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ALB | MARCH 2017
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BOLD IDEAS AND FRESH THINKING IN ASIA'S LEGAL INDUSTRY

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ASIAN LEGAL BUSINESS
MASTERCLASS

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BUSINESS, LAW AND THE "INTERNET OF THINGS"

5 APRIL 2017 / 9AM - 5PM / SINGAPORE

The "internet of things" (IoT) already exists, is growing rapidly, and is beginning to have a significant effect on business structures, commercial contracts and contract management in all sectors. Research conducted by Cisco predicts up to 50 billion connected devices by 2020, up from approximately 18 billion in 2015. **What are the legal and business ramifications of these developments?**

Asian Legal Business presents an intensive one-day workshop that equips you with the knowledge to stay ahead of the game. Get a detailed understanding of the legal ramifications of IoT such as cyber security, data protection and contractual obligations.

TARGET AUDIENCE:
- Senior in-house counsel/general counsel
- Private practice lawyers
- Chief Technology Officer (CTO)
- IT coordinators / consultants
- Procurement specialists and contract managers
- Legal departments in government bodies/regulators

BENEFITS OF ATTENDING:
- Be ahead of the game by getting a detailed understanding of the legal ramifications of IoT such as cyber security, data protection and contractual obligations through revealing case studies.
- Get insider information by listening to extracts from interviews and round-table discussions with actual IoT developers, regulators and highly experienced lawyers.
- Make a crucial and positive contribution to the future of your business by knowing how to address the legal requirements that come with adopting IoT solutions (particularly those related to contractual relationships).

PRICING:
Standard Rate: **SGD1,000**
Early Bird: **SGD 800** (ends 22 March 2017)
Group price: **SAVE ADDITIONAL 20%** - Register five participants from your organisation and the fifth person attends for free.

To register for this event, go to:
www.regonline.com/IoT2017_SG

For more information about this event, go to:
www.legalbusinessonline.com/masterclass/IoT2017_SG

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6 Public CPD points
Practice Area: **Corporate/ Commercial**
Training Level: **General**

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AGENDA:

8.30am
Registration

9.00am
The fourth industrial revolution? What is IoT? Where are the opportunities?
- More than just "self-driving cars": bringing the internet into the physical world
- Standards, platforms and interoperability
- Streamlined processes and "just in time" fulfillment
- Asset-tracking and dynamic contracts
- Real-time data and analytics for government, business and individuals

9.15am
Dynamic contracts and supply chain efficiency
- How do "smart" or "dynamic" contracts work?
- When, how and where are dynamic contracts formed?
- Do dynamic contracts mean more or less contract management?
- What happens when there is a breach of contract?

10.00am
Data: who owns, controls and has responsibility for data generated by IoT devices
- Making sense of the "truck load of sand": IoT and fine-grained data analysis
- Blockchain, distributed ledger and data protection
- Data collection, retention, analysis and monetisation: who benefits?
- Data security: who is responsible? Who is liable?
- Compliance in the cloud: how to ensure adequate protection

10.30am
Morning tea break

11.00am
Business structure and IoT
- How is IoT development being organised and funded?
- What is a "Decentralized Autonomous Organisation" (DAO). Is it really a new business structure? If so, how does it work?
- What is the relationship between start-ups, universities and established business?
- What are the key issues for joint ventures and acquisitions?
- How can business models adapt to embrace IoT?
- Data and privacy: the risks involved in cross border transfers and offshore storage

12.30pm
Networking luncheon

1.30pm
The issue of liabilities
- What are the principal legal and compliance risks?
- How far does existing law cover novel situations likely to arise from the IoT?
- How is the law developing around the world to accommodate IoT?
- Are you at risk of liability just because your organization uses IoT
- What are the lessons of the October 2016 Dyn cyber-attack?

3.00pm
Afternoon tea break

3.30pm
Drafting and negotiating key contract terms: what are the main issues
- Intellectual Property (IP) rights
- Warranties and indemnities: what you need to cover
- Limiting and excluding liability
- Drafting for dispute resolution in an online world without borders

5.00pm
End of event

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Employees of a solar farm company walk between panels at the farm in Nakorn Ratchasima province, Thailand. REUTERS/Athit Perawongmetha

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BY RAJ GUNASHEKAR

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FROM THE EDITOR

RANAJIT DAM
Managing Editor,
Asian Legal Business
Thomson Reuters

NEW TRICKS FOR AN OLD PROFESSION.

The winds of change sweeping the legal industry have today reached gale-force proportions. Firms are beginning to realise they are under siege, from a combination of increasing competition, changing client habits and fast-evolving technology in the legal space. Severe disruptions to the industry have meant that old ways of thinking are just not valid any more, and choosing not to change – or changing too slowly – can be a surefire recipe for disaster. If the writing isn't already on the wall for legal service providers, there's a good chance a jolt of the new reality will hit them very soon.

The time, then, has come to discard the old ways and embrace innovation – begin making changes to the way you do the most basic of things, and adopt an attitude of nimbleness and flexibility along the way. It is not an easy sell, for the legal industry has been notoriously resistant to change. Just by the virtue of being the kind of word it is, "innovation" is easily misconstrued and frequently brushed off, a fuzzy word that is more closely associated with meaningless management-speak than it should be.

For at its most simple, innovation implies nothing more than simply a new method, idea or product. And that is its greatest strength as well, for innovation can provide simple solutions to many of the complex problems that the legal industry sector today. And this innovation doesn't have to be anything absolutely revolutionary. A change in mindset can be innovative, as can be rethinking the most basic processes to deliver effective results. So read the writing on the wall, look hard in the mirror and get started.

ERRATUM

In the "Firms To Watch" feature in the February issue of Asian Legal Business, the entry for Apisith & Alliance incorrectly stated that the firm had appeared before the International Criminal Court. It actually appeared in an International Chamber of Commerce arbitration, representing a Japanese claimant. Any inconvenience caused is regretted.

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THE BRIEFING: YOUR MONTHLY NEED-TO-KNOW

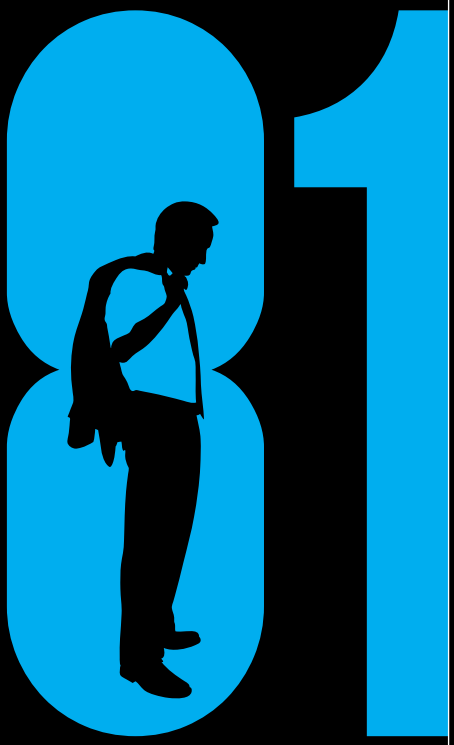
BAKERS, A&O BACK LEGAL TECH CENTRE

Ulster University in Northern Ireland has launched what is being hailed as the UK's first "legal innovation centre." The centre aims to lead the development of technology used in legal services. It is supported by Ulster University's law school and its school of computing and intelligent systems, as well as law firms Allen & Overy and Baker McKenzie.

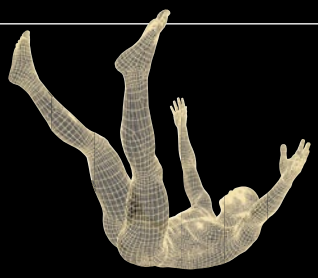
34% - Proportion of Japanese innovators on 100 Global Innovators List for 2016 published by Clarivate Analytics. The other Asian jurisdictions on the list were China and Taiwan (1 percent each).

COMING SOON: LAW FIRM SCORECARDS

Close on the heels of General Electric creating a "Yelp for lawyers," helping the company's internal legal teams select outside counterparts to work on matters, comes the news that Groupon is using evaluation cards to assess their external counsel. The "scorecards" evaluate law firms' performance on things like cost and also let firms know how they fared compared to others used by the company. This lets firms how well they did, as well as areas for improvement.



81% - Proportion of workers in the legal industry who say they are bored, according to a study by employment specialist Emolument, with repetitive and dull work as the likely cause.



"Never in my judicial career have I seen a man fallen from so high."

Presiding judge Mr Justice Andrew Chan Hing-wai at the trial of Hong Kong's former leader Donald Tsang Yam-kuen. Tsang recently became the city's highest-ranked official to be put behind bars after he was sentenced to 20 months in prison for misconduct

1,000,000,000

$1 bln - Reduction in HSBC's legal spend globally for 2016, according to its annual report. This follows an increase of $500 million in 2015. Last year, the bank recorded a 62 percent fall in pre-tax profits to $7.1 billion from $18.9 billion.

SMALL LAW FIRMS FACE BIGLAW CHALLENGES

According to Thomson Reuters' Legal Executive Institute, small firms — those with fewer than 30 attorneys — are not immune from the changes roiling Biglaw, including fee pressure and the growth of technology. In a survey of 300 small law firms, 78 percent said acquiring new client business was a challenge, 62 percent pointed to fee pressure, while 69 percent cited spending too much time on administrative tasks.

'INTERNATIONAL STAGE' BECKONS FOR HARRY ELIAS AFTER EVERSHEDS MERGER

Following in the footsteps of Stamford Law Corporation, Harry Elias Partnership (HEP) has become the latest Singapore law firm to enter into a full financial merger with a global brand, in this case Eversheds Sutherland. The new entity, which recently received regulatory approval and is set to launch May 1, will be known as Eversheds Harry Elias (EHE). It will be helmed by Philip Fong, who is the current managing partner of HEP.

Almost two years in the making, the merger comes at a busy time for Eversheds, which only recently completed a transatlantic merger with U.S.-based Sutherland Asbill & Brennan, creating a 2,300-lawyer firm with revenues in excess of $750 million. Talks with HEP, a 90-lawyer outfit in Singapore and Brunei well-known for its disputes work, began in 2015. The two parties signalled they were close to tying the knot after Eversheds moved into the SGX Centre, the building housing HEP's Singapore office, last year.

For Eversheds Sutherland, the merger offers, first and foremost, local law capabilities. "One of the key benefits from this merger is the ability to participate meaningfully in cases involving Singapore law," said Stephen Kitts, the firm's Asia managing partner. "This is particularly important for Eversheds-Sutherland's major global clients, including international investment banks and other financial services organisations, a number of which have their Asia or regional headquarters in Singapore."

On the other hand, for HEP, a middleweight Singapore law firm with big ambitions, the merger thrusts it into the global spotlight. "Eversheds is a bespoke international law firm," said Fong. "Harry Elias Partnership has been a Singapore-centric business. It will benefit from being grafted into an established network of international practices within the Eversheds family and from getting access to the spectra of expertise within Eversheds to provide greater fire power in servicing clients locally and regionally. We will be able to tap into an immense store of legal knowledge and technology."

There are a number of ways that an international law firm and a domestic law firm can work together in Singapore's increasingly competitive legal market. Joint law ventures (JLVs) and formal law alliances (FLAs) are among the more popular ones, but EHE eschewed both in favour of what it calls a "transformative merger", or full financial integration. At present, the only other merger in Singapore known to head down that path is Morgan Lewis Stamford, which brought together local law firm Stamford Law Corporation and the U.S.-headquartered Morgan Lewis & Bockius.

For EHE, this will mean the Eversheds Sutherland Singapore office and business being transferred to HEP, with the international partner acquiring a minority stake (reportedly 33 percent) in the merged firm. "We will create a framework to deliver growth and generate significant economies of scale," said Kitts, adding that the merged firm will leverage on Eversheds' and Sutherland's global name as well as the goodwill HEP has garnered in Singapore for over 27 years.

Kitts noted that the HEP and Eversheds Sutherland partners spent "considerable time" debating the strengths and weaknesses of various business structures, including FLA and JLV. "The strategic goal for both firms was to identify the best structure that would support long-term, sustainable and profitable growth," he said. "During these discussions, it quickly became apparent that

> "This combination will certainly not affect the merged firm in terms of its ability to service its clients in the short term or long term. If anything, the combination will enhance and broaden the firm's existing abilities."
>
> **- Philip Fong, Harry Elias Partnership**

2300

Headcount of Eversheds Sutherland prior to its merger with Singapore's Harry Elias

there was both a cultural alignment and common goals and ambitions. Due diligence was undertaken and, in parallel, both firms made a number of cross-referrals. This, in turn, gave everyone the confidence that a transformational merger was the best strategy."

"The key consideration was: Of these three modes of collaboration, which mode would provide the best chance of fulfilling a key objective of both firms, which is to create a business that is profitable and sustainable?" said Fong. "It was felt that a merger instead of a JLV or FLA was the best option, given the make-up of the firms' practice groups and practice group leaders, the culture/ethos/mindset of the key decision makers, and the perceived business prospects of the legal industry in the region."

According to Fong, one of the initial concerns is to ensure that existing business operations are not disrupted and will continue seamlessly throughout the integration. "Another key priority is to speedily inform present and potential local and foreign clients of the new combination as well as the new offerings and capabilities," he said. "Yet another priority is to ensure that lawyers and staff coming from each firm get familiar with one another quickly so that we can develop a close understanding relationship forthwith and leverage on one another's strengths and networks."

For Kitts too, the immediate priority will be to ensure that teams get to know one another and integrate effectively. "We will also need to transition clients, of course, and begin a concerted business development and marketing campaign to promote the new firm in the local and regional markets," he said. "These plans are already well-advanced and discussions are under way with some of the largest clients of both firms. There remains much to do on the 'back office' side, of course, as we combine Eversheds Sutherland's international experience and Harry Elias' local market knowledge."

The merged firm is expected to have more than 100 lawyers and fee earners, including 29 partners. However, integration is not expected to be a big problem. "EHE is a Singapore firm comprising mainly of HEP staff and lawyers," said Fong. "HEP is a strong firm with good corporate values, sound financials and a vibrant people-centred working environment. This combination will certainly not affect the merged firm in terms of its ability to service its clients in the short term or long term. If anything, the combination will enhance and broaden the firm's existing abilities."

That said, he acknowledged that the process would take time and effort. "An integration plan is already in place to smoothen out the process," said Fong.

He added that the Harry Elias brand "is and will remain a powerful brand" in Singapore. "As such, it will be retained, albeit combined with the Eversheds brand," said Fong. "This is necessary if we wish to go into and grow on the international stage, where the Eversheds name is well-known and recognised." ALB

Eversheds-Harry Elias could kick off Singapore's tie-up season, but finding the right partner is key

The EHE merger might just be the start of a wave of team-ups in Singapore, according to industry watchers. "I do expect that the number of collaborations between foreign and local firms to increase in general as the Singapore market opens more and more," said Philip Fong, who will take the helm of EHE starting May.

The reasons behind this are numerous. One motivation, according to Fong, is the growing competition in the Singapore market. "Local firms will not want to be marginalised as more international firms enter the local arena and compete for work," he said. "Local firms will want to increase their standing to garner more work while international firms will want to cooperate with local firms for jobs involving Singapore law."

However, the way the combinations are set up will vary widely. "The mode of collaboration will depend on the peculiarities of the parties," said Fong. "Some local firms, big or small, value independence above everything and would not dream of merging. Some foreign firms are risk-averse or are not interested in investing money or assets and be a minority partner in a local firm. Some foreign firms may only be interested in specific or limited practice areas in Singapore law, and this will limit the number of genuine choices available. Hence, whether there will indeed be more joint law ventures or mergers... will ultimately depend on the foreign and local firms finding the 'right' counterpart."

Azmul Haque, founder of the recently established boutique Collyer Law, said that collaborations would occur only where there were clear synergies seen by both Singapore law firms and foreign law firms. "Of late, whether an international law firm seeks a local alliance in Singapore depends much on its global ambition and strategy, including for Asia, and whether Asia presents a significant opportunity for new revenues, or whether it is merely a 'defensive play' to counter leakage of work to other global competitors who do have an office," he said. ALB

MANAGING PARTNER Q&A: SYCIP

'WE NEED TO LEAVE A COLLECTIVE LEGACY'

Hector M. de Leon, Jr. was recently named as the new managing partner of SyCip Salazar Hernandez & Gatmaitan, one of the Philippines' largest law firms. He spoke to ALB about his strategy for the firm going forward, overcoming external challenges, and what makes a good law firm leader.

Congratulations on your new role. How have the initial few months been so far?

Great! I am thankful for the support given by my partners and the other members of the SyCip community.

What are your top priorities as the managing partner of SyCip, particularly for the first year or so?

As in many other law firms, growing the firm's revenues remains a top priority. However, there are other things we should focus on.

I am a firm believer in good governance, which helps organisations mitigate risks and operate more efficiently. Further strengthening the firm's system of governance will be a definite focus point.

The greatest asset of the firm is our people. In this regard, I intend to pay particular attention to the retention of talent.

Finally, several key partners are due to retire this year and in the next several years. The firm needs to ensure proper succession into the partnership, practice areas and key positions.

What is your strategy to ensure the firm continues to remain successful?

SyCip is at the forefront of legal practice in the Philippines. To stay ahead of the competition, we should remain on the cutting edge. I am confident that with our wealth of talent, coupled with the SyCip work ethic, we will remain a cutting-edge firm. The firm will continue to encourage specialisation and the development of new practice areas. We will continue to hire the best talent from the best law schools in the country. The firm will also provide the necessary support system that enables our lawyers to practice law in the best manner.

