

Dominant New York corporate law firms increase market share

Global corporate law firms have consolidated their market share over smaller rivals as a record year for mega deals among large companies benefited the most well-known names among legal advisers on mergers and acquisitions.

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The top New York law firms, led by Skadden, Arps, Slate, Meagher & Flom; Cravath, Swaine & Moore; and Wachtell Lipton Rosen & Katz advised on the most transactions in 2015 – a year when global M&A volume surpassed for the first time ever the \$5tn mark.

Skadden advised on an unprecedented \$1.14tn in deals in 2015, nearly a quarter of all global deals announced this year, according to data compiled by Dealogic. Cravath came in second with \$888.4bn – an 18.7 per cent market share – and Wachtell third with \$760bn.

“Any growth in demand for law firms recently has largely been transaction-driven, and particularly in M&A, so it’s very important for them,” said Gretta Rusanow, the head of advisory services in the law firm group at Citi Private Bank.

The firms that advised on the top deals this year would have enough follow-on work to sustain them next year, even if the market suddenly dried up, Ms Rusanow said.

“Consider the megadeals that have just been announced in the last few weeks and the timeframe – it’s going to take these firms well into 2016,” she said. “And if you consider any antitrust

issues, any regulatory oversight needed, that could also further lengthen the time of the work that’s going to be involved.”

The corporate advisory work that stems from those deals, and the boost from solidifying client relationships, should also help them get hired for future matters.

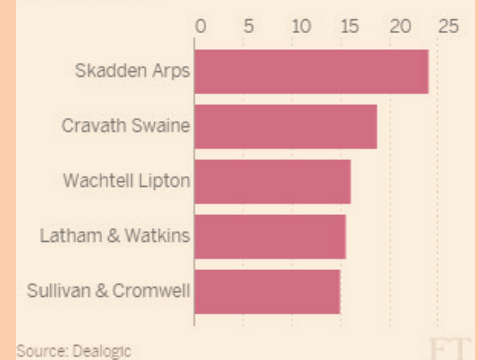
Scott Simpson, London-based partner at Skadden, said: “A lot of what drove deal value this year continues into next year. The strategic combinations will continue and boards are still actively looking at them.”

But those figures follow the trend of increased M&A activity, and perhaps more striking is the consolidation of market share among the top firms at a time when deal work was plentiful. Cleary Gottlieb Steen & Hamilton led 2014 with a market share of 13.8 per cent, compared with Simpson Thacher & Bartlett, the leader in 2013 with 12.6 per cent. Both these groups slipped out of the top five in 2015, behind Skadden’s 24 per cent.

“What we’re seeing is a widening gap of firms right across the industry,” Ms Rusanow said. The firms who are not advising on deals at the very top level “need to be looking at their brands and figuring out how they differentiate themselves from others in the industry”.

“You have clients who are doing the analysis of value and price, so the top-end work is going to these firms who

Top corporate legal advisers of 2015
Market share (%)



have built brands at the top end of the market,” she continued. “Then you’ve got the middle category of work that could be done by an array of high-quality law firms in the industry, and the clients’ perception is that there are lots of them, so they are more likely to make a decision based on price.”

Of the top 10 firms advising on deals this year, nearly all are based in New York, except for Freshfields Bruckhaus Deringer in ninth place, the lone London-based law firm. Mark Rawlinson, a long-time partner of the firm, notched roles on two of the year’s biggest transactions – advising BG Group on its deal to be acquired by oil major Royal Dutch Shell and advising AB InBev in its takeover of rival brewer SABMiller.

CRAVATH, SWAINE & MOORE LLP