companies.

## A competitive and value-based approach to billing

Our principles in approaching the subject of costs are:

- we recognise the importance of our client's relationship with Slaughter and May and will look at costs in the context of our entire relationship and not purely on a transaction-by-transaction basis
- our legal team for a transaction will be no larger than is required
- flexibility - whilst we believe in value billing, where costs reflect the objectives achieved, we recognise that other arrangements may be appropriate
- we would not seek to recover costs at a level with which our client is not comfortable - we would be proactive in the management of the costs process to avoid any "surprises"

## Competitive charges

We believe our overall charges are competitive. We expect in practice to record fewer hours per transaction than our major competitors, mainly owing to the following factors:

- our flexibility on charging structures and willingness to think creatively about methods of charging
- the multi-specialisation of our lawyers, which enables us to field fewer people on projects and to pass on the benefit of those efficiencies to our clients
- our value mentality - our lawyers are required to provide value, not meet targets for billing or for the recording of time
- the importance we attach to understanding the business drivers in projects (evidenced by our top ranking in the FTSE survey for best business lawyers run by Chambers) which eliminates unnecessary lawyering
- our emphasis on quality over growth within our own business

We have used Slaughter and May for financing and corporate treasury for many years. The partner and indeed the firm more broadly has an innate understanding of our desired approach to documentation and transaction management, offering sound advice and judgement.

IFLR1000 2017

# Profiles /

## Financing



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Partner since  
2016

### Oliver Wicker

Oliver is Head of our Derivatives practice. He has advised on a wide range of derivatives and structured products matters. His clients include financial institutions, investment funds and a number of corporates. Recent work has included advising on derivatives in the context of bank ring-fencing transfer schemes, inter-bank funding structured through total return swaps, loans through or involving options and collars and assisting clients with MiFID II and clearing compliance. He worked with HMT in developing the Financial Services (Banking Reform) Act 2013.

Oliver is listed as a “rising star” in the Structured Finance, Securitisation and Debt Capital Markets sections of IFLR1000, 2017 and recommended in the Derivatives, Structured Products and Securitisation sections of Legal 500, 2017.



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Partner since  
2015

### Caroline Phillips

Caroline advises both corporate and financial institution clients on derivatives and hedging matters across a broad range of sectors including insurance, commodity and energy.

She has advised on a number of longevity swaps, including Delta Lloyd Life on its EUR 12 billion debut longevity swap with Reinsurance Group of America.

She has advised Drax on several refinancings, including on its secured committed financing to support its transformation into a predominantly biomass-fuelled electricity generator. This included the implementation of Europe’s first ever dark green spread trading platform. Her team won “Finance Team of the Year” at the Lawyer Awards, 2013 in connection with their work for Drax.

She advises a number of clients in relation to regulatory matters including CRR, Solvency II, EMIR and MiFID/MiFID II.

Caroline was listed as a “rising star” in the “Banking” section of IFLR 1000, 2015.



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Partner since  
2012

## Ed Fife

Ed advises financial institutions, corporate clients and pension trustees on derivative transactions ranging from straightforward hedging through to complex structured products. His experience includes interest rate, FX, equity-linked, credit-linked, index-linked, commodity and longevity instruments, total return swaps and repos.

Recent work highlights include advising the Central Bank of Egypt on a syndicated repurchase transaction, advising financial institutions (including Deutsche Bank and Goldman Sachs) and buy side clients on equity derivatives, including collar and put transactions, advising Deutsche Bank on structured derivative transactions, advising multiple corporates on ISDA and other derivative arrangements covering FX, interest rates and commodity transactions and advising a major bank in relation to its commodity derivatives portfolio.

Ed is listed as a leading individual in the Banking & Finance section of Chambers UK, 2017 and is recommended in the Acquisition Finance, Bank Lending (investment grade debt and syndicated loans), Debt Capital Markets, Derivatives and Structured Products and Securitisation sections of the Legal 500, 2016. Ed was included in the Financial News' 40 Under 40 Rising Stars in Legal Services, 2014.



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Partner since  
2011

## Richard Jones

Richard advises financial institutions, regulated entities, pension trustees and corporate clients on matters involving both standard and highly bespoke interest rate, FX, equity-linked, credit-linked and total return swaps, options, contracts for difference and other derivatives, including credit-linked notes, repo and stock lending transactions, and structured finance arrangements, including whole business and receivables securitisations.

Richard has also advised on a wide range of other financing transactions, including acquisition and leveraged financing, project financing, asset and receivables financing, bond and convertible bond programmes and issues, corporate and sovereign debt and restructuring.

Richard has experience across a wide number of industries, including the banking, consumer credit and wider financial sector, insurance, leisure and hospitality and energy and natural resources.