ASIA DEALS

$2.75 BLN

NXP Semiconductors' divestment of its Nexperia unit to a China-led consortium
Deal Type: M&A
Firms: Shardul Amarchand Mangaldas & Co, De Brauw Blackstone Westbroek, Houthoff Buruma
Jurisdictions: China, India, Netherlands

$1 BLN

United Luck Group Holdings' purchase of Outfit7
Deal Type: M&A
Firms: Clifford Chance, Taylor Wessing, Odvetniki Šelih & partnerji, Antis Triantafyllides & Sons
Jurisdictions: China, Cyprus, Slovenia, UK

$3.3 BLN

SoftBank's acquisition of Fortress Investment Group
Deal Type: M&A
Firms: Davis Polk & Wardwell; Kirkland & Ellis; Paul, Weiss, Rifkind, Wharton & Garrison; Skadden, Arps, Slate, Meagher & Flom; Weil, Gotshal & Manges
Jurisdictions: Japan, U.S.

$2.2 BLN

Sunac China Holdings' investment in Leshi Internet Information & Technology
Deal Type: M&A
Firms: Sidley Austin, Jincheng Tongda & Neal
Jurisdiction: China

$880 MLN

Ant Financial Services' acquisition of MoneyGram International
Deal Type: M&A
Firms: Simpson Thacher & Bartlett; Vinson & Elkins
Jurisdictions: China, U.S.

$184 MLN

BSE's debut on India's National Stock Exchange
Deal Type: IPO
Firms: AZB & Partners, Clifford Chance, Nishith Desai & Associates
Jurisdiction: India

$2.6 BLN

Alibaba Group's takeover of Intime Retail
Deal Type: M&A
Firms: Slaughter and May, Davis Polk & Wardwell
Jurisdiction: China

$225 MLN

PAG Asia Capital and Meridian Capital's investment in Food Union Group
Deal Type: M&A
Firms: Clifford Chance, Linklaters, Walkers
Jurisdictions: Hong Kong, Cayman Islands, U.S.

Where do you see challenges to the firm in the next few years? How would you look to overcome them?

I believe that the firm's major challenges in the next few years will relate to policy shifts and similar developments in the local and global economic and political environment. Non-Philippine clients constitute a significant portion of our clientele. A reduction in the amount of foreign investments in the Philippines may affect the firm.

While the Philippine economy is expected to grow in the next several years, the Philippine government must foster an environment that is conducive to business, both local and foreign. This is particularly important given increased sentiment in other countries to have an inward focus insofar as business and investments are concerned.

"I am a firm believer in good governance, which helps organisations mitigate risks and operate more efficiently. "

These challenges are external in nature and dependent on matters beyond our control. Accordingly, we should concentrate on the things that we can control as members of the SyCip community, such as doing our work well and providing our clients with the best service. This is the formula that has sustained the firm despite the political upheavals and severe economic difficulties in the past.

Under your management, where is the firm headed in the next couple of years?

In 2045, SyCip will celebrate its 100th anniversary. During our partners' meeting in November last year, I asked my partners this question: How are we going to be remembered in 2045, when the firm celebrates its centennial?

We will not be remembered for simply continuing the excellent work that we do or for building on the success and accomplishments of the firm. That is expected. We need to leave a collective legacy that will make future generations of SyCip partners and lawyers grateful for the things that we started and grateful for all the things that we have accomplished.

As a managing partner, I intend to lead that journey in achieving our collective legacy. In the next couple of years, the firm will lay the groundwork for the collective legacy we hope to put in place by the centennial.

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HONG KONG HANDS OUT GENEROUS BUDGET, PAINTS BRIGHTER OUTLOOK

Hong Kong handed out billions of dollars in tax cuts and poverty relief last month to reflate its economy, and projected a brighter outlook this year amid growing concerns over rising trade protectionism and higher interest rates.

The government bumped up its economic forecast for 2017 by a full percentage point to 2 to 3 percent and said the economy grew at 1.9 percent last year, faster than expected by economists.

The trade-reliant economy is carrying more momentum in the new year due to a pick-up in exports and private consumption, and a more stable Chinese economy.

Financial Secretary Paul Chan said in his maiden budget address that an improved labor market and construction projects worth nearly HK$87 billion this year, had also bolstered consumer confidence that would feed into the local economy.

Credit Rating Agency Moody's said in a research note that the budget was relatively balanced and fiscally prudent but doubted Hong Kong would meet its bullish GDP forecast.

"We do not expect a material rebound in global trade which will weigh on Hong Kong's exports, while growth in domestic demand will be somewhat dampened by higher interest rates," Moody's wrote. "We expect three to four interest rate increases by the U.S. Federal Reserve this year which will push interest rates up in Hong Kong." ALB

APPOINTMENTS

ANDREW BISHOP

Leaving: Ropes & Gray
Joining: White & Case
Practice: Banking
Location: Hong Kong

PUI HONG CHIK

Leaving: Linklaters
Joining: Ashurst
Practice: Corporate
Location: Hong Kong

GERALLT (GEZ) OWEN

Leaving: Withers
Joining: RHTLaw Taylor Wessing
Practice: Litigation and Dispute Resolution
Location: Singapore

ANAN SIVANATHAN

Leaving: Creative Technology
Joining: Bird & Bird
Practice: Intellectual Property
Location: Singapore

SZE-SHING TAN

Leaving: Clifford Chance
Joining: Baker McKenzie.Wong & Leow
Practice: Corporate
Location: Singapore

PAUL TEO

Leaving: N/A
Joining: Baker McKenzie
Practice: Dispute Resolution
Location: Hong Kong

LIM SIAW WAN

Leaving: Christopher & Lee Ong
Joining: Wong & Partners
Practice: Finance and Projects
Location: Kuala Lumpur

MICHAEL P. WONG

Firm: K&L Gates
Joining: Dechert
Practice: Funds
Location: Hong Kong

LAWRENCE YEUNG

Leaving: Boase Cohen & Collins
Joining: ONC Lawyers
Practice: IP
Location: Hong Kong

The Rise of Financial Technology in Indonesia

In this digital era where technology has a key role in society, more and more businesses will be embracing the growth of technology, including the financial business sector. According to a Bank Indonesia report, a large market in Indonesia has been overlooked by the conventional financial sector, hence financial technology ("**Fintech**") businesses have been flourishing. However, the growth of Fintech should be followed by comprehensive regulations to protect the balance role of formal and informal financial sectors and to mitigate risks through regulatory manners without hampering the innovation in financial services sectors.

In general, Fintech business activity may consist of 3 (three) categories, namely: (i) Fintech with business activities similar to conventional financial institutions; (ii) Fintech with business activities supporting the conventional financial institutions; and (iii) Start-up businesses with the potential of transforming into Fintech businesses. The latter category can be in the form, including but not limited to, *Peer-to-Peer* (P2P) lending and crowdfunding. In relation thereto, Indonesian Financial Services Authority ("**OJK**") has finally enacted a regulation for Fintech that carries out business in P2P lending.

The OJK Regulation No. 77 Year 2016 concerning Information Technology Based Loan Services ("**POJK 77/2016**") – has several purposes, among others, to protect customers of Fintech companies, to supervise activities that are carried out by Fintech companies and to develop a clear and reliable database of Fintech companies. The POJK 77/2016 requires each and every Fintech companies to have paid-up capital of IDR 1 billion when it registers its business and to raise its capital to a minimum of IDR 2.5 billion when it applies for a business license. Some of the salient points are foreign investors may have max 85% of shares in the Fintech company and the information data server must be located in Indonesia.

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In POJK 77/2016 the Providers (Fintech companies) are not allowed to give loans to the Borrowers, instead the loans must be given by the Lenders to the Borrowers through the Providers. Please be informed that OJK does not restrict offshore parties to become the Lenders. In addition, OJK limits the loans that can be given to the Customers, i.e. maximum of IDR 2 billion (each). The Providers are required to have escrow and virtual accounts to conduct this kind of transaction; this provision is to ensure that the Providers' private accounts are separated from the transaction accounts to avoid any conflicts of interest that may occur.

In the near future, we hope the government will promulgate other necessary regulations to ensure the sustainable growth of Fintech businesses in Indonesia.

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NORTON ROSE FULBRIGHT AND CHADBOURNE & PARKE TO MERGE

Norton Rose Fulbright announced on Tuesday it would merge with New York-based Chadbourne & Parke to form a firm of some 4,000 lawyers with offices in 32 countries.

The deal is expected to close in the second quarter and the combined firm will use the Norton Rose Fulbright name.

It is the latest merger for London-based Norton Rose Fulbright, already one of the world's largest law firms with about 3,700 lawyers. The current firm is the result of successive mergers, most notably a 2013 tie-up with the former Texas firm Fulbright & Jaworski.

Mergers in the legal industry have been on the rise since the 2008 financial crisis amid stagnant demand and intense competition. There were 85 law firm mergers and acquisitions in 2016, according to a report by the legal consulting firm Altman Weil, down just slightly from a record high of 91 in 2015.

Chadbourne is best-known for advising banks on project finance deals around the world.

Chadbourne and Norton Rose have "complementary practices," said Daryl Lansdale, Norton Rose's managing partner for the Americas. Both firms represent energy companies and advise on deals in Latin America.

Among clients the two firms both represent are Deutsche Bank AG, Banco Santander SA and French energy company Engie SA. The merger will also give Norton Rose a larger presence in New York, where many of Chadbourne's lawyers are based.

Legal industry consultant Jon Lindsey of Major Lindsey & Africa said law firms are facing economic pressure as large corporations bring more legal work in-house or outsource to cheaper alternative service providers. In such an environment, mergers are attractive to many firms, Lindsey said. Big firms are better able to withstand drops in demand in particular areas and are also able to afford the global presence clients increasingly demand, he said.

Chadbourne has seen its revenue drop substantially in recent years as high-profile partners have left for other firms. Norton Rose had $1.732 billion in global revenue in its most recent fiscal year, a 3 percent decrease from the year before. In a June 2016 statement, the firm blamed the drop in revenue on exchange rate fluctuations.

32

Total number of countries in which the merger firm will have a presence.

STARTUP TALK

LEGALESE

YEAR OF FOUNDING:

2015

HEADQUARTERS:

Headquartered in Singapore, it also has team members in the U.S., the UK, India, Canada and Thailand

FOUNDERS:

Computer scientist Wong Meng Weng, "recovering lawyer" Alexis Natalie Chun, and startup domain expert Ong Chiahli

WHAT THEY DO:

Legalese is an open-source software company aiming to "eventually replace contract-drafting lawyers with contract-drafting software."

TARGET MARKET:

For now, startups raising their first funds and in need of fundraising documentation. "By some estimates, 70 percent of people who need a lawyer don't hire one. So at the start, we're neither competing with lawyers nor those willing to pay for one. We're targeting users who cannot afford to hire a lawyer and thus are tempted to do-it-yourself," they say.

CAPITAL RAISED TILL DATE:

Legalese has received two grants over the last year: an $8,800 String Labs Grant and a $23,000 ISIF Technical Innovation Grant. "As we were oversubscribed for our angel round, we had to split it into two tranches," Legalese says.

HOW THE IDEA CAME ABOUT:

Prior to Legalese, founders Wong and Ong were involved in helping startups with fundraising documentation, execution and advice. Trudging through legal contracts and documentation, they realised that lawyers use computers to help them with the typing, but not with the thinking. "Over the last 50 years, software engineers have developed hundreds of tools across a dozen genres, all aimed at improving productivity. By contrast, the legal industry has only two tools: Microsoft Word's track changes, and the email attachment. But what if a programming language could be designed to express contracts as programs?" they asked. And Legalese was born.

GOWLING WLG IN SINGAPORE ASSOCIATION WITH JURISASIA

Recently merged law firm Gowling WLG has entered into an exclusive association with JurisAsia, a Singapore intellectual property boutique.

JurisAsia was founded recently by IP specialist Sheena Jacob, who spent six years as a partner with Bird & Bird ATMD in Singapore, prior to shorter stints at Joyce A. Tan & Partners and Tan Rajah & Cheah.

The firm's other partner is Arthur Yap, formerly of Tan Kok Quan Partnership and Bird & Bird. Meanwhile, Gowling WLG's Singapore office also has two partners, including office head Andrew Dobson.

Gowling WLG was formed last year following the merger of Canada's Gowlings and the UK's Wragge Lawrence Graham, which in turn was created as a result of a merger between Wragge & Co. and Lawrence Graham (LG). Dobson joined Lawrence Graham in 1995.

The legacy LG previously had a licence to practice as a foreign firm in Singapore, as well as an alliance with local practice PK Wong & Associates. ALB

SINGAPORE: TAYLOR VINTERS EYES ASIA GROWTH, MERGES WITH VIA LAW CORP

U.K.-headquartered Taylor Vinters has acquired a stake in Via Law Corporation, a Singapore-based boutique firm that specialises in intellectual property and TMT, as part of its plan to expand in Asia.

The combined new entity will carry out business under the name Taylor Vinters Via, which is subject to regulatory approval. It will have an eight-member team that includes directors Yingyu Wang and Bryan Ghows.

Under the terms of this deal, Taylor Vinters will transfer its existing Singapore business into Via Law while Via Law will become a corporate partner in Taylor Vinters.

"In Singapore, foreign ownership rules restrict the investments international firms are permitted to make in local law firms, so we have developed a novel cross-ownership structure. This will provide a strong platform for success by enabling us to more effectively align and integrate our businesses," said Taylor Vinters CEO Matt Meyer in a statement. ALB

DK & SITUMORANG Lawyers

Simplification Business Operation License

It is widely known that Indonesia is currently spurring its economic growth and accordingly it is noted that there have been numerous efforts to improve ease of doing business climate. As a result Indonesia's ranking in the Ease of Doing Business index for 2017 has gone up 15 levels from 106 to 91. This ranking came after Indonesia has established the 3-hour Licensing Service for classified large investors. Currently, another effort to improve the ranking is to simplify the administration of licensing extension requirement for the existing companies.

Some of the well noted examples of the effort are that the Indonesia's Ministry of Trade ("**MoT**") has recently issued 2 important regulations namely Ministry of Trade Regulation No.07/M-DAG/PER/2/2017 ("**MoTR 07/2017**") and Ministry of Trade Regulation No.08/M-DAG/PER/2/2017 ("**MoTR 08/2017**"). These 2 regulations show important development for improving doing business climate.

MoTR 07/2017 removes the requirement for company to do a re-registration of the Trade Business License or *Surat Izin Usaha Perdagangan* ("**SIUP**"). Previously SIUP had to be re-registered every 5 years. Meanwhile MoTR 08/2017 simplifies the extension of Company Registration Certificate or *Tanda Daftar Perusahaan* ("**TDP**"). Especially on TDP which needs to be extended after its expiration, companies are only required to submit a notification letter and the copy of original TDP which can be done manually or electronically.

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It is widely known that registration of the said licenses may go through the frustrating and time-consuming process. The requirements of this license extension were also considered as a burden and more expenses may be needed to process re-registration of these licenses. Hence, the issuance of these regulations would cleanse Indonesian business environment in a more effective and efficient manner.

However, in practice, although the process has improved significantly some difficulties may still be encountered and the companies shall predict all possibilities. It is noted that those licenses basically are construed as the business legality and official information source for any interested party about the identity and business description of the company. In the case of SIUP, since there is no obligation to renew it, the issue may arise once the company change their data such as company name, status, director, address, main business field, net asset, etc.

In light of the above, although currently there is no such obligation to renew SIUP, companies still need to do so once changes their business information are made. This is the critical point in which companies need to pay attention as consistent information in its deed and business licenses may be critical for their business operation.

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SINGAPORE ADVISORY PANEL EYES NEW DRIVERS OF ECONOMIC GROWTH

A key Singapore advisory panel has proposed a 10-year strategy aimed at ensuring annual economic growth of 2-3 percent, mainly centred on trade partnerships, deepening the workforce's tech skills and digitalising the economy.

It also recommended a review of Singapore's tax system so that it remains pro-growth and competitive, while also "broad-based, progressive and fair" to adjust to an ageing society but it did not go into details over how that should be shaped.

"Over the next decade, our collective efforts should enable us to grow by 2-3 percent per year on average, exceeding the performance of most advanced economies," the Committee on the Future Economy (CFE) said in its report, released in February.

In 2016, Singapore's economy grew 1.8 percent, its lowest pace of growth since 2009, when the global financial crisis sent international trade plummeting.

Singapore has a history of conducting broad reviews of its economic strategy going back to the 1960s and 1970s, and most recently in 2010, with the government following most proposals.

The CFE, formed of some government officials, prominent CEOs and specialists in various fields, consulted 9,000 stakeholders, including trade associations, public agencies, unions, companies and students, before putting forward its proposals.

1.8%

Singapore's growth rate in 2016, its slowest since 2009

Prime Minister Lee Hsien Loong said in a letter attached to the report that the government accepted the proposed strategies and would pursue all of them. Ministers will provide a response during the 2017 budget speech, due on Feb. 20.

Asked about possible specific changes to the tax system, Finance Minister Heng Swee Keat said at a press briefing that will be addressed through a separate process, including consultations.

Economists said the government might be looking at increasing the sales tax or the income tax for the high earners, while potentially lowering the flat 17 percent corporate tax.

"Every country in the world right now wants to cut their corporate tax rate, the U.S. included," said Michael Wan, an economist for Credit Suisse. ALB

CHINA 'CONSIDERS FASTER IPO APPROVAL' TO LURE LARGE TECH DEALS

China's securities regulator is considering offering a shortcut for some of the country's largest technology companies to list their shares, allowing them to jump a long line of applicants and boost domestic bourses, according to six people with knowledge of the proposals.

The sources said companies being considered for the shortcut could include Alibaba Group's Ant Financial affiliate, the world's most valuable financial technology company; Zhong An Online Property and Casualty Insurance, and security software maker Qihoo 360 Technology Co.

Ant Financial, valued at $60 billion at its most recent funding round last year, is expected to be one of 2017's largest initial public offerings (IPOs). While Ant hasn't specified a preferred listing venue, analysts and bankers have previously said the deal will likely take place in Hong Kong, given the line in the mainland.

China has been losing out to the New York Stock Exchange (NYSE) and Nasdaq on key technology listings, so more IPOs at home could mean millions of yuan in revenue for Chinese investment banks, who dominate domestic stock issuance.

There are about 700 companies waiting for a green light from the China Securities Regulatory Commission (CSRC) to go public in Shanghai or Shenzhen.

Though the regulator has increased the pace of approvals in recent months, that still leaves a typical 18-month wait or longer before companies are able to raise funds, making the domestic market unattractive to fast-growing technology companies in need of funds to fuel their expansion.

In September the CSRC tweaked the rules to let companies in some impoverished Chinese regions skip the line, sharply reducing the vetting period for those issuers.

In January, companies in the Xinjiang Uyghur Autonomous Region that borders Russia and Mongolia were among those benefiting from faster approvals.

The sources said the CSRC had held talks with the technology companies for months, but no final decision had yet been reached on whether to allow the faster approval.

An advertising board (L) showing a Chinese stone lion is pictured near an entrance to the headquarters (R) of China Securities Regulatory Commission (CSRC), in Beijing, China, September 7, 2015. REUTERS/Jason Lee

FIELDFISHER SETS UP SHOP IN SHANGHAI

Fieldfisher has expanded its presence in China by launching its Shanghai office – its second in the country – just months after the UK-headquartered firm opened in Beijing via a merger with local boutique JS Partners.

According to a media statement, the Shanghai branch will be led by Liang Xing, a corporate specialist who focuses on antitrust and competition, particularly in the life sciences, technology and hotels and leisure sectors. He was previously a partner at Mylink Law Office.

Rocky Wu, a dual-qualified lawyer and patent agent specialising in patent applications and litigation, will also be part of the new office. He was formerly a partner at Beijing-based Jincheng Tongda & Neal.

Fieldfisher is also expected to relocate Beijing-based partners Baoen Bai and Ming Zhang to Shanghai. By June, the firm plans to bring in four more partners to the new office.

LAW SENATE
ARBITRATION LAW FIRM

In India, an International Arbitration award is enforceable against non-signatories also

In the recent times, Indian Courts are taking a progressive approach in the matter of international arbitration by ensuring enforcement of foreign seated international arbitration awards. After the amendments made to the Arbitration & Conciliation Act,1996 with effect from October 2016, the scope of interference by courts in the award enforcement under the excuse of Public policy is minimized. One of the common challenge raised in India while objecting the enforcement of an international arbitral award is that the contesting parties were not signatories to the arbitration agreement based on which the award under question was passed. For a normal person, it looks like a very strong ground to challenge the enforcement of an arbitral award, since the arbitrator is the creature of the arbitration agreement and the jurisdiction of the arbitrator cannot extend beyond the parties to the contract. Even though the above said proposition is in general a correct one, there can be exceptions to it. One of the internationally accepted exemption is "piercing the corporate will". In a recent Judgment, Integrated Sales Services (ISSL) Vs Arun Dev & others, 2017 SCC Online Bom 1, a Division Bench of Mumbai High Court allowed the enforcement of an international arbitration award be enforced against non-signatories to the contract.

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The facts of the case are as follows. A Hong Kong based Company Integrated Sales Service Limited (ISSL) entered a contract with a Company based in Nagpur India namely DMC Management Consultants Limited (DMC MCL). As per the contract ISSL had to represent DMC MCL and sell its products to the customers on commission basis. The applicable laws for the above said contract was laws of Missouri, United States of America and in case any disputes arise between the parties, American Arbitration Association shall appoint the sole arbitrator who will decide the issues. IISL brought two customers to DMC MCL and it was eligible to get the commission from DMC MCL. In the meantime, DMC MCL formed DMC Global Inc for getting some tax benefits. In addition to that DMC MCL to avoid paying commission to ISSL entered contracts with Gemini Bay Consulting Limited and Gemini Bay transcription Pvt Limited. Hence ISSL invoked the arbitration clause seeking various remedies against DMC MCL, DMCG, GBC & GBT. It is important to note that DMCG, GBC & GBT are not parties to the contract between DMC MCL and ISSL.

Even though there were various contentions between the parties, the main contention of the non-signatories was the issue of lifting the corporate veil, to make them parties to the arbitration. Finally, the Sole Arbitrator made the award holding that the principle of alter ego has been applied as a justification for lifting the corporate veil. It was held that DMC MCL, GBC and GBT had colluded together for breaching the representation agreement between ISSL & DMC MCL. It was finally held that ISSL is eligible to receive damages to the tune of USD 6948100. The Parties made liable to pay were DMC MCL, DMCG, GBC and GBT.

ISSL brought enforcement proceedings in Nagpur, India in the District Court. The District Court recognized the said award and made it eligible to enforce as a decree of the court. Hence the parties approached the High Court, challenging the said District Court order, because the Arbitrator did not have the jurisdiction over the non-signatories to the contract. The Single Judge of the high Court agreed with the contention of the appellants and held that the award dated 28th March, 2010 was enforceable against DMC MCL alone and not against the non-signatories to the contract.

Hence the challenge reached the Division Bench of Mumbai High Court. The Mumbai high Court reversed the Judgment of the single Judge mainly on the following grounds:

1. The Arbitration and Conciliation Act, 1996 differentiates the parties to the agreement and parties against whom the award is sought to be invoked by distinguishing them in S.48(1)(a) and S.48(1)(b). Hence the said Act recognizes enforcement against non-signatories also.
2. The Supreme Court of India positively has recognized kompetenz-komptenz in various judgements and hence arbitral tribunal has its own jurisdiction to rule on its own jurisdiction regarding the existence, scope or validity of the arbitration agreement.
3. The party seeking for refusal of enforcement must provide evidence of high degree as required under S.48(1) and cannot just rely on pleadings. This is because the findings recorded by the international arbitral tribunal would constitute evidence in support of such conclusion and in the present case the party has failed to do so.
4. In India, the concept of lifting the corporate veil and alter ego doctrine are now judiciously recognized exceptions to the rule that a corporation in law has a separate and distinct legal entity of its own.

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Smartphone with Mossack Fonesca logo is seen in front of a display of U.S. banknotes in this illustration taken April 11, 2016. REUTERS/Dado Ruvic

CAM PIONEERS USE OF AI FOR LEGAL SERVICES IN INDIA

India-based Cyril Amarchand Mangaldas (CAM) has signed an agreement with Kira Systems, a Canada-based machine learning software provider, to improve the efficiency, accuracy and speed of the firm's delivery model for legal services.

Kira is a tool that uses artificial intelligence to identify, evaluate and derive clauses and other information from contracts and other types of legal documents. It also has integrated machine learning models for different transaction requirements across practice areas.

International law firms like Clifford Chance also use Kira software. Meanwhile, several firms including Baker & Hostetler, Linklaters and Pinsent Masons have started experimenting with AI in workflow processes in their firms.

HONG KONG TAKES AIM AT MIDDLEMEN IN WAKE OF PANAMA PAPERS SCANDAL

Hong Kong is beefing up its anti-money laundering and corporate disclosure laws in a move that some financial crime specialists say could lead to the exodus of billions of dollars in assets from the territory as people seek to avoid increased scrutiny.

The Chinese territory's government has been rattled by last year's Panama Papers scandal, which showed that Hong Kong was the most active center in the world for the creation of shell companies. They have many legitimate purposes but can also be used to hide assets and evade taxes.

Some of these entities were linked to powerful Chinese politicians, creating a potential embarrassment for Chinese President Xi Jinping, who has been conducting an anti-corruption crusade in the past few years.

Through legislative proposals published without any fanfare last month, Hong Kong's Financial Services and Treasury Bureau (FSTB) seeks to impose anti-money laundering laws on non-financial businesses and to require private companies to disclose who their true owners are.

The new rules would introduce a direct licensing regime for agents that set up and manage the paperwork for thousands of trusts and "letter box" shell companies that have no real business operations. The FSTB says it is concerned that the system may be used by criminals to conceal and launder illicit proceeds.

The trust and company agents, as well as lawyers, accountants, and real estate agents, will have a statutory obligation to perform a range of checks on clients and their source of funds under the proposals. They will have to report any suspicious transactions or face the threat of prosecution, and be required to keep records for six years.

Hong Kong financial firms have been subject to strict anti-money laundering laws introduced in 2012 but the service sector has until now been operating under self-regulatory regimes without the force of law.

Private Hong Kong companies would be required for the first time to obtain and hold up-to-date information on their true owners and controlling parties, and provide this information to the authorities upon request. Failure to keep accurate records would be a criminal offence.

The changes should be implemented "as a matter of priority" to meet requirements outlined by the Financial Action Task Force (FATF), the global body that sets standards for combating money laundering, ahead of its review of Hong Kong next year, the FSTB said in the proposals.

They also come as China, the largest source of the money channeled into offshore centers, according to the Panama Papers documents leaked to the International Consortium of Investigative Journalists, battles to stem capital outflows.

Nearly $1.4 trillion of illicit money, derived largely from corruption, tax evasion, and money laundering, flowed out of China between 2004 and 2013, according to think tank Global Financial Integrity. Much of that went through Hong Kong, say the financial crime experts.

REGIONAL UPDATE: HONG KONG

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STOCK PRICE VOLATILITY ON HONG KONG GEM BOARD LISTINGS

On 20 January 2017, the Securities and Futures Commission of Hong Kong ("**SFC**") and the Stock Exchange of Hong Kong Limited ("**HKSE**") (collectively, "**Joint Regulators**") issued a statement ("**Joint Statement**") regarding stock price volatility on the HKSE Growth Enterprise Market (the "**GEM**"). According to the Joint Statement, the average first-day price gain for all stocks listed on GEM was 743% and 454% in 2015 and the first half of 2016 respectively. Furthermore, stock prices of half of the top 10 first-day gainers listed on GEM in 2015 decreased by over 90% within a month of their peak. The Joint Regulators have also identified instances in which a substantial majority of placing shares were allocated to a small number of placees whereas the remaining shares were offered to a large number of placees, resulting in a high concentration of shareholdings. Also, a number of investors were recurrently identified as top placees in unrelated GEM initial public offerings ("**IPOs**").

The Joint Regulators raised regulatory concerns over such market observations, the need to comply with the GEM listing requirements for an adequate spread of shareholders and the role and expected level of duties of each of the parties participating in the listing in addition to the potential consequences if the regulatory rules and policies are not observed. Additionally, the Joint Regulators warned that any arrangements for preferential treatment to placees must be disclosed and are subject to disapproval and cautioned that, where appropriate, they will take action against listing applicants, sponsors, underwriters or placing agents who breach relevant GEM listing rules, policies and related procedures to ensure that listing is conducted in a "fair and orderly manner". On the same occasion and supplementary to the Joint Statement, the SFC has also issued a guideline to provide guidance to sponsors, underwriters and placing agents on the standards of conduct that is expected of them in the listing and placing of GEM IPO stocks.

Given the nature of high stock price volatility companies listed on GEM, securities traded on GEM are more susceptible to high market volatility than securities traded on the Main Board of the HKSE. Prospective investors are cautioned of the potential risks of investing in such companies listed on GEM and they should only make decisions after informed and thorough considerations. Finally, sponsors, underwriters or placing agents should expect heavier regulatory burden over their conduct in GEM IPOs.

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REGIONAL UPDATE: SINGAPORE

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"STRENGTHEN ENTERPRISE CAPABILITIES TO INNOVATE AND SCALE UP": REGULATORY CHANGES IN LINE WITH STRATEGY 3 OF THE COMMITEE ON THE FUTURE ECONOMY ("CFE") REPORT

The CFE was convened to review Singapore's economic strategies, and this brief examines proposed regulatory changes in line with strategy 3 of the 7 strategies recommended in the recent CFE Report.

Recommendation 3.1: Strengthen our Innovation Ecosystem

The CFE recommended strengthening the intellectual property ("**IP**") ecosystem to better support innovation and technology adoption. Accordingly, the Intellectual Property Office of Singapore will update the IP Hub Master Plan to assist innovators and enterprises to extract value from their IP. The IP Development Incentive will also be introduced, under which a lower rate of income tax will apply to qualifying income.

Recommendations 3.2 & 3.3: Support Enterprises to Scale Up & Catalyse the Private Sector to Provide More Growth Capital

The CFE recommended helping high-growth enterprises scale up and internationalise by providing targeted assistance, including access to networks, mentors, technology and financing. It also recommended providing enterprises with growth capital, by encouraging a variety of private sector funding, such as from venture capital ("**VC**") and private equity funds.

In line with the above, the Monetary Authority of Singapore ("**MAS**") announced on 14 February 2017 that to enhance financing provided to small and medium sized enterprises ("**SME**"s), finance companies will be allowed to offer greater uncollateralised loans to businesses. The aggregate total uncollateralised lending limit will be increased from 10% to up to 25% of a finance company's capital funds. The limit for uncollateralised lending to a single borrower will be raised from S$5,000 to 0.5% of such finance company's capital funds.

MAS also announced its intention to liberalise its policy of not allowing a foreign takeover of a finance company. In particular, MAS will consider applications for mergers and acquisitions should the prospective merger partners and/or acquirers:

1. commit to maintaining SME financing as a core business of the particular finance companies;
2. demonstrate expertise in SME financing; and
3. present proposals that may enhance the finance company's SME lending activities.

On 15 February 2017, MAS published a consultation paper which proposed a simplified authorisation process and regulatory framework for VC Managers, whereby they will not be required to have directors and representatives with at least five years of relevant experience in fund management. Under the proposed framework, the base and risk-based capital requirements generally applying to fund managers, and the requirements of independent valuation, internal audits and submission of audited financial statements to MAS, will not be applicable to VC managers.

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NORTH ASIA LEAGUE TABLES

CHINA ANNOUNCED M&A LEGAL RANKINGS

No. 1 - Tian Yuan Law Firm

3,040.0 Value ($MLN)

Deals: **5** / Market Share: **4.6**

Rank	Legal Advisor	Value ($MLN)	Deals	Market Share
2	Linklaters	2,850.0	2	4.3
3	Weil Gotshal & Manges	2,752.6	3	4.2
4	Herbert Smith Freehills	2,451.9	2	3.7
5	Gilbert + Tobin	2,450.0	1	3.7
6*	Cleary Gottlieb Steen & Hamilton	2,086.4	1	3.2
6*	Kirkland & Ellis	2,086.4	1	3.2
8	King & Wood Mallesons	1,870.8	4	2.8
9	Davis Polk & Wardwell	1,868.9	2	2.8
10	Sullivan & Cromwell	1,865.9	3	2.8

(*tie) Based on Rank Value including Net Debt of announced M&A deals (excluding withdrawn M&A)

HONG KONG ANNOUNCED M&A LEGAL RANKINGS

No. 1 - Skadden

2,861.4 Value ($MLN)

Deals: **1** / Market Share: **14.2**

Rank	Legal Advisor	Value ($MLN)	Deals	Market Share
2*	Cleary Gottlieb Steen & Hamilton	2,086.4	1	10.4
2*	Kirkland & Ellis	2,086.4	1	10.4
4	Sullivan & Cromwell	1,865.9	3	9.3
5*	Clifford Chance	1,000.0	1	5.0
5*	Taylor Wessing LLP	1,000.0	1	5.0
7	Freshfields Bruckhaus Deringer	844.3	1	4.2
8	Zhonglun W&D Law Firm	491.0	1	2.4
9	Morrison & Foerster	479.3	1	2.4
10*	Linklaters	374.3	1	1.9

(*tie) Based on Rank Value including Net Debt of announced M&A deals (excluding withdrawn M&A)

JAPAN ANNOUNCED M&A LEGAL RANKINGS

No. 1 - Paul, Weiss

8,177.6 Value ($MLN)

Deals: **3** / Market Share: **43.3**

Rank	Legal Advisor	Value ($MLN)	Deals	Market Share
2	Simpson Thacher & Bartlett	6,383.7	2	33.8
3*	Cleary Gottlieb Steen & Hamilton	5,048.9	1	26.7
3*	Fried Frank Harris Shriver & Jacobson	5,048.9	1	26.7
3*	Morrison & Foerster	5,048.9	1	26.7
3*	Sullivan & Cromwell	5,048.9	2	26.7
7	Davis Polk & Wardwell	4,218.4	2	22.3
8*	Cravath, Swaine & Moore	3,128.7	1	16.6
8*	Debevoise & Plimpton	3,128.7	1	16.6
8*	Skadden	3,128.7	1	16.6

(*tie) Based on Rank Value including Net Debt of announced M&A deals (excluding withdrawn M&A)

SOUTH KOREA ANNOUNCED M&A LEGAL RANKINGS

No. 1 - Shearman & Sterling LLP

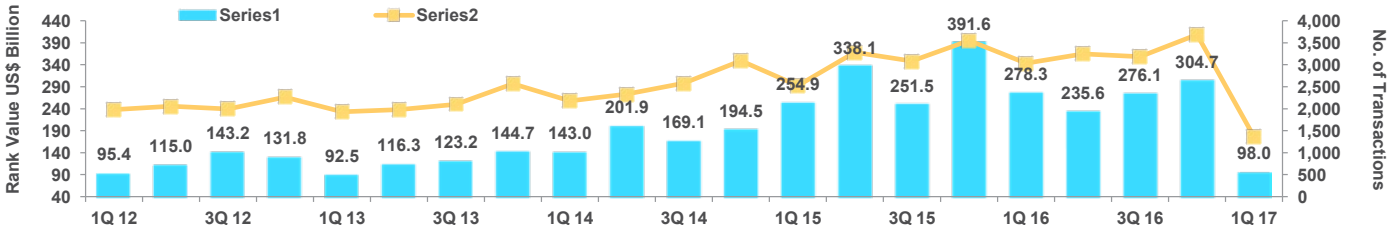
370.0 Value ($MLN)

Deals: **1** / Market Share: **9.8**

Rank	Legal Advisor	Value ($MLN)	Deals	Market Share
2*	Taft, Stettinius & Hollister	186.5	1	4.9
2*	Mills & Reeve	186.5	1	4.9
2*	Atsumi & Sakai	186.5	1	4.9
2*	Grandall Law Firm	186.5	1	4.9
6	Blake Cassels & Graydon	15.9	1	0.4
7*	Eversheds	-	1	0.0
7*	Weil Gotshal & Manges	-	1	0.0
-	-	-	-	-
-	-	-	-	-

(*tie) Based on Rank Value including Net Debt of announced M&A deals (excluding withdrawn M&A)

ANY NORTH ASIA INVOLVEMENT ANNOUNCED M&A ACTIVITY - QUARTERLY TREND



Notes: League tables, quarterly trend, and deal list are based on the nation of either the target, acquiror, target ultimate parent, or acquiror ultimate parent at the time of the transaction. Announced M&A transactions excludes withdrawn deals. Deals with undisclosed dollar values are rank eligible but with no corresponding Rank Value. Non-US dollar denominated transactions are converted to the US dollar equivalent at the time of announcement of terms. North Asia includes China, Hong Kong, Japan, South Korea. Data accurate from 1 January to 27 February 2017.