# Profiles /

## Financing



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Partner since  
1998

### Andrew McClean

Andrew is the Head of our Financing practice. He has a practice which includes banking, capital markets and derivatives work, acting on both the lender and borrower sides. His principal areas of activity are structured finance (principally for financial institutions), syndicated bank lending (including acquisition finance) and restructuring and rescheduling of various kinds of financings.

His derivatives advice is principally in his structured work, where each transaction will typically include complex derivative elements, sometimes combined with repo and/or stock lending transactions based on the industry standard documents and in his work for large corporate clients, documenting their relatively routine ISDA based hedging arrangements and advising in relation to regulatory matters for OTC derivatives.

Andrew is listed as a leading individual in the Legal 500 2017.



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Partner since  
1996

### Stephen Powell

Stephen advises corporate treasury departments, banks and insurance companies on a wide range of financing transactions. Areas include derivatives, general banking, capital markets, securitisation, structured finance, project finance and leasing and other asset finance techniques.

Stephen's ISDA experience ranges from straightforward ISDA masters and CSAs through to more bespoke and structured forms of derivatives. In the pensions and insurance space, Stephen has developed a leading practice in longevity and other structured solutions for insurance companies, banks and pension funds.

Stephen's clients are based in the UK and across Europe. They include Aviva, The Association of Corporate Treasurers, Barratt Developments, Diageo, Electrolux, Ericsson, Metsäliitto, Nordea, Skandinaviska Enskilda Banken, Standard Life and AB Volvo. In particular he focuses on the Nordic countries (having spent time based in Sweden).

Stephen is a past Co-chair of the Banking Law Committee of the IBA.



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Partner since  
2005

## Matthew Tobin

Matthew is Head of our Debt Capital Markets practice. Matthew advises on a wide range of banking and financing work, including capital markets and derivatives transactions.

In the derivatives area, Matthew has advised banks and financial institutions on structured transactions employing credit and equity derivatives and repo and stock lending technology. He also advises a number of large corporates on their derivatives arrangements, including in the context of M&A transactions.

Matthew is listed as a leading individual in the Banking & Finance section of Chambers UK, 2017, as a leading lawyer in the Bank Lending and Capital Markets - Debt sections of IFLR 1000, 2015 and is listed in the Acquisition Finance and Debt Capital Markets sections of The Legal 500, 2016.



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Partner since  
2014

## Azadeh Nassiri

Azadeh has a broad financing practice covering acquisition and general bank financings, structured finance, project finance, debt capital market transactions and derivatives as well as corporate recovery and restructuring matters. Her clients include leading financial institutions and investment funds, pension trustees as well as corporates (ranging from large listed companies to small unlisted companies).

In the derivatives area, Azadeh's experience includes advising a number of corporates on their hedging arrangements (both generally and in the context of M&A transactions) and financial institutions and funds on complex structured products including interest rate, FX, credit-linked and total return swaps, options, credit-linked notes, repos and stock lending transactions.

Azadeh is recommended in the 'Derivatives and Structured Products' and 'Securitisations' sections of The Legal 500, 2016.

# Profiles /

## Financial regulation



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Partner since  
2003

### Jan Putnis

Jan is Head of our Financial Regulation Group. Jan's practice focuses on matters of strategic importance to financial institutions, with particular emphasis on regulatory advice and multi-jurisdictional corporate and commercial transactions. He acts for a broad range of institutions, including banks, brokers, insurance and reinsurance groups, market infrastructure operators and asset managers. His clients include: Aviva, Barclays, Deutsche Bank, GE Capital, ING, JPMorgan, Legal & General, NN Group, Prudential, Standard Chartered Bank and several private equity sponsors.

Jan's work includes extensive advice on structural reform, resolution planning, prudential matters and advice on regulatory capital and on capital structures of new businesses as well as capital structures to facilitate acquisitions. He has also advised extensively on EMIR and MiFID/ MiFID II. He is heavily involved in advising on the implications of Brexit for UK banks and investment firm. In addition to non-contentious regulatory advice, Jan has also advised on internal and regulatory investigations in the banking and insurance sectors.

Jan is listed as a leading individual in the 'Financial Services: Non-contentious Regulatory' section of Chambers UK 2017. He is the contributing editor of The Banking Regulation Review (Law Business Research, since 2010) and is a member of the Financial Markets Law Committee.



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Partner since  
2008

### Ben Kingsley

Ben advises both financial institutions and non-regulated firms on the UK and EU financial regulatory aspects of a broad range of matters and projects including in the banking, capital markets and derivatives fields, including in particular on complex funding and risk transfer transactions including tax structured financing arrangements and credit risk mitigation transactions designed to achieve regulatory capital efficiencies.