SOUTHEAST ASIA/SOUTH ASIA AND MIDDLE EAST LEAGUE TABLES

SINGAPORE ANNOUNCED M&A LEGAL RANKINGS

No. 1 - Cleary Gottlieb Steen & Hamilton; Sullivan & Cromwell

800.0 Value ($MLN)

Deals: **1** / Market Share: **13**

Rank	Legal Advisor	Value ($MLN)	Deals	Market Share
3	Allen & Gledhill	354.9	3	5.8
4	Nishimura & Asahi	136.0	1	2.2
5	AZB & Partners	85.0	3	1.4
6	Rajah & Tann LLP	35.0	1	0.6
7	J Sagar Associates	7.5	1	0.1
8	Dorsey & Whitney LLP	5.4	1	0.1
9	Freshfields Bruckhaus Deringer	1.0	1	0.0
10*	Jones Day	0.0	2	0.0
10*	Morgan Lewis & Bockius	0.0	2	0.0
10*	Morrison & Foerster	0.0	1	0.0

(*tie) Based on Rank Value including Net Debt of announced M&A deals (excluding withdrawn M&A)

INDIA ANNOUNCED M&A LEGAL RANKINGS

No. 1 - Trilegal

1,284.1 Value ($MLN)

Deals: **2** / Market Share: **29.1**

Rank	Legal Advisor	Value ($MLN)	Deals	Market Share
2*	Cravath, Swaine & Moore	1,274.4	1	28.9
2*	Appleby	1,274.4	1	28.9
2*	S&R Associates	1,274.4	1	28.9
2*	BLC Robert & Associates	1,274.4	1	28.9
2*	Latham & Watkins	1,274.4	1	28.9
7*	Borenius Ltd	653.8	1	14.8
7*	White & Case LLP	653.8	1	14.8
9	AZB & Partners	524.9	10	11.9
10	Shardul Amarchand Mangaldas & Co	165.1	4	3.7

(*tie) Based on Rank Value including Net Debt of announced M&A deals (excluding withdrawn M&A)

SOUTHEAST ASIA/SOUTH ASIA ANNOUNCED M&A LEGAL RANKINGS

No. 1 - Trilegal

1,284.1 Value ($MLN)

Deals: **2** / Market Share: **9.5**

Rank	Legal Advisor	Value ($MLN)	Deals	Market Share
2*	Cravath, Swaine & Moore	1,274.4	1	9.4
2*	Appleby	1,274.4	1	9.4
2*	S&R Associates	1,274.4	1	9.4
2*	BLC Robert & Associates	1,274.4	1	9.4
2*	Latham & Watkins	1,274.4	1	9.4
7*	Cleary Gottlieb Steen & Hamilton	800.0	1	5.9
7*	Sullivan & Cromwell	800.0	1	5.9
9*	Borenius Ltd	653.8	1	4.8
9*	White & Case LLP	653.8	2	4.8

(*tie) Based on Rank Value including Net Debt of announced M&A deals (excluding withdrawn M&A)

MIDDLE EAST ANNOUNCED M&A LEGAL RANKINGS

No. 1 - Kirkland & Ellis; Willkie Farr & Gallagher

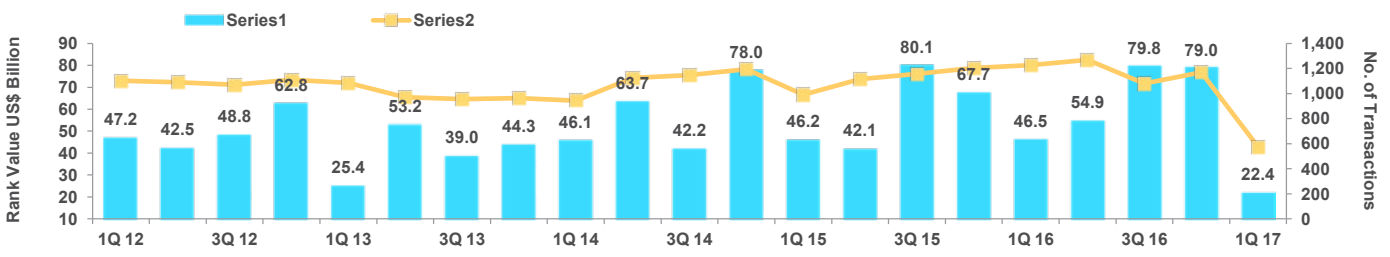
2,215.0 Value ($MLN)

Deals: **1** / Market Share: **22.8**

Rank	Legal Advisor	Value ($MLN)	Deals	Market Share
3*	Shearman & Sterling LLP	1,469.1	1	15.1
3*	Burstall Winger Zammit LLP	1,469.1	1	15.1
3*	Pinsent Masons	1,469.1	1	15.1
6	Arnold Bloch Leibler	112.7	1	1.2
7	White & Case LLP	64.9	1	0.7
8	Latham & Watkins	62.5	1	0.6
9	DLA Piper LLP	8.0	1	0.1
10*	Freshfields Bruckhaus Deringer	0.0	2	0.0
10*	Ashurst	0.0	1	0.0

(*tie) Based on Rank Value including Net Debt of announced M&A deals (excluding withdrawn M&A)

ANY SOUTHEAST ASIA/SOUTH ASIA & MIDDLE EAST INVOLVEMENT ANNOUNCED M&A ACTIVITY - QUARTERLY TREND



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NAME

JEFF BULLWINKEL

COMPANY

MICROSOFT

POSITION

Associate general counsel and director of corporate, external and legal affairs, Asia Pacific and Japan

BY RAJ GUNASHEKAR

Tell us a bit about your career so far.

I began practicing law in New York City back in 1991, when I joined the Simpson Thacher & Bartlett. It was, in many ways, a fantastic experience, exposing me to some of the country's best lawyers and providing a great training ground.

As much as I enjoyed law firm practice, I had a longstanding interest in public service and joined the U.S. Department of Justice (DoJ) in 1996. I spent four years with the Justice Department's Office of International Affairs, and it was then that I first became deeply involved in Asia. At DoJ, my role involved facilitating bilateral and multilateral cooperation in criminal matters. I worked closely with justice and enforcement officials in Japan, Korea, Hong Kong, Singapore Australia and other markets in the region.

The experience I gained ultimately led me to Microsoft, where I joined the company's corporate external and legal affairs department (CELA) in 2000, initially for a role in Hong Kong. Later postings [were] in Sydney and Singapore, where I'm now based. At the start, I was focused on tackling the problem of high-end counterfeit software – no, we didn't solve that problem, but I think we made some progress! Over time, I have been lucky enough to have worked on an incredible variety of legal, policy and regulatory issues in countries across Asia.

How is being an in-house lawyer at Microsoft different from that of other companies?

I have worked in-house only at Microsoft, but there are several things that I think make the in-house experience at Microsoft unique and very exciting.

The first is that we have a broad remit and work on a wide portfolio of issues. CELA encompasses not just Microsoft's legal department but also our corporate and external affairs functions. So while there are lots of people on the team involved in traditional lawyering, others are busy engaging government leaders on cutting public policy issues, fighting cybercrime, and even driving the company's philanthropic activities. The variety is endless and there is never a dull moment.

Second, at Microsoft, we are fortunate that our internal business clients really value the work that we do. We are viewed as strategic partners to the business who do not just identify problems but also find solutions. Microsoft isn't a place where our lawyers wait around for clients to knock on the door, seeking approval from "legal". We have a seat at the table at the very beginning of key conversations that will shape our future business strategy and direction.

Third, it is just an amazing time to be working as a lawyer in the technology industry and at Microsoft in particular. Our customers are embracing our cloud solutions at a breathtaking pace. But as they do so, fascinating questions arise regarding the laws and regulations that apply in the

context of cloud computing – questions that are often without easy answers. With all of this variety and complexity, I feel that doing my job at Microsoft is like sitting in that fascinating seminar in law school that everyone was dying to get into, but was always oversubscribed.

What are some of the major recent trends in your industry?

As our customers increasingly adopt cloud technologies, the biggest change I have felt over the past few years is a shift in the relationship between our team and the legal and business professionals working for our customers.

As a major cloud provider offering solutions at every layer of the cloud stack – including infrastructure as a service, platform as a service, and software as a service – Microsoft sometimes feels like an extension of our customers' IT departments. That fundamentally changes the dynamics of the customer relationship and creates a strong services mentality for all of us across the company, including in legal.

Our customers and their in-house and external counsel have many good – and often difficult – questions regarding the laws and policies that apply to cloud computing. This is especially true for those in the public sector [as well as] financial and healthcare industries. Is the adoption of cloud allowed in the first place? If so, does data need to be stored on shore? Whose privacy laws apply? What happens when governments ask Microsoft as a cloud provider to turn over customer data? We have not only an opportunity but also a responsibility to offer sound answers to these questions.

'It's an amazing time to be working as a lawyer in the technology industry'

How many lawyers does your team have and how does the structure work as a whole?

I'm lucky to work with a fantastic and incredibly diverse group of individuals across the region, with about 70 people sitting in 11 different markets, supporting Microsoft's sales and marketing organisation in over 30 countries.

Our department includes not just lawyers, but also government affairs specialists and other professionals. It's becoming increasingly vital for these different functional groups to work closely together, particularly on questions related to public policies affecting cloud technologies and the terms and conditions of our contracts that need to reflect as well as respect those policies.

How would you describe your strategy for the legal team?

We have an excellent leader in Microsoft's president and chief legal officer, Brad Smith, and each year he drives a process that results in a set of global priorities for the department. These are aimed at driving our business forward and advancing Microsoft's core mission – to enable every person and every organisation on the planet to achieve more.

I work to create clarity for the team on how they can pursue worldwide priorities in their markets; to generate energy within the organisation; and to ensure we are holding ourselves accountable for specific outcomes that are concrete and measurable. As part of this, I try to ensure [that] our team has the resources and tools needed for success, be it through training in new areas or support from outside counsel.

Ultimately, I hope for everyone on the team to feel empowered to execute our plans in [ways] that make sense in their markets, with a high degree of creativity and a willingness to take appropriate risks.

In your opinion, what are the key traits that make for a successful in-house lawyer?

I think in order to be truly successful in-house, you have got to have a passion for the law and a passion for the business you are working in. Everything else flows naturally from there.

People often say that it is also important for in-house lawyers to be "commercial" in their orientation. These days, that sounds almost clichéd, but it really is true. For me, what that means is having the ability not just to provide sound legal advice when asked for it, but also to understand your client's objective and then find a lawful and compliant way to achieve that. Sometimes for legal reasons, we need to tell our clients that they cannot take a certain path in achieving their goals, but we can often find another path that will get them to the same place.

Finally, and it is impossible to overstate the importance of this: in-house lawyers need to model the highest degree of integrity at all times. We hope and expect that everyone in our organisation is focused on fostering a culture of compliance, but it is especially important that we in-house lawyers lead by example.

What is the best advice you have ever received?

My parents taught me from a very young age to always believe in myself, and I will forever be grateful to them for that.

More recently at Microsoft, we have been talking about the need to have a strong growth mindset and to embrace a culture of lifelong learning, which is so important. I have been a lawyer for over 25 years, and while that amount of experience can be helpful, it can also be a blind spot. So when tackling tough issues, I try to check myself before responding to others' ideas, especially if my initial reaction is less than positive. There is still so much more to learn, and I constantly remind myself to maintain the right mindset, and to always work hard to listen to and learn from others.

ALB INNOVATION LIST 2017

BY RAJ GUNASHEKAR

Today, law firms are increasingly finding that their clients' expectations change often. It's no secret that Asia is a tight market filled with an ever-expanding cast of both direct and indirect competitors. The role of technology is expanding, and new approaches to pricing are driving the need for efficiencies and newer solutions. To achieve this and ensure that they remain a leader in a rapidly devloping business world, firms are recognising the necessity of building and sustaining an innovative culture. To do so requires a big psychological leap, and law firms are learning how to cultivate a safe environment that allows staff to put forward new ideas and gives them room to flourish – or even fail.

Several law firms are using technology to standardise processes as well as offer data centres, flexible resourcing or technology products. This is expected to keep rising in 2017. In Asia Pacific, more online products being delivered to clients and more flexible working options launched to attract and keep the best talent.

"Innovation starts with a cultural change," says Stephanie Keen, Singapore managing partner at Hogan Lovells. "Innovation for law firms means looking at how we can put our client's need at the heart of our service. It means embracing flexibility, diversity, technology and adaptation – not only to change the way we conduct our service, but also how we think."

The legal industry is also facing more and more disrupters, such as accountancy firms trying to get into the legal market, smaller firms that are pursuing more commoditised work (at least initially) as well as local firms expanding their horizons. As Keen explains, "We are also seeing more and more clients demand diversity in our teams, with some clients placing diversity as a key decision-making criteria in panel reviews."

Law firms that take their commitment to innovation seriously should focus on using their resources to generate and nurture novel ideas.

"We have to learn to put our desire for perfection aside to create a high-performance culture and launch products and ideas that may not be as complete as planned in order to keep moving forward and stay ahead of the market. And if a new project doesn't go as well as we hoped, we learn from it and try again," says Keen.

INTERNATIONAL FIRMS

AWA Asia

Asia locations: Hong Kong and Beijing

Awa Asia has implemented specific software tools to assist its billing, time entry, matter management diary and docketing systems. This enables the firm to see how many oppositions a client has filed, how many marks pop up which it can prompt its clients to oppose, and how many oppositions it has won or lost. It also allows the firm to determine successes and assess whether it is surpassing or stacking up against the competition.

The firm is now able to measure its growth areas and highest profit centres as well as identify trouble spots, wastage of resources and weakest links. Through specific software tools, AWA Asia can structure billing arrangements to meet clients' needs.

Berwin Leighton Paisner

Asia locations: Multiple

Berwin Leighton Paisner's (BLP) culture of collaboration and cross-border work is a common thread running through most of its practice areas. The firm has implemented a new case management and workflow platform equipped with enhanced artificial intelligence (AI) and data analytic capabilities.

Its arbitration team is one practice area that offers 24-hour assistance to its clients, with group members located in Asia, the Middle East and London.

Another innovative way BLP serves its asset finance clients is by using a remotely-based legal services delivery team. Stationed in Manchester, UK, this group supports BLP fee earners in delivering aspects of client work that can be process-engineered and follow a structured "checklist" approach.

The firm uses a document management system and e-discovery software called Ringtail to carry out document reviews. It has implemented the One Asia approach, which sees partners jointly planning, managing and adjusting budgets throughout the year. This strategy has been instrumental in allowing it to be more considerate and organised in its spending.

Hogan Lovells

Asia locations: Multiple

Hogan Lovells sees enormous activity in Greater China and beyond in the delivery of goods and services through new and disruptive online and mobile technologies. This includes payment services and broader developments in the financial technology or "fintech" space, which covers innovations such as stored value/e-money, peer-to-peer lending and data analytics.

Globally, the firm strives to be at the forefront of privacy and cybersecurity regulation as it continues to evolve. Accordingly, Hogan Lovells has established a cybersecurity solutions team primarily focused on risk management, incident preparedness, regulatory enforcement, litigation, crisis management assistance, and breach response and investigations counsel.

Hogan Lovells has also launched Business and Social Enterprise, a programme that teaches young lawyers about the foundations of business, financial modelling, client management and social impact within a commercial environment.

Kobre & Kim

Asia locations: Hong Kong and Seoul

Kobre & Kim has invested in building infrastructure around matter management, budgets, knowledge sharing and training for its teams. For example, it has implemented an "aggressive, trial-ready approach" where it attacks each engagement using a vigorous, trial-focused strategy designed to get to the heart of the matter as quickly as possible. After each case is concluded, the firm's case and knowledge management team meet for a post-mortem discussion for a follow-up.

The firm supports its lawyers' career goals. Lawyers are ensured the option to discuss their professional ambitions with partners through a mentor programme and directly with firm's management. Its training programmes are focused on providing lawyers with the tools needed to develop specific legal skills as well as how to advance at the firm, including career progression.

Mayer Brown JSM

Asia locations: Multiple

Mayer Brown JSM bucked the industry trend towards outsourcing back office support by merging its regional IT service desks to create a single global solution, achieving substantial gains in efficiency, client satisfaction and cost reduction. Prior to this ambitious remake, Mayer Brown's three service desks in the Americas, Asia and Europe served more than 3,500 people across 22 offices globally.

Amid growing client pressure for lower costs, there is a significant interest from law firms in outsourcing across all areas of back office support. A common misbelief about IT outsourcing is that it delivers efficiencies and improvements that cannot be achieved internally.

When the firm's global IT service manager and director weighed the options, they discovered that diverse challenges around language and culture were very difficult to achieve with outsourcing. They built the business case for an internal global service, which was fully supported by the firm's leadership.

Pinsent Masons

Asia locations: Multiple

In Asia, the firm's focus is sharper, building its business around the energy and infrastructure sectors. A compelling example of that strategy in action has been the development of the Pinsent Masons' "Infrastructure Academy", in partnership with a major infrastructure client in South Korea.

The firm has developed TermFrame, an in-house matter management system that incorporates machine learning into the legal process. TermFrame offers a straightforward way to model legal scenarios and automatically pulls in discrete parts of the firm's legal knowledge, thus providing relevant information and prompts to lawyers.

To date, this technology has been deployed in over 7,000 matters, including property acquisitions, leases, licences and disposals, dispute resolution processes, contract risk review frameworks, complex due diligence and contract review.

DOMESTIC BOUTIQUES AND ALSPs

Collyer Law

Location: Singapore

Collyer Law has incubated a legal-tech platform called FirstCOUNSEL, designed to provide on-demand tailored legal support to entrepreneurs, startups and SMEs. From online support on incorporation to access to a curated library of commonly used contracts as well as an in-house lawyers on-demand, the platform provides early-stage businesses with a one-stop solution for all their legal support needs.

The firm seeks to make the quality of its work environment better for talented candidates who may not have such flexibility in Big Law. For example, one third of its lawyers can work virtually anytime – they can use a "hot desk" when they're in office for meetings and so on, but they can also work from home whenever that is the more productive option. "We were inspired by consulting firms where the client-facing consultants often spend much time outside the office and at client locations, and have only hot desks for when they return to the office," it says.

Collyer Law also actively hires and engages with candidates who wish to work on a part-time basis, especially working moms and millennials seeking work-life balance while remaining in legal practice.

Lawyers On Demand

Asia locations: Multiple

From helping a law firm to develop its own flexible legal service to helping a lawyer work remotely with a top fashion brand based in Los Angeles, LOD is focused on providing each client a tailored solution.

A major practice of LOD is the personalised career development process. The outcome of this dispels the myth that being a flexible lawyer or consultant stops career growth. LOD believes career development is individual. A business plan process is in place

for new lawyers and consultants, providing them with an individual and targeted approach to facilitate their professional development. The firm is constantly assessing the Asian markets and remain innovative and responsive to them.

For example, LOD launched its In-House Legal Women of Influence Program in Asia last year. This is a forum for women in senior in-house legal roles to share ideas, issues and solutions to the challenges they face in their line of work.

The firm uses social media and forums to recruit and connect with lawyers before the candidates decide to apply for a post. LOD has built relationships with the HR teams of various law firms, and they refer talented lawyers who may be looking for an alternative way to practice law to LOD.

MG/Chambers

Location: Singapore

In March 2016, MG/Chambers launched a document assembly system called VanillaLaw and deployed it to clients. Unlike a template/form filling system, VanillaLaw has guide notes to allow users, even those who have no legal training, to select the clauses they want. While there are other non-template systems in the market, these systems are used in the back end by lawyers and are not suitable for use by non-lawyers.

By deploying VanillaLaw directly to clients, MG/Chambers has made itself available virtually, and is no longer just a brick-and-mortar law firm. This gives its clients to have access to a virtual in-house legal department and external lawyers combined.

To support VanillaLaw, the firm had to digitise all its work flows and processes. Its lawyers now work in a strictly digital environment, which corresponds to increased cyber security issues. Therefore, the firm has changed some of the hardware and work flows to deal with these issues.

Founded by Mark Goh, MG/Chambers aims to "clear the fog of law".

DOMESTIC FIRMS

Atsumi & Sakai

Location: Tokyo

With the rapid advance and development of technologies such as AI internet of things (IoT), big data, analytics and communications, and the expansion of their application across all business fields, legislators frequently have trouble keeping up with the pace of change.

Atsumi & Sakai says it keep itself abreast of these changes and assists clients with the novel legal issues arising from them through its Innovation Business Support (IBS) team. Recently, the IBS team has been transformed into a new Innovation Practice Group, which combines lawyers experienced in the fields of law relevant to this swiftly changing world.

The firm also provides matching services, assisting a leading company or a venture capital firm to find startups, and supports industry-government-academia partnerships.

Cyril Amarchand Mangaldas

Locations: Mumbai, Ahmedabad, Bangalore, Chennai and Hyderabad in India

Cyril Amarchand Mangaldas (CAM), India's largest law firm by headcount, wants to be at the forefront of the technological revolution in the fast-growing Indian legal market by being the first user of machine learning software Kira Systems as well as by bringing more change through innovation.

It recently signed an agreement with Canada-based provider Kira Systems to enhance its delivery model and boost the efficiency, accuracy and pace of certain legal services.

Kira is software that AI to identify, analyse and extract clauses and other information from contracts and other types of legal documents. CAM the first law firm in the country to deploy such a technology.

As a full-service law firm, CAM does numerous deals and has previously innovated in the area of M&A diligence by establishing of its Transaction Support Group.

As an early user of artificial intelligence, the firm aims to move up the learning curve and be ready for further technological changes.

Drew & Napier

Location: Singapore

Drew & Napier's organisation structure is unique in that it is organised in teams comprising junior directors, associates, and secretaries. All the teams are led by senior directors who are recognised leaders in their area of practice. Junior lawyers are expected to rise to the challenges of a top-tier legal practice, but they aren't expected to do this alone. Within the teams, senior lawyers give consistent personal attention and hands-on training to junior attorneys. Instead of hiring laterally, the firm has a tradition of developing and promoting talent from within. Drew & Napier's five senior counsels are homegrown talents.

The firm has a "ministry of fun" committee organises enjoyable events, allowing staff to take a break, let their hair down and get to know one another better. The group puts together cocktail events throughout the year, a trivia night for the charities that Drew & Napier supports, and a crazy call party to celebrate trainees.

Hammurabi & Solomon

Locations: New Delhi, Mumbai, Bangalore, Patna and Ranchi in India

When it comes to incorporating innovative approaches in running a law firm, Hammurabi & Solomon ensures that its services offer value for money. The firm discusses its approach and budget for the transaction prior to commencing work. This encourages absolute transparency, as the client is made aware of the strategy and costing beforehand. It also provides detailed bills to clients, reflecting the hours and work done by lawyers on the matter or transaction.

Hammurabi & Solomon maintains an intranet system to facilitate knowledge sharing at the firm. It also recently introduced an IT-driven system to manage its client relationships and matter mapping.

King & Wood Mallesons

Locations: Multiple

Since its restructuring, King & Wood Mallesons (KWM) has discovered more opportunities for larger transactions that require cross-practice legal services within one firm. The sector-oriented structure placed the firm in a better position to advise on the most important legal affairs and business opportunities of clients in the areas of internet, healthcare and compliance practice.

Coinciding with the launch of the practice areas restructure, KWM also rolled out a plan for improving legal service quality as well as boosting its client relationship management programme and cross-selling. This served to reinforce the change from a project-based to a client-centric mindset and work approach.

The restructure also brought on a massive reshuffling of its operational systems including IT, HR, marketing, digital solution and ERP. Under the same principle, KWM also successfully restructured its business support system to be client-focused as it was designed around the practice groups' needs, while the client management programmes have become sector-oriented .

Rajah & Tann

Locations: Multiple

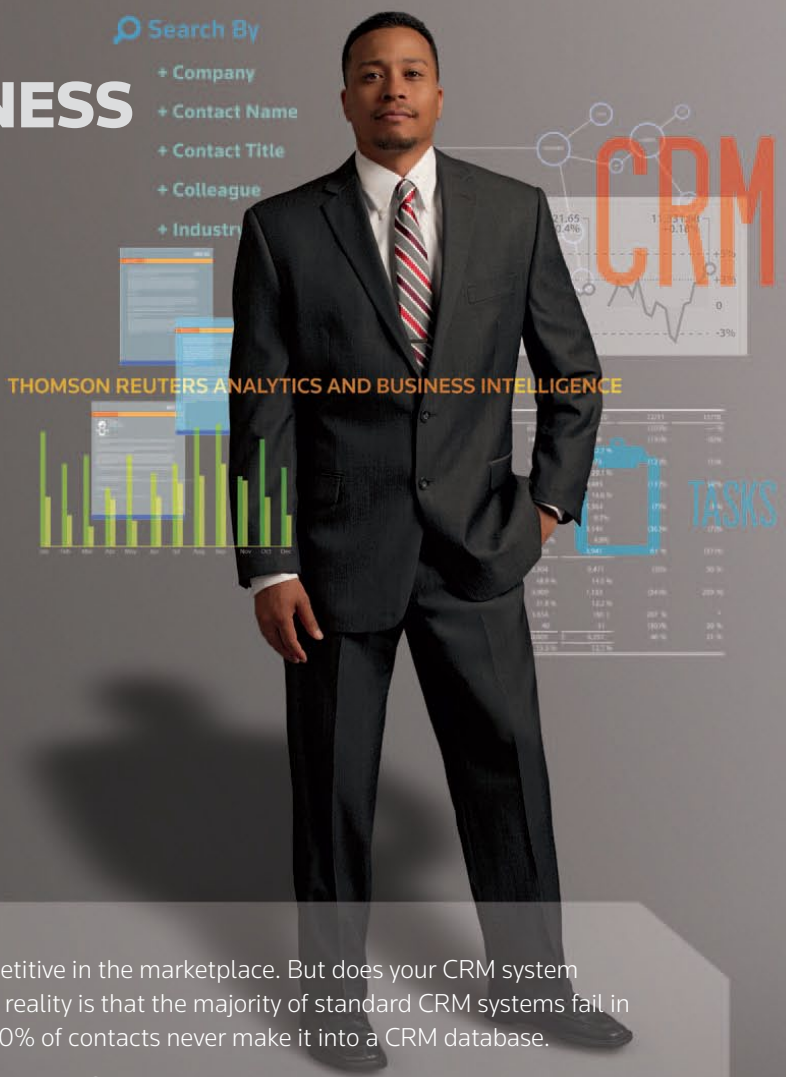
Rajah & Tann is the first of the Singapore mega-firms to set up a dedicated practice group (business fundamentals) for startups and SMEs. Most SMEs lack specialised skills and knowledge to negotiate issues involving compliance, regulations and corporate documentation, while they face competing demands in managing, marketing and growing their businesses at the same time. The business fundamentals group is aimed at countering these pain points by offering SMEs a spectrum of growth-stage appropriate affordable solutions.

The firm has also established R&T Asia Resources, a flexible insourcing service designed to meet clients' increasing need for experienced contract lawyers to support in-house counsel on short-term contracts and project-specific work.

As work from clients grows in complexity and spans multiple jurisdictions, R&T has implemented group-blended rates with established working protocols, ensuring clients have a unified, simplified and more enriching experience through a one-stop shop service.

BUSINESS DEVELOPMENT PREMIER

A REVOLUTION IN WINNING NEW BUSINESS



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THOMSON REUTERS™

BY RANAJIT DAM

CITY AT THE CROSSROADS

Law firms in Singapore are now facing a fairly clear choice: to react slowly – if at all – to the permanent, fundamental changes happening to the industry, or to move quickly and establish themselves as pioneers in the legal sector of the future. Two law firm leaders describe the path ahead.

The travails of law firms in Singapore have been mentioned in these pages previously, but they still bear repeating. Competition is intensifying: An increasing number of international outfits are setting up shop in the city-state, smaller local firms are mushrooming to take their own slice of the pie, and even accounting firms are getting in on the action. Fee pressures grow more excruciating – the billable-hour model is dying, and fixed fees and retainers are taking its place. Much of the low-end work is now under threat from a combination of bulked-up legal teams and rising legal tech startups. And these factors don't even take into account potential threats from emerging technologies like artificial intelligence (AI). In short, the legal industry in Singapore, much like the legal industry in other parts of the world, is facing disruptions like never before.

Of course, this means that it is critical for law firms in Singapore to react quickly and decisively if they don't want to be overwhelmed by these fundamental, permanent changes. But the route to take for individual firms might depend on a variety of factors – their specific strategy, their place in the industry, and their strengths and weaknesses.

For Tan Chong Huat, managing partner of RHTLaw Taylor Wessing, law firms need to go beyond just being a law firm and instead offer clients a comprehensive suite of solutions for all their business needs. "Lawyers must create value for their clients," he says. "Firms that strengthen their international expertise and are able to provide one stop legal offerings across ASEAN and eventually globally are better placed to tap opportunities that globalisation brings."

Additionally, he says that firms need to embrace technology to move their practice to the next level. "Disruptive technology is here to stay, and the only way to overcome disruption is to embrace change quickly," notes Tan. "Algorithms, machine learning, and the use of big data and artificial intelligence will change how firms render professional services. Innovation is key to our survival in this competitive market."

From an international law firm's perspective, it is vital to look beyond the city-state's shores, says Steven Lim, managing partner of Nabarro's local office. "Singpore has a relatively small domestic legal market," he says. Save for certain exceptions, the practice of Singapore law is restricted to Singapore law firms, and this a hurdle that international firms have to overcome. As such, "international firms in Singapore have to focus on regional work, to find markets big enough to support the growing number of international firms and lawyers in Singapore," explains Lim.

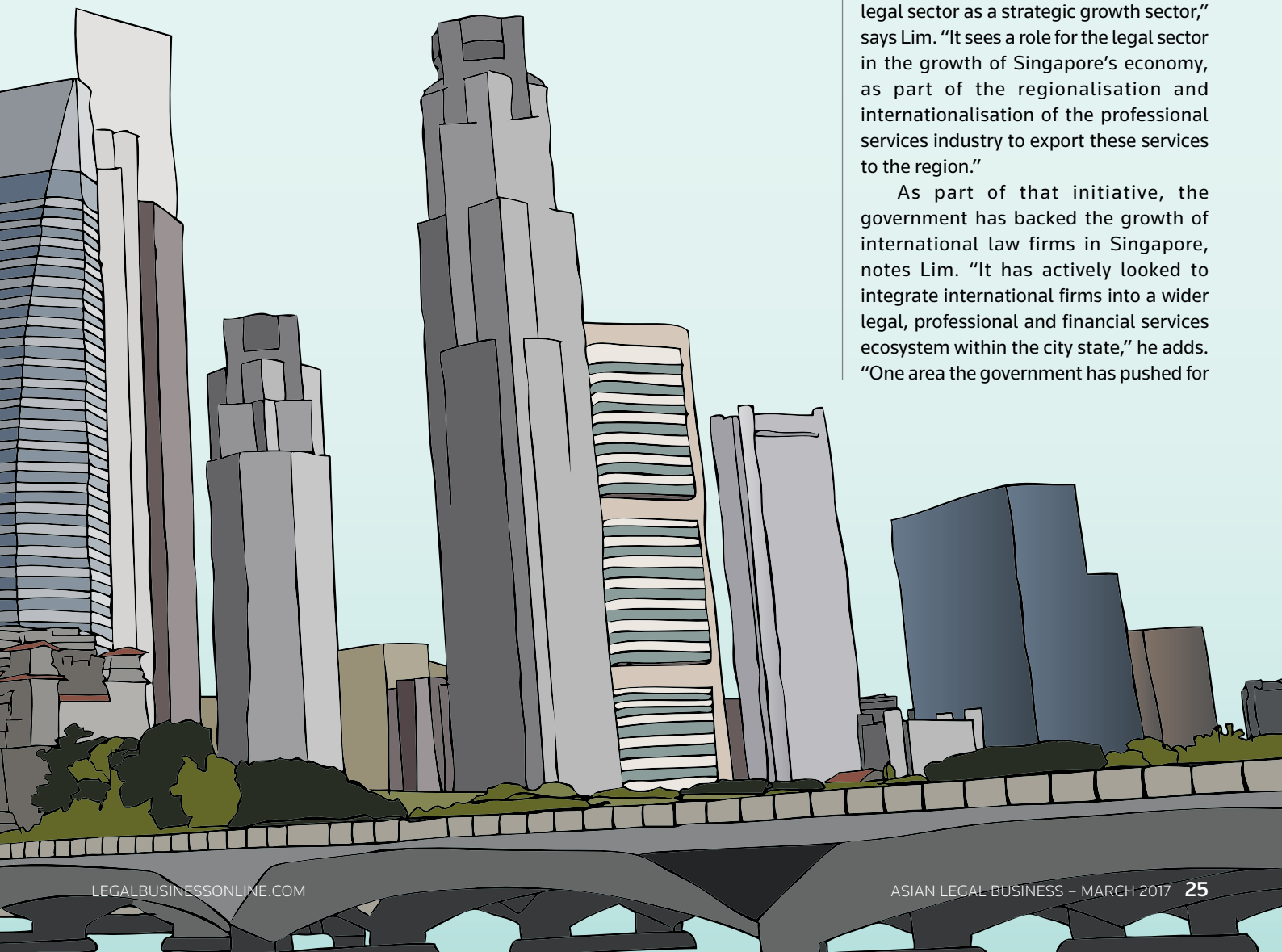
Among the challenges for international firms in Singapore, notes Lim, are the increasing sophistication of national firms in some key jurisdictions such as India and China, and, for the smaller global firms, the growth of regional office networks of larger international firms. "Added to this is the rise in regional firms, such as Rajah & Tann and ZICOlaw, which position themselves as alternatives for regional legal work."

Lim feels that the role for Singapore as a regional legal hub is changing as result of these developments. "International firms in Singapore have to review the case that regional clients will turn to them for higher-end cross-border work, and consequently, what role they can fill in this more sophisticated, diverse and competitive market," he says. "This has led to some international firms to localise and regonalise their headcount in Singapore. They are hiring regional lawyers with international experience to meet the new challenges and demands of the market."

GOVERNMENT SUPPORT

A couple of things that legal professionals in Singapore can agree on is the government's continued support for creating the requisite infrastructure for the legal sector as well as its push for the adoption of technology among law firms. "The Singapore government is one of the few governments globally to focus on the legal sector as a strategic growth sector," says Lim. "It sees a role for the legal sector in the growth of Singapore's economy, as part of the regionalisation and internationalisation of the professional services industry to export these services to the region."