Among other recent regulatory topics Ben has been advising clients on the interpretation and implementation of the EU regulatory regimes for OTC derivatives (EMIR), financial instruments (MiFID2) and energy market transparency (REMIT), as well as more broadly on the structural responses of a number of financial institutions to Brexit.

Ben also has considerable experience in advising on the UK and international anti-money laundering and financial sanctions regimes. He edits the Thomson Reuters publication, 'A Practitioner's Guide to the UK Financial Services Rulebooks', co-authors the UK chapter of Getting the Deal Through's 'Banking Regulation' publication, and writes a regular banking and investment services column for PLC Financial Services. Ben is listed as a leading individual in the 'Financial Services: Non-contentious Regulatory' section of Chambers UK, 2017.

## Tax



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Partner since  
2009

### Mike Lane

Mike advises on a broad range of complex financing transactions. He regularly advises both financial institutions and corporate groups on financing and hedging transactions including interest rate, currency, equity and credit linked derivatives, capital market transactions including issues of regulatory capital for insurers and banks, securitisations, repos and other structured finance transactions.

Mike is a regular contributor to the Tax Journal and Finance Act Handbook and speaks at various conferences on tax issues. He is named as a leading individual for Corporate Tax in The Legal 500, 2016 and Chambers UK, 2017. Mike was named as one of Financial News's 40 under 40 Rising Stars in 2016.

## Dispute resolution



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Partner since  
1991

### Deborah Finkler

Deborah is a partner in our Dispute Resolution Group and also a member of our Global Investigations Group. Deborah's practice covers the broad spectrum of commercial and banking litigation. She is regularly involved in corporate recovery and acts on substantial and complex commercial disputes for a wide range of clients, including a number of international banks and financial institutions. She has particular experience of derivatives work in the context of litigation, restructuring and insolvency and regulatory investigations and inquiries.

Recent highlights include advising Deutsche Bank in relation to extensive regulatory investigations into interbank offered benchmark rates over a number of years in multiple jurisdictions (including the UK, US, the EU, Germany, Hong Kong and Japan), and also in relation to multiple proceedings across England and Iceland in relation to structured credit derivative products affected by the Icelandic banking crisis.

Her experience also includes advising the Resolution Committee and Winding-up Board of Icelandic bank Glitnir on a number of international contentious matters arising out of Glitnir's insolvency, including claims against derivatives counterparties and cross-border recognition of the insolvency process, advising JPMorgan Chase Bank on cross-border investigations conducted by the FCA, DoJ, and other regulators worldwide in relation to alleged misconduct in the G10 spot FX market and on the subsequent settlements and advising Standard Chartered in respect of a number of investigations by regulatory authorities into AML and related issues.

Deborah is ranked as a leading individual for Banking Litigation, Financial Services (Contentious Regulatory) and Litigation in Chambers UK, 2017 and also in Banking Litigation and Commercial Litigation in The Legal 500, 2016.

# Profiles /

## Dispute resolution



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Partner since  
2014

### Jonathan Clark

Jonathan is a Partner in our Dispute Resolution group and also a member of our Global Investigations Group. His practice spans a broad range of commercial litigation, investigations and contentious regulatory and insolvency matters. Jonathan's clients include leading financial institutions, and major corporates. Recent highlights include advising:

- Deutsche Bank in relation to the LIBOR investigation, which culminated in a high profile settlement with a number of US authorities and the UK Financial Conduct Authority in April 2015
- a major international financial institution in relation to regulatory investigations in multiple jurisdictions and cross-border litigation arising out of the same credit derivative transactions
- Glitnir in successfully defeating an attempt by Glitnir's former principal shareholder, to lift the worldwide freezing order and in relation to resolving disputes with a number of its counterparties in derivative transactions entered into under ISDA Master Agreements

Jonathan is recommended for Financial Services (contentious) and Banking Litigation in the Legal 500, 2016. He is listed in The Lawyer's Top 100 2017.



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Partner since  
2016

### Richard Jeens

Richard's practice spans a broad-range of high profile commercial disputes, investigations and contentious regulatory and tax matters, often involving multiple jurisdictions. He has experience advising clients at all stages of a dispute - from how to avoid potential challenges when structuring and implementing a transaction through to eventual proceedings. He acts for major corporates and financial institutions as well as governmental bodies and international organisations.

Recent highlights include advising Dexia on successfully establishing the jurisdiction of the English Courts to hear its claims relating to the validity of interest rate swaps on ISDA terms between the bank and the Italian province of Brescia and he also advised Banco Santander Totta in successful litigation in the High Court and Court of Appeal relating to the validity of interest rate swaps entered into on ISDA terms between the bank and Portuguese public sector companies.