As part of that initiative, the government has backed the growth of international law firms in Singapore, notes Lim. "It has actively looked to integrate international firms into a wider legal, professional and financial services ecosystem within the city state," he adds. "One area the government has pushed for



"Disruptive technology is here to stay, and the only way to overcome disruption is to embrace change quickly. Algorithms, machine learning, and the use of big data and artificial intelligence will change how firms render professional services. Innovation is key to our survival in this competitive market." **— Tan Chong Huat, RHTLaw Taylor Wessing**

successfully is the growth of Singapore as an international arbitration and dispute resolution centre. International law firms have, naturally, benefited from this. The government has encouraged international law firms to grow this expertise in Singapore and have given significant roles to international arbitration lawyers in Singapore."

Tan says that recent changes in the legal landscape show that the Singapore government is keen to see law firms evolve with the times. "This is a move in the right direction," he notes. "The establishment of the Legal Services Regulatory Authority in November 2015 was designed to modernise the regulatory regime of Singapore's legal industry. Changes to the regulatory regime now allow law firms to attract and hire foreign lawyers and non-legal talent who can help to strengthen their firm's legal practice beyond the traditional areas of legal practice. These will also allow law firms to expand their practice into the region."

In the disputes space, Tan notes the move towards third-party funding. "The Singapore government's push to transform Singapore into an international centre for dispute resolution, as well as the move to allow third-party funding for arbitration, are changes that augur well for the dispute resolution sector," he says."

Additionally, a new five-year blueprint was introduced at the start of the year to encourage law firms to adopt the latest tools and software to improve operations, says Tan. The Singapore Academy of Law also unveiled a roadmap for the incubation a legal tech scene. "Taken together, these moves are highly positive for the legal industry," he says. We can expect to see law firms adopting technology that can help streamline work processes or even work with other non-legal professionals to create new business offerings to clients."

But it is the technology aspect that might just be the most critical part of the whole equation. "The gulf between the smaller and traditional law firms and the bigger legal players may threaten to widen significantly over time, especially if there is a lack of knowledge and resources to facilitate the harnessing of baseline legal technologies that can strengthen the practice of law," observes Tan. "It is heartening to see the Singapore government provisioning for grants to encourage smaller law firms to adopt technology to grow their practice, especially with the growing potential for more legal services going virtual."

Recently, the Singapore government announced a scheme called Tech Start for Law, a S$2.8 million grant programme designed to help small and medium-sized law firms boost productivity through technology. "This is a step in the right direction and reflects the government's seriousness in assisting law firm," adds Tan.

Lim of Nabarro concurs. "Technology and information technology in particular, have transformed the world in the last 30 years. The legal sector is no exception," he says. "Changes in the way information is collated and accessed have transformed, for example, the way legal research is done. There is no doubt that a law firm that wants to practice at the cutting edge needs to adopt and exploit cutting-edge legal technology."

According to Lim, this is an area where international firms, given their size and global reach, can lead, but only for the moment. "Singapore firms and other national firms in the region are catching up fast," he says. "One of the features of the revolution in information technology in the last 20 years has been the lowering of barriers to entry to the latest technology. Users are able to leapfrog to the latest technology, cutting through the cycle of developments."

SINGAPORE'S FUTURE

According to Tan of RHTLaw, as law firms invest more in innovative technologies, the industry is likely to witness the proliferation of new technology harnessing big data analytics and AI to undertake previously time-consuming and manually laborious work such as basic legal research, document review and construction. "Some firms already use virtual secretaries and innovative solutions to ensure that they can share support services across several offices in the region," he says.

He points out that such technology has made it possible for law firms to adopt a multi-nodal network approach to a truly regional practice. "This will facilitate consolidation within the industry through mergers and alliances across the region. Singapore law firms will have to decide if they wish to grow by going regional or international, or by becoming 'boutique,' focusing exclusively on specific practice areas."

He also sees the government further liberalising the legal market in the coming years. "Greater liberalisation will increase pressure and competition in the legal sector, but it will also result in an overall increase in the quality and calibre of our local firms as we step up to compete with the established international law firms," says Tan.

Meanwhile, Lim of Nabarro expects to see more convergence between Singapore firms and international firms. "The line between the two will continue to blur," he says. "We have seen the development of 'hybrid' firms like Morgan Lewis Stamford, Eversheds Harry Elias and Dentons Rodyk – which are both international and local. The joint law venture and formal law

alliance schemes have led to a gradual localisation of international law firms in Singapore."

At the other end, Singapore law firms are also regionalising and internationalising to take on international firms and to fulfill their ambitions to export legal services to the region beyond Singapore's shores, says Lim. "We will also see an increased adoption of Singapore law as a neutral law for international transactions and dispute resolution. This will add to the impetus for convergence," he adds.

But what are the keys to success in this market going forward? For larger international firms, it is scale and size, says Lim. Singapore and other regional firms are expected to grow into very large firms in their own right, and with their regional footprint, "the larger international firms have to grow in scale and size in the region to compete," he says.

"Smaller international firms have to be nimble and find their niche. They need to detect and exploit trends in the demand for international legal services in the region and find a niche for themselves amongst the larger international firms and big national firms for higher-value cross-border work." — Steven Lim, Nabarro

"The smaller international firms have to be nimble and find their niche. They need to detect and exploit trends in the demand for international legal services in the region and find a niche for themselves amongst the larger international firms and big national firms for higher-value cross-border work."

Meanwhile for Tan, technology and geographical reach are two critical factors that law firms must leverage on to succeed in this evolving market. "It boils down to the law firm's ability to support its clients well through geography and intelligent innovative legal solutions," he says. "Given the increasingly cross-border nature of many commercial transactions, having a solid global and regional network to support the clients is important. A law firm lacking in international presence will find itself challenged when it pitches for international deals and tenders."

People queue outside of a newly opened duty free shop in Shanghai, China, August 8, 2016. China Daily/via REUTERS/File photo

LOOKING INWARDS

Inbound China M&A takes flight on the back of consumer promise

BY ELZIO BARRETO OF REUTERS

Overseas acquisitions by Chinese buyers are cooling after two record years as Beijing reins in capital outflows, but deals into China are on the rise, and new rules will make it easier for foreign buyers to tap China's giant consumer potential.

Inbound M&A deals have already reached $7.1 billion so far in 2017, almost double the amount in the same period last year and are well on track to beat the 2016 total of $46 billion, while outbound deals tumbled more than 40 percent to $8.4 billion, Thomson Reuters data showed.

Deals in retail and consumer staples accounted for nearly half those early transactions, far outpacing real estate and financial deals, which usually dominate inbound M&A.

Belgian investment firm Verlinvest is ahead of the trend.

It set up a $300 million venture last year with Chinese state-owned conglomerate China Resources and has already deployed more than half of the funds.

Verlinvest, which manages funds for the founding families of Anheuser-Busch InBev, is investing in minority and majority stakes in leading western brands so it can push them through China Resources' distribution channels in China, says Nicholas Cator, who is responsible for the Asia business.

"We're going to be focusing on those high-growth sectors that are based on consumer trends, like health-related food and beverage products, healthcare, education, cinema or entertainment, or anything linked to kind of cultural production and content," he says.

Verlinvest's joint venture in December bought an undisclosed stake in Oatly, a Swedish maker of dairy-free products, and plans to expand it into China, and in November it bought a majority stake in Red Sun Enterprise, which owns senior care homes in Shanghai and Nanjing.

LOOSER APPROVALS REGIME

The leadership in Beijing has long been trying to rebalance the economy away from infrastructure, heavy industry and export-led growth and towards domestic consumption, so in theory such

investment should be welcome, but in practice foreign capital has fallen foul of barriers to entry.

That appears to be changing. After a trial in a few of its free-trade zones, China in October expanded to the entire country a new liberalization program.

Apart from a "negative list" of industries deemed too sensitive, foreign investments no longer need to go through a cumbersome approval system, and there has even been some loosening in the off-limits list.

"The direction China is going is that for most sectors, provided it's not in the so-called negative list, where there would be additional scrutiny, the process for corporate establishment and changes including share transfers should be simpler," says Tracy Wut, M&A partner at Baker McKenzie in Hong Kong.

"From the recently amended negative list, there are further relaxations in certain sectors to which the government is trying to encourage foreign investments."

CDIB Capital International Corp, part of Taiwanese financial group China Development Financial Holding, is also seizing the opportunities.

Last August it invested 200 million yuan ($29.2 million) for a stake in outdoor sports retailer Tutwo (Xiamen) Outdoor Co Ltd, betting on a jump in demand for hiking, skiing and camping gear in China.

"Clearly there's going to be more of a focus on domestic growth and consumption is one of the themes," says Lionel de Saint-Exupery, president and CEO of CDIB. "Consumption is still relatively robust, but we're not just seeking average growth, we're seeking hyper growth and that you can see in new categories."

"The direction China is going is that for most sectors, provided it's not in the so-called negative list... the process for corporate establishment and changes including share transfers should be simpler."

— Tracy Wut, Baker McKenzie

The biggest fly in the ointment, according to David Cogman, a principal focusing on China at consulting firm McKinsey & Co, is the lofty valuations for Chinese assets.

Consumption and services companies listed in Shenzhen and Shanghai trade at about 30 times their earnings, compared with a multiple of 17 for similar companies trading in Hong Kong and about 20 for U.S.-listed companies, Thomson Reuters data shows.

"At the end of the day, particularly if you're a fund looking across multiple markets, your investment committees still have to think where to put the capital and that's hard to do with the current numbers you see in China," he says.

THE PHILIPPINES

TIME TO BUILD

In the first of ALB's series on Chinese investment into Southeast Asian countries, we look at the Philippines, which recently signed a massive investment and financing package with China, with much of that money going into building infrastructure.

BY RANAJIT DAM

To get an idea of how much Chinese investment in the Philippines has rocketed of late, simply look at the numbers. In 2015, as ties between the two countries deteriorated over issues relating to the South China Sea, PRC investment in the Philippines was a mere $32 million, a drop in the overall bucket of $130 billion that China doled out globally. In October last year, newly elected Philippine President Rodrigo Duterte traveled to Beijing with a high-level business delegation in one of the more talked-about state visits by a Filipino leader in recent times. The outcome? Investment and financing agreements between that totaled $24 billion, of which $15 billion are investment projects and $9 billion credit facilities.

Philippine Trade Secretary Ramon Lopez was quoted in local media as saying that the deals spanned across industries such as manufacturing, agribusiness, trade, finance, hotels, telecommunications, tourism, transportation and infrastructure. In total, the investment agreements would translate to at least two million jobs generated locally over the next five years. These served to bring together two countries that had been growing closer economically over the years – at present, China is the Philippines' second major trading partner with $17 billion value in total trade. While Philippines exports to China were $6 billion in 2015, there was still room to grow, as China's total imports totaled around $2 trillion that year.

Among the deals signed by Duterte, the overwhelming preference was that for infrastructure. "Infrastructure gets a fairly large share," says Aris Gulapa, managing partner of the Manila-based Gulapa Law Office (G-Law). "Preliminary agreements in railways, ports, and energy worth $11.2 billion have been reported to be signed between Philippine and Chinese firms." These included a preliminary agreement by China's Baiyin Nonferrous Group to consider investing up to $700 million in a stainless steel plant in the Philippines owned by Global Ferronickel Holdings, a memorandum of understanding for a $2.5 billion project signed by China Railway Engineering Corp. and MVP Global Infrastructure Group, and China Harbour Engineering's investment in a $780 million coastline and port project in Davao City, Duterte's hometown.

INTEREST, BUT CHALLENGES

According to Gulapa, his firm has seen an uptick in inquiries from Chinese and China-based clients, specifically in trading and infrastructure. "In the infrastructure sector, Chinese investment is increasing in power, particularly renewable energy," he notes. "We are currently assisting a leading Chinese contractor in a transaction involving solar power. At the same time, we are assisting several Chinese companies in setting up presence in the Philippines to distribute their products and services to the Philippine market."

That said, the path of Chinese investors will not be entirely smooth. "Challenges involve foreign ownership caps and minimum paid-up capitalisation requirements," says Gulapa. "Philippine law, particularly the Foreign Investments Negative List, includes several sectors that are subject to these limitations. In fact, depending on the activity involved, both infrastructure and trading are subject to these limitations."

Gulapa says that in infrastructure, the operation of a public utility is subject to a 40 percent foreign ownership cap. "This means any foreigner intending to invest in this sector may have to structure its investment by way of provision of technical services if it wants to operate a 100 percent subsidiary," he says. Construction, which is closely related to infrastructure,

has a number of stringent licensing requirements for foreign investors as well.

Meanwhile, in the trading arena, Philippine law defines a "domestic market enterprise" as one that produces goods for sale, or renders services to the domestic market entirely, or if exporting a portion of its output, fails to consistently export at least 60 percent thereof. Under the Foreign Investments Negative List, foreign ownership of domestic market enterprises with paid-in equity capital of less than the peso equivalent of $200,000 is limited to 40 percent. "Conversely, a domestic market enterprise may be wholly owned by foreigners if its paid-in equity capital is at least the peso equivalent of $200,000," says Gulapa. "Thus, a domestic market enterprise is considered operating in a partially nationalised industry if its paid-in capital is less than the peso equivalent of $200,000."

WAIT AND WATCH

But it's not just the specific laws and regulations that Chinese investors must consider. Gulapa notes that due to the change in administration in mid-2016, the tender of several infrastructure projects that his firm had been handling have been temporarily suspended.

In addition, the Philippine Executive Department has sought the aid of the Legislative Department to promulgate a law that would give the administration "special powers" to solve the perennial traffic problem in Metro Manila and other urban areas. "The special powers will be wielded for three years by the Secretary of Transportation," he says. "The proposed law is still pending before the House Committee on Appropriations and realistically might only be passed by the second quarter of 2017. This means that there is a possibility that road transportation and rail infrastructure projects may be put to halt until this proposed law is passed. Thus, Chinese investors in infrastructure may have to wait until the third quarter of 2017."

Players in the infrastructure sector also do not seem to agree with the parameters and specifications of infrastructure projects which are in the pipeline for bidding. "Several of them are submitting unsolicited project proposals to different government agencies instead of waiting for the Philippine government to solicit bidders for its own projects," he says. "If Chinese investors are in a hurry to be awarded infrastructure projects, they may have to partner with local players to submit unsolicited proposals to the government. This may be the trend for the next two years."

161

$161 bln: Amount of total outbound Chinese investment in 2016

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Gulapa Law OFFICE

Gulapa Law ("G-Law"), ALB's 2016 Philippine Boutique Law Firm of the Year and nominee for Philippine Law Firm of the Year, was established in September 2015. Prior to setting up G-Law, Aris Gulapa, the firm's Managing Owner, worked as a legal advisor in Manila, Singapore, Vietnam, Tokyo and New York over 12 years. He has been teaching ASEAN trade law in Ateneo de Manila University School of Law since 2011.

Despite having been recently established, G-Law has already been engaged for and is currently working on important government projects. It is currently representing both private bidders and the Government in several government projects, and assisting foreign clients in their investments in the Philippines and the ASEAN region.

On February 23, 2017, G-Law opened its affiliate office, Gulapa & Baclay LLP, in New York.

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Recent Recognitions:

- Chambers and Partners (Asia and Global), Leading Individual, Aris Gulapa (2015, 2016)
- ALB Philippine Law Awards, nominated for 5 awards (2016)
- ALB Philippine Law Awards, Boutique Law Firm of the Year (2016)
- ALB Southeast Asia Law Awards, nominated for Asset & Corporate Finance Deal of the Year and Boutique Law Firm of the Year (2016)
- Asialaw Profiles, Recommended in 5 practice areas, including Construction & Real Estate and Corporate/M&A (2017)
- Legal500, Tier 1 in Real Estate & Construction and Recommended in Corporate/M&A and Projects & Infrastructure (2017)
- Legal500, Leading Individual, Aris Gulapa (2016, 2017)
- IFLR Financial & Corporate Guide, Notable (2017)
- IFLR Energy & Infrastructure Guide, Notable (2016)

LITIGATION'S BRAVE NEW WORLD

As commercial disputes become more common across Asia, support services for litigation and arbitration are mushrooming as well, and technology firms providing lawyers a host of tools to work with.

BY ALFRED ROMANN

From untenable business disputes, growing conflicts tied to intellectual property rights and the longer reach of corruption legislation, there is no getting away from the fact that litigation is on the rise throughout Asia.

As more companies undertake litigation or face the potential for litigation in multiple – and often quite different – legal environments, law firms and companies are seeking service providers that can support them. The demand for legal services associated with litigation is also driving demand for litigation support services in Asia.

These support services cover a range of areas, including digital document management, in-depth research and investigation services. As the amount of litigation in Asia goes up, so does the number of litigation support services that lawyers can access.

On the technology side, companies are offering more e-discovery and document production services as well as e-trial and trial management solutions, among others. Others are working with lawyers to do more reliable research and investigations that can boost lawyers' litigation efforts.

One such company is Australia's Law In Order, which "offers a range of services from document production and data processing to consulting, where you empower lawyers to optimise the discovery and trial experience for their clients," says Amanda Whelan, head of global sales and marketing.

According to Whelan, demand for Law In Order's consulting and advisory services only increases after clients become familiar with the various services and how these can be used to facilitate litigation efforts.

"Our clients in Asia had to experience the benefits of our holistic and integrated suite of services before they were valued," she explains. "The support we offer is real and it's not 'too good to be true' – it's just a new business model for the region."

In terms of legal services, Law In Order can process hard copy and electronic documents 24 hours a day. The company also provides e-discovery services to collect and process electronic material used in litigation and can include specific offerings such as secure document review, analytics, case assessments and reviews.

Law In Order also collaborates with firms to produce documents

and manages services, including matter consulting and court book preparation. The company also provides a series of e-trial solutions and currently works with more than 2,000 firms.

Meanwhile, U.S.-headquartered Nardello & Co. uses its investigative expertise to support litigation and arbitration services, says Ben Rowse, the firm's managing director and head of Asia-Pacific, and a lot of its work is "in the context of a dispute or a regulatory investigation."

The types of investigation that Nardello undertakes includes internal investigation following allegations of corruption, white-collar criminal defense, as well as civil proceedings such as litigation or arbitration, in which they are called to support one party.

Nardello, which also has offices in the Americas, Europe and the Middle East, "has a very strong legal DNA," points out Rowse. He adds, "Our founder is a former federal prosecutor, and one of the reasons why he founded Nardello & Co. back in 2003 was that he felt that there was a gap in the market. Investigative firms were not providing general counsels or external counsels with legally and ethically sourced information and intelligence that could be used to assist with the legal decision-making and strategy."

Nardello's work could involve anything from research for or into witnesses on one side or another of a litigious procedure to double-checking on the availability of information that may or may not have been disclosed or that may be in the public domain. There is also a fair amount of support work that is also association with assets.

"A considerable amount of work that we do in the disputes space, for lack of a better word, involves asset tracing. Often, clients will come to us – typically through their external counsel – during the process when they are considering legal proceedings in order to get a sense of a counterparty's assets, their value and where they are located. This way, they can make an informed decision as to whether to throw good money after bad." **– Ben Rowse, Nardello & Co.**

IN DEMAND

Providers of litigation support services say that demand for their services is surging.

"The trends have been consistent, but we have invested more in our business development and consulting teams so they have the bandwidth to take our legal and tech knowledge to the community," says Whelan of Law In Order. "As a result, we have experienced double-digit growth by expanding who we serve."

The company's growth has, in some ways, tracked the increasing amount of litigation activity throughout the region.

"Historically, most of our clients in the late 1990s originated from large proceedings heading to trial, but over the years, this demographic has changed," says Whelan. "Directions received from corporate clients, the bench and citizens have rightfully put a more significant emphasis on resolving matters outside of the court through arbitration and mediation."

On the other hand, demand for Nardello's services is driven both by the increase in litigation between firms and by the broadening the reach of legislation such as the U.S. Foreign Corrupt Practices Act (FCPA) or the UK's Bribery Act.

"There are very few countries that we have not conducted investigations in globally since we started back in 2003," says Rowse. And as the firm expands, it is finding that the patterns of demand for its services have shifted, particularly in Asia.

"It is fair to say that there are issues with regards to corruption in many Asian jurisdictions," observes Rowse. "It's inevitable that companies from outside of the region, whether it is from Europe or America, are often obliged for internal compliance reasons to carry out integrity due diligence into their potential partners, investment targets or senior executive hires."

All this due diligence happens long before litigation, but it generates useful information and is a necessary step towards identifying and avoiding risks.

"Inevitably however, things do go wrong," adds Rowse. "This is partly driven in part by the environment of the jurisdictions that our clients are working in. So we are brought in by counsel to investigate particular allegations of wrongdoing, or [to] gather intelligence to inform their legal decision-making strategy."

Because of legal privilege,

654

Total number of cases disposed by the High Court in Hong Kong in 2016

"Historically, most of our clients in the late 1990s originated from large proceedings heading to trial, but over the years, this demographic has changed. Directions received from corporate clients, the bench and citizens have rightfully put a more significant emphasis on resolving matters outside of the court through arbitration and mediation." — **Amanda Whelan, Law In Order**

Nardello's services are often engaged via the ultimate client's external counsel, but sometimes a multinational will hire the company direction through its general counsel.

"Either way, our investigative scope of work is determined by the type of information or the facts or intelligence that is needed to feed the legal strategy," says Rowse.

NEW CLIENTS

In general, Western firms are more likely to enlist litigation support, but this is changing.

"Japanese companies, for example, are realising that they can no longer ignore the FCPA and are starting to put in place more robust compliance programmes that include conducting anti-corruption focused due diligence on their partners and third-party intermediaries," notes Rowse. In response, Nardello opened an office in Tokyo last year to advise and help Japanese companies manage their risk exposure.

Another promising market is China. "Interestingly, Chinese companies are also realising that they need to be a bit more savvy when they are operating in overseas markets," says Rowse. "While their concerns might not be driven by FCPA issues like our North American or European clients are, Chinese companies see it as a way to gather information about other types of risk that they may face when they partner with other companies or individuals, whether it is in Africa, in North America or elsewhere in Asia," explains Rowse.

One concern is that the market is both crowded and unregulated, particularly for firms that provide investigative support. Since there are also no standards to follow or a particular methodology for them to abide by, clients have to be vigilant when choosing a service provider.

"One of the challenges from a client perspective in engaging an investigative firm is making sure that you engage a reputable one. There is no industry regulator, and therefore not any standards when it comes to work product but also investigative methodologies differ," says Rowse. "What is the point of paying an investigation firm to carry out an FCPA-focused investigation when that firm ends up bribing a government clerk to obtain information? It's nonsensical."

SPECIFIC EXPERTISE

Legal professionals can put the expertise of firms like Nardello to good use in an extensive range of settings but with specific focus.

"A considerable amount of work that we do in the disputes space, for lack of a better word, involves asset tracing," says Rowse. "Often, clients will come to us – typically through their external counsel – during the process when they are considering legal proceedings in order to get a sense of a counterparty's assets, their value and where they are located. This way, they can make an informed decision as to whether to throw good money after bad."

The questions that are worth asking from the outset of a legal action revolve around the ultimate worth of the move. Litigation can be costly, so firms might reach out to Nardello when they are first considering an action, or they might reach out to them after a judgment to help trace assets or gather information to enforce it.

Enforcing a judgment may be challenging, particularly when dealing with companies from some Asian jurisdictions that have the bulk of their assets in their home countries and where enforcement of judgments can be problematic. This happens often with legal actions involving Chinese companies which may have assets in mainland China, where the legal system may be different from the one where litigation takes place.

"One of the things that we spend a lot of time doing at the beginning of an asset trace investigation is managing expectations. There is obviously no guarantee that we will find assets. But day in and day out, we are carrying out such investigations," says Rowse.

13

Number of corporate enforcement actions brought by the U.S. DoJ in 2016

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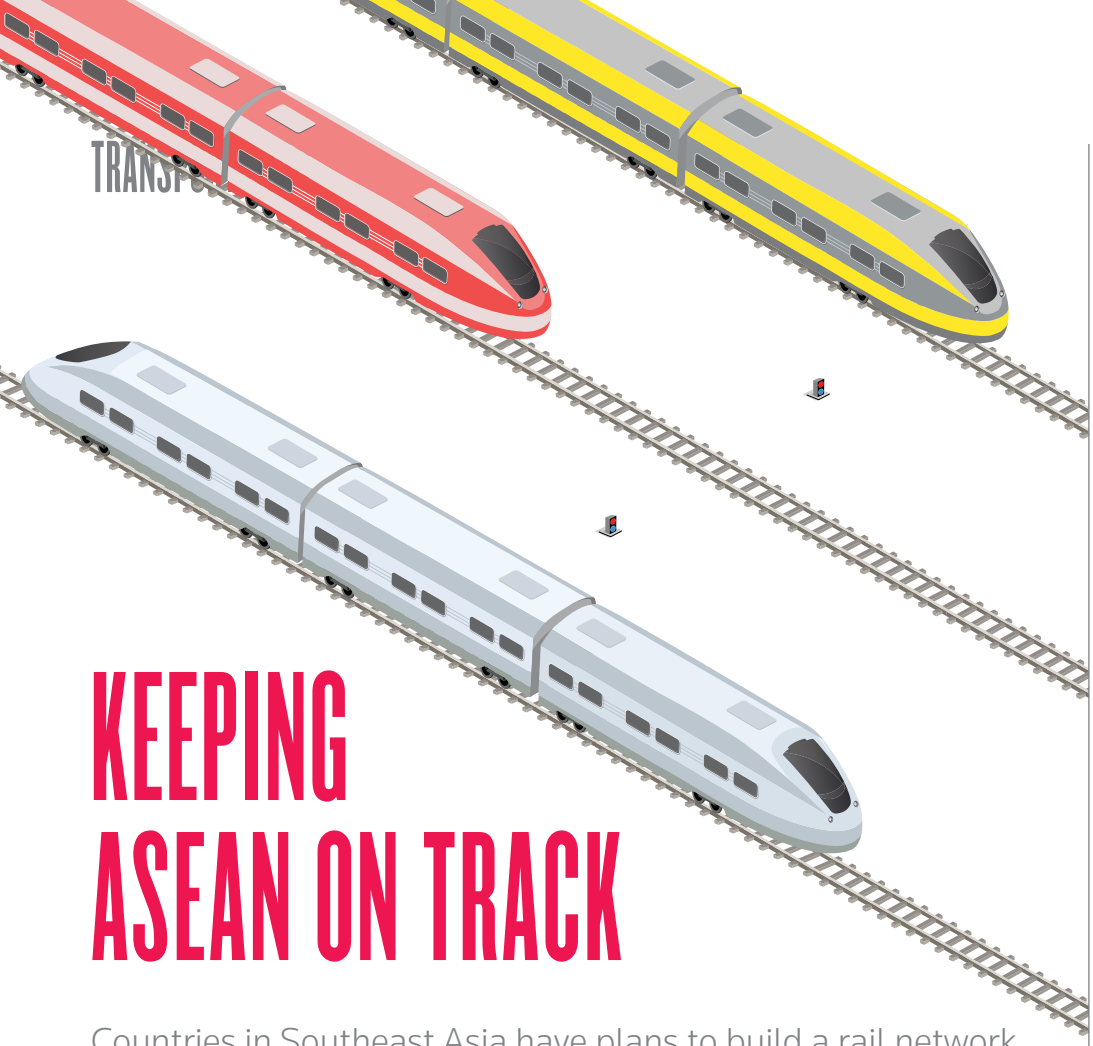

KEEPING ASEAN ON TRACK

Countries in Southeast Asia have plans to build a rail network connecting the entire region. These ambitious transportation projects, however, face complex legal and regulatory challenges.

BY HAKY MOON

With the rapid economic development in Southeast Asian countries, cross-border transportation projects have been gaining steam in the region.

Indonesia, for example, has the $6.1 billion Jakarta-Bandung airport rail link and the $4.8 billion Bukit Asam Transpacific Railway, which connects various coal mines to Lampung port. High-speed rail links are also planned between Thailand and China through Laos, Malaysia and Singapore – a project that could cost up to $25 billion.

The scale and cost of the projects reflect the commitment of Southeast Asian governments to urbanise existing transportation systems, both domestically and regionally. And correspondingly, the legal work behind these projects is piling up, and even more so with international railway projects.

The projects' international scope means that sufficient care must be taken to ensure that any dispute can be referred to suitable tribunals and that any foreign award can be enforced in the jurisdictions of both the project assets and the project parties.

"At the very early stage, these infra-projects tend to be driven by the government. It typically needs commercial and political understanding. Legal works for railway projects, by nature, are very complicated. The more fragmented the ownership of the various railway assets, the more complicated the legal framework will have to be to manage all that," says Justin Tan, a partner at Clyde & Co.

From the very beginning, lawyers would be involved to advise on possible legal frameworks and options that the government can adopt. Key things would be having a common understanding before signing any memorandum of understanding (MOU) between governments.

ACROSS BORDERS

The international nature of projects creates its own challenges.

"Perhaps in the next five to six years we may see a lot going on in the contractor's side. There are a lot of challenges between cross border projects," says Niwes Phancharoenworakul, the Bangkok-based co-managing partner of Chandler MHM. "It's really time consuming work dealing with a lot of policies and government offices."

"When the project is not in the country, we need to contact lawyers in those countries," says Ratana Poosombudlert, a senior partner at Chandler MHM. "Considering projects that are public private partnerships, there are some procedures, normally it will take a long time and it needs correct procedures to implement projects."

"Right now, Thailand would like to expedite projects such as railway projects from Laos, but the negotiations are not finalized yet because financial terms are not clear," says Ratana.

Transportation projects are mainly divided into five phases, visioning and policy, long-range planning and programming, environmental and preliminary design, final design, construction and lastly operations and maintenance.

Even long before the first phase of transportation projects takes place, legal advisors are brought in to discuss appropriate funding models for each country.

"The legal situation changes once companies cross borders. Operational issues change and coordination is needed between governments before companies can even call for the tender process," says Tan.

The tender process is a process whereby governments and financial

institutions invite bids for large projects that must be submitted before a deadline.

PUBLIC AND PRIVATE

That said, so far in ASEAN there has been a trend of PPPs (public-private partnerships) becoming more and more prevalent, because most governments in the region do not have sufficient financial capabilities to fund the projects in their entirety.

Countries in Southeast Asia, except Singapore, lack project implementation or operational expertise, making PPP an attractive funding option.

"On the legal side, some challenges come with grappling foreign investment rules, which are different in every country. A certain level of protectionism requires you to have a local partner," says Tan.

"A lot of expensive lessons were learnt about what worked and what didn't work, and that would be very useful when applied to less developed economies in Southeast Asia. Previously these infrastructure services would be completely state-funded, but that puts burden on the taxpayers," said Tan.

Nomita Nair, partner at Berwin Leighton Paisner, agrees. "The most important advice that legal advisers give involves technical and commercial aspects. For example, how will the government receive funding? How will the funding come to the project? The government appoints a consortium of consultants," she says.

And even when funding has been discussed, another key challenge legal advisors would have to look at would be price competitiveness.

The government imposes certain rules such as how much foreign sponsors can charge for railways and tickets, and adds specifications.

"Some specifications are on where the government wants the station to be, all of which can be driven by noneconomic factors. The government could say they want this train to stop here and there, but not this town because it might not be profitable. All of these have to be taken into account," says Tan.

> "A challenge with a lot of infrastructure projects in this region is that there is often an insistence on some level of local ownership. As advisers, we look at the extent of local sourcing materials and local labour when a foreign party is involved in these projects."
>
> **— Justin Tan, Clyde & Co**

Aside from legal works surrounding funding, legal advisors in the region also face issues to do with local land policies, which are different among governments.

"Policy is so important. For private sectors, it's challenging to influence public sectors. Even if we really want to push forward with projects, we have to wait for the policy. You need the capacity of decision makers in governments to approve certain things. A lot of the time there are delays," says Nair.

The best-case scenario is when the local partner is working in the foreign company's favor, with the local partner likely being a prominent and well-connected company that can assist the foreign company with obtaining permits and licenses and land acquisition issues.

But that isn't always the case, and legal advisors are brought in, explaining why the region is now seeing "more international law firms opening up", according to Tan.

LAND CHALLENGES

"A challenge with a lot of infrastructure projects in this region is that there is often an insistence on some level of local ownership. As advisers we look at the extent of local sourcing materials and local labor when a foreign party is involved in these projects," says Tan.

For instance, high-speed rail can only run on certain routes. The land that companies need to acquire is often non-negotiable.

Many of the emerging economies in Southeast Asia don't have strong compulsory land legislation in place like Singapore, and government-led projects like transportation face hurdles.

"This framework doesn't exist in most Southeast Asian countries. And if you rely on verbal assurances it can be abandoned anytime. You have to look into the local legislative environment to see whether or not local parties will be able to deliver land acquisitions," says Tan.

"When the infrastructure is going across countries, layers of complex issues are multiplied. Land acquisition, which is a hallmark of any transport project, would be discussed," says Nair. "Generally when it comes to intergovernmental agreements, you have to have two governments coming together and agreeing on different things. It's a different regulatory framework. Private sector lawyers may not be involved at that stage."

The reason behind this comes down to the cost of private sector lawyers.

"Governments could seek advice on a discreet level, but most of the time in-house public sector teams deal with it," says Nair.

"There's always a risk there. Different policies such as immigration don't get talked about a lot. It would be interesting to see how quickly things will get off the rails in Southeast Asia. It would be a very good case study on how it progresses and what sort of lessons can be learned," she adds.

BRIGHT FUTURE

As part of its integrated energy blueprint, the Thai government is placing increasing emphasis on renewable energy. In particular, this means a heightened focus on solar power, which is expected to see continuing growth and development in 2017. And lawyers in Thailand are already witnessing an uptick in related work.

BY RANAJIT DAM

Employees of a solar farm company take notes between panels at the farm in Nakorn Ratchasima province, Thailand. REUTERS/Athit Perawongmetha

Thailand's solar power sector, already a leader in Southeast Asia, continues to shine brighter with each passing year. If 2014 saw 470 MW of solar power capacity being newly installed, the figure rose to 722 MW in 2015. And based on the latest data officially published by the Energy Regulatory Commission (ERC), 723 MW had been newly installed just in the first nine months of 2016 alone. This growth and development is only expected to continue in 2017.

Jessada Sawatdipong, senior Partner at Chandler MHM, says that much of this is due to the government's commitment to develop the sector. "With the continued resistance to new coal-fired power plants in Thailand, we note more interest in renewable energy projects, including solar projects here," he says. "The government's strong commitment to renewable energy, with a focus on solar, has also supported client interest in solar projects. And finally, the decreasing cost for developing solar projects – including low tariffs for solar generation – and the time-frame involved in solar power start-ups, as compared to, say, gas, coal or other renewable projects has also driven client interest in this renewable energy sector."

Jessada cites some of the government's measures to support renewable energy growth. These include Board of Investment (BOI) incentives such as exemption of import duty on equipment and machinery, and exemption of corporate income taxes resulting from the sale of renewable energy or the saving of energy for periods of up to eight years; investment grants from the Department of Alternative Energy Development and Efficiency (DEDE) at the Ministry of Energy/Energy Policy and Planning Office; data support in the government's commitment to provide solar (and wind) data maps and a one-stop-service center at DEDE; and the Energy Service Company (ESCO) Fund, which is financial support by DEDE to lower the risk for investments in renewable energy-focused business, equipment leasing and credit guarantee facilities.

CLIENT INTEREST

The government's commitment is being matched by investor interest. "Regarding solar matters in Thailand, Chandler MHM is often asked to advise clients on possible new rounds of bidding for solar projects, site issues, such as zoning, licensing and land titles, and on regulations affecting various solar programs, such as agricultural co-ops, educational institutions, solar rooftops, and others, and their legal authority to enter into solar energy arrangements in Thailand," says Jessada.

"Other issues the firm is asked to provide advice on include tariff-related concerns, creation of security under the recently introduced Business Collateral Act, and the financing limitations imposed by security and assignability of PPAs."

For clients who want to get into the solar sector, Jessada's firm stresses the importance of having good local representation with a strong track record of assisting with energy and natural resources projects. "A thorough due diligence exercise is highly recommended, as well as a complete understanding of any caveats to an announcement for any bid round for renewable projects," he adds.

GREAT PROSPECTS

At the end of 2016, Thailand's renewable energy market remained the most established in Southeast Asia. In addition, targets set by the National Energy Policy Council (NEPC) to triple the country's installed solar PV capacity of 2,021 MW in 2015 to 67,000 MW by 2036 remain in place, observes Jessada. "We expect that the solar power industry in Thailand will continue to grow during the next few years, as the government continues to open bids for solar projects. In addition, we see a market trend toward more rooftop solar projects which either sell electricity to government offtakers such as the PEA and the MEA, or to the private sector, such as major hyper markets, warehouses, factories and office buildings," he notes.

Jessada's firm also continues to track innovation in solar technology. "This year may not be the year that delivers new and groundbreaking solar technology, but we do anticipate that module makers will push forward development schedules for improved module efficiency which in turn will provide reduced pricing and thus even greater motivation for solar uptake in the years ahead," he says. "Over time, the combination of technological advances and continuing price reductions could also affect the need for government incentives. We continue to monitor private sector R&D and government developments carefully."

KEY LAWS AND REGULATIONS:

- Energy Regulatory Commission (ERC) notifications and regulations;
- BOI notifications on incentives for specific business activities;
- Electricity Generating Authority of Thailand (EGAT), Provincial Electricity Authority (PEA), and Metropolitan Electricity Authority (MEA) regulations;
- Foreign Business Operation Act (FBOA);
- Town Planning Act and Ministerial Regulations;
- Land Code, specifically the prohibition on land ownership by foreigners;
- Enhancement and Conservation of National Environment Act.

Source: Chandler MHM

ASIAN LEGAL BUSINESS

MALAYSIA LAW AWARDS 2017

6 APRIL - INTERCONTINENTAL KUALA LUMPUR

OVERALL NOMINATIONS

(EXCLUDING DEALS)

LAW FIRMS

Skrine	10
Albar & Partners	9
Azmi & Associates	8
Adnan, Sundra & Low	7
Shearn Delamore & Co	7
Low & Partners	6
Wong & Partners	6
Rahmat Lim & Partners	5
Raja, Darryl & Loh	5
Shook Lin & Bok	5
Zaid Ibrahim & Co	5
Mohamed Ridza & Co	5

LAW FIRMS

Donovan & Ho	5
Daniel & Wong	5
Tay & Partners	4
Shang & Co	4
Christopher & Lee Ong	4

IN-HOUSE TEAMS

Unilever Malaysia	3
Sime Darby Group	2
Sun Life Malaysia	2
Mercedes-Benz	2

Asian Legal Business will host the fourth annual ALB Malaysia Law Awards 2017 on 6 April at the Intercontinental Kuala Lumpur, an illustrious black-tie affair celebrating the accomplishments of Malaysia's legal community.

"Each year, ALB strives to make the Malaysia Law Awards and nomination process more inclusive, transparent and portray an accurate reflection of the legal market. This year we have received an overwhelming number of submissions, with more than 40 new law firms and companies joining in 2017. We look forward to welcoming and celebrating the best, brightest and rising stars in Malaysia's legal community in April. We wish all the finalists the best of luck at the upcoming ceremony", says Amantha Chia, Head of Legal Media Business, ASEAN and North Asia.

Therefore, this year, ALB is pleased

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to announce the introduction of new and exciting award categories such as East Malaysia Law Firm of the Year and West Malaysia Law Firm of the Year. To recognise the achievements of women in law, 2017 also sees the introduction of Woman Lawyer of the Year, which has seen a fruitful response from both private practice and in-house lawyers. These new awards are introduced alongside popular award categories such as Islamic Finance Law Firm of the Year, Boutique Law Firm of the Year and Litigation Law Firm of the Year.

On the in-house side, ALB is delighted to recognize the top in-house teams in Malaysia, in banking, financial services and TMT sectors. The Malaysia In-House Team of the Year award will be open to in-house teams across all industries, and the finalists come from sectors spanning retail, manufacturing, FMCG and more. The Law Awards will also recognize the top deals and top individual lawyers from Malaysia's legal market.

To view the complete shortlist of finalists, please visit the website at: **www.legalbusinessonline.com/awards/malaysia-law-awards-2017** The winners will be exclusively announced at the black-tie gala dinner and awards ceremony on 6 April. For reservations, please contact Shyanne Chen at: **shyanne.chen@thomsonreuters.com** or **(+65) 6870 3253**

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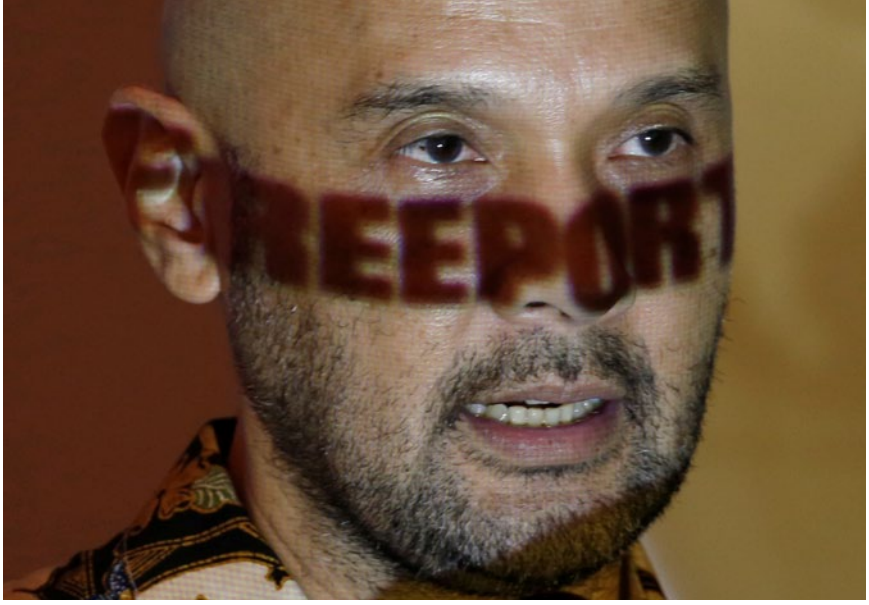

Freeport Indonesia spokesman Riza Pratama speaks during a news conference in Jakarta, Indonesia, February 20, 2017. REUTERS/Beawiharta

HOW FREEPORT'S ROW OVER ITS INDONESIAN MINING CONTRACT ESCALATED

BY FERGUS JENSEN OF REUTERS

U.S. mining giant Freeport-McMoRan warned last month that it could take the Indonesian government to arbitration and seek damages over a contractual dispute that has halted operations at the world's second-biggest copper mine.

Marking a sharp escalation in the row, the government also said it would go to arbitration if no resolution was reached.

WHAT IS AT STAKE FOR FREEPORT AND INDONESIA?

Freeport's 2016 copper sales from Indonesia were worth about $2.4 billion. But despite being one of the largest tax payers in Indonesia, Freeport's relations with the government have become strained, particularly as Southeast Asia's biggest economy has sought greater control over its natural resources.

Freeport and the government have been in talks on converting its 1991 mining contract to a new permit and have made some progress in recent years. In January, however, Indonesia introduced rules that prevent Freeport from exporting copper concentrate until it adopts a new permit that would terminate its current contract and impose new terms, including some different than those already agreed.

Freeport's current contract is not due to expire until 2021, and it wants guarantees that its mining rights will not change before committing to $15 billion of investment to expand its Grasberg underground mining operations.

WHAT IS AT THE HEART OF THE LATEST ROW?

The halt in January to Indonesia's exports of semi-processed ore exports came as part of a renewed push for miners to build domestic smelters and squeeze more from its mineral resources. Miners like Freeport were given an option: exports could only continue once they replaced contracts of work with special mining permits.

A new permit would allow Freeport to apply for an early extension to its mining rights, but would also leave it open to prevailing rules and changes to taxes from which it is currently exempt.

The rules require Freeport to divest up to 51 percent of its Indonesian unit compared with 30 percent currently. So far it has divested 9.36 percent.

Freeport would also have to pay a dividend tax, 10 percent VAT and an export duty of up to 7.5 percent on copper concentrate exports.

WHAT ARE BOTH SIDES SAYING?

Freeport says the stoppage of its exports and attempts to enforce the new rules on taxes and divestment violate its contract of work. According to Freeport, the new mining permit lacks the legal and fiscal certainty it needs, and that under Indonesian and international law its contract should be immune to changes.

The company said it is only willing to adopt the new permit once it has a stable agreement providing the same rights and the same legal and fiscal certainty it has now. The government has said Freeport must comply with Indonesia's 2009 mining law, recent regulations and its 1945 Constitution, which in some cases have different requirements than terms set out in Freeport's 1991 contract of work.

HOW HAS THE ROW ESCALATED?

On Feb. 17, the government issued a new export permit for Freeport, allowing it to export up to 1.1 million tonnes of copper concentrate over the next year while proposing a six-month window to negotiate fiscal terms. Freeport has said it "cannot accept" the new permit that would require the termination of its existing contract at the end of this window, regardless of where negotiations were at.

WHAT HAPPENS NEXT?

Freeport's contract allows 120 days to "use its best endeavours to resolve the dispute through consultation and use of administrative remedies." If this fails, conciliation or arbitration proceedings would be held in Jakarta, or another location if agreed by both sides.

If Freeport opts to terminate its contract, all contract properties would be offered for sale to the government at cost or market value, , but not below the depreciated book value.If the government does not accept this offer, Freeport would have 12 months to dispose off assets. All roads, schools and other immovable properties that are in public use would become Indonesian property.

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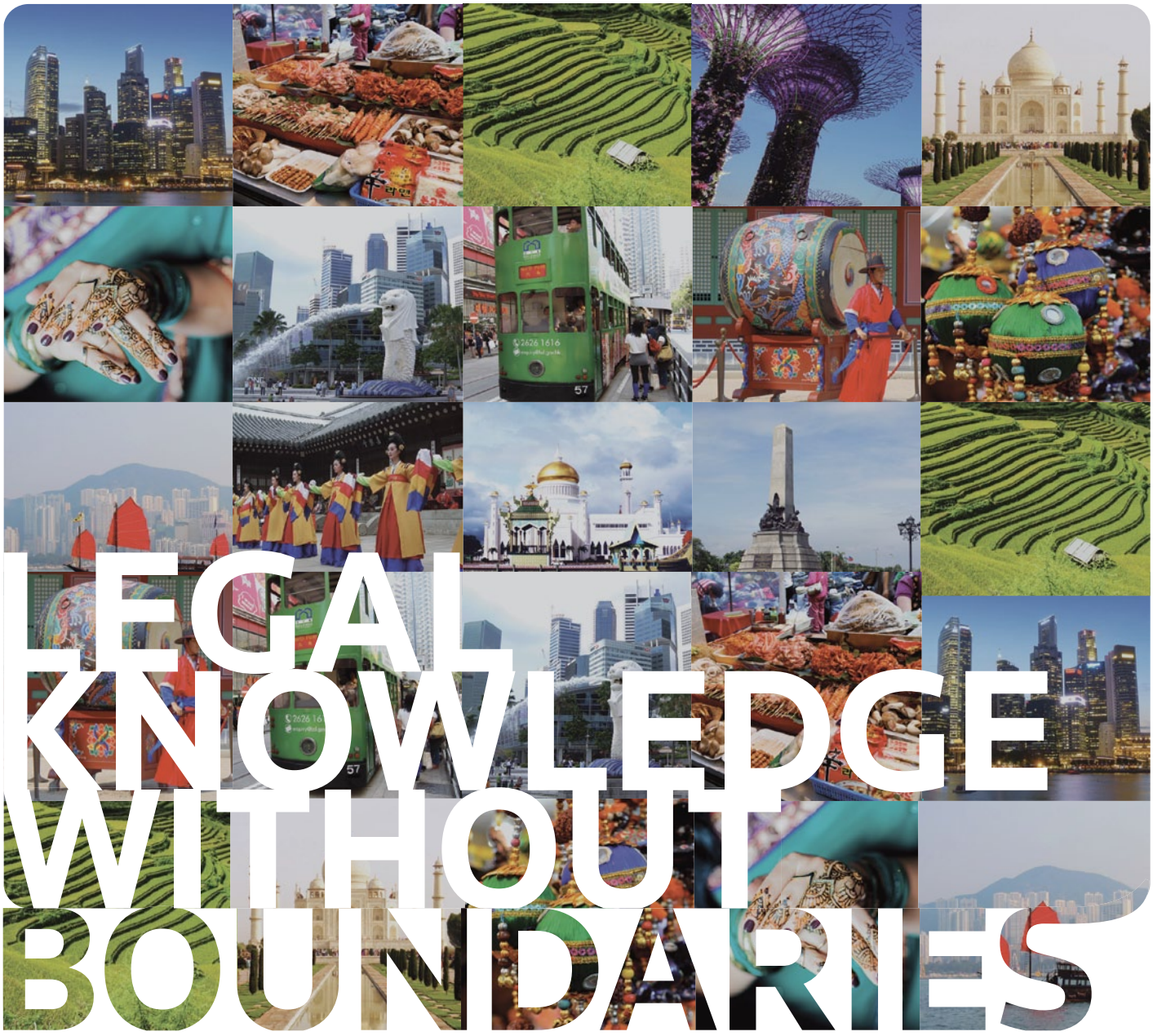

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AS CLIENT RELATIONSHIPS CHANGE, SOME LAW FIRMS COULD FIND SOLACE IN VENDOR MANAGEMENT ROLE

BY BILL JOSTEN

A lot of the attention paid to the recently published 2017 Report on the State of the Legal Market, released jointly by The Center for the Study of the Legal Profession (CSLP) at Georgetown University Law Center and Thomson Reuters Legal Executive Institute (LEI), has focused on the discussion of the fate of the billable hour. While drawing less fanfare, the discussion around the erosion of the law firm franchise is no less significant.

The report talks about the increasing willingness of clients to explore new strategies to "enhance the value they receive for the 'legal spend.'" Clients are increasingly examining their traditional workflows to determine what portions can be disaggregated from traditional delivery models and farmed out to alternative vendors. Work that once would have gone to a law firm, or in some instances, work that a law firm never even had a chance to win because it's been farmed out from the beginning, is driving a wedge between law firms and their clients.

The use of alternative vendors has resulted in much more of an ad hoc transactional relationship with clients than was common in the past, when one firm would handle all aspects of a client's matter from start to finish. Increasingly, the law firm can be looked at as simply one more vendor providing legal services to the client, rather than as a trusted advisor and business counselor.

Another recently released report highlights the role these new alternative legal service providers (ALSPs) are playing in the market. The 2017 Alternative Legal Service Provider Study – released by LEI, CSLP and the Saïd Business School at the University of Oxford – examines this emerging segment of the legal marketplace, and what it may mean to the traditional law firm franchise.

> "Nearly 61% of corporations surveyed reported they are already using some sort of alternative service providers for at least one task."

In one of the first key findings from the ALSP study, nearly 61 percent of corporations surveyed reported they are already using some sort of alternative service provider for at least one task. The services provided by ALSPs range from the more mundane, such as basic corporate filings and compliance, to much more specialised cases where ALSPs are actually providing subject-matter-expert attorneys to corporations looking for expertise not present within their walls.

Corporations are also mandating that their outside law firms use ALSPs for tasks that the firm traditionally may have staffed themselves. For example, more than a quarter of law firms that participated in the study reported that they used ALSPs for tasks like litigation support, document review and eDiscovery. Of those firms, nearly a quarter or more said that the use of ALSPs was due to client mandates. As one law firm partner stated, "Clients are increasingly developing their own panels and requiring their law firms to work together with their providers. So, the choice of whom we get to use is not our choice in those cases."

This isn't to say, however, that all law firms are hesitant to get in the ALSP game. Nearly one in 10 law firms in the survey reported that they had created an affiliated entity to function as an ALSP to try and meet some of this client demand. A great many more have adopted what is commonly referred to as a "supply chain management" mentality. With this approach, law firms look to help their clients oversee the work of the multiple vendors as well as manage relationships and ensure output quality while not sacrificing the degree of strategic control the firm would lose if they missed out on the work entirely.

One partner summed up this approach quite nicely: "Why would we want to give away revenue? We also think there's a danger to letting somebody else into activity with clients. We think an integrated proposition is one the clients like as opposed to having to manage two or three providers."

There is no doubt that the law firm's role as an advisor to its clients is shifting. The real question is how much influence does the law firm want to have over the impact of this shift. Obviously, the traditional law firm franchise has changed — but that change also represents new opportunity for those law firms willing to pursue it.

Bill Josten is the Senior Legal Industry Analyst for the Thomson Reuters Legal Executive Institute. Josten consults with law firms nationally on issues related to law firm profitability, pricing, and cost recovery. This piece first appeared on the Thomson Reuters Legal Executive Institute's website www.legalexecutiveinsitute.com. Reprinted with kind permission.

The 2017 Report on the State of the Legal Market and the 2017 Alternative Legal Service Provider Study can also be downloaded from the same source.

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