

## Best law firm

### Morrison & Foerster

> From the production of timely reports and notifications of regulatory change to its best-of-breed attorneys, Morrison & Foerster has impressed product creators and distributors alike while building on its dedication to education. "They are very deep on the derivatives and the structured products side. Anna Pinedo is definitely top-notch, excellent, very much a go-to person," says one New York-based structured products specialist. "And she has a partner, Lloyd Harmetz, who comes up with solutions and does not scare the hell out of clients."

The addition of Royal Bank of Scotland and Bank of Montreal to its client list lies at the heart of a banner year. The firm assisted in the structured products issuance of Bank of America Merrill Lynch (BAML), BNP Paribas, Goldman Sachs and Royal Bank of Canada (RBC).

While it increased the number of deals it was involved in to 623, the law firm has maintained an innovative streak. "The firm has guided us through the extremely complex web of tax rules that apply to our existing structured products, and provided expert advice as well as creative solutions in developing new products," says one New York-based product manufacturer. "The firm's abilities lend themselves to our most challenging intellectual exercises, as well as our high volume of routine offerings."

Success with BNP-related products included an equity-linked note underwritten by Goldman Sachs and linked to a basket of 50 stocks from the S&P 500. "It's unusual because the underlying stocks were selected partly on the basis of a Sharpe ratio analysis," says Morrison & Foerster's Harmetz. "It's an unusual way to select a stock basket for a structured note, and what made it interesting, challenging and unusual from a legal perspective was the combination of being precise about describing the methodology, while, from a risk perspective, making sure we weren't promising too much to investors. Part of the trick from a disclosure point of view is ensuring the product's aggressiveness is seen in context."

The firm's work for RBC expanded to include all registered offerings on which RBC Capital Markets, BAML, Citi, Goldman Sachs and United Bank of Switzerland were underwriters, while that for BAML expanded to include all Barclays Bank equity-linked issues underwritten by the US bank.

"We are in the midst of ongoing work with Bank of America on a volatility index," says Anna Pinedo, a partner at Morrison & Foerster in



Anna Pinedo

New York. "At the time, the volatility index came out, the only other volatility measure was the Vix. There is a rule filing pending that will allow products linked to the volatility index to be listed on Nasdaq or the New York Stock Exchange."

Harmetz adds, "We pretty much had to understand the market for volatility and draft it – there wasn't much to work on. The special sauce that BAML attempted to buy was using options that traded over an exchange and could theoretically be replicated in investors' portfolios, making it possible for them to issue a product that they could hedge through their own purchases and sales of the related underlying options."

The firm also established structured product platforms with some of Incapital's plain vanilla issuers.

"They are keeping us abreast of the ever-changing regulatory environment and offering subtle changes to our Master Selected Dealer Agreement to address these new regulatory changes," says John Radtke, president of Incapital in Fort Lauderdale. "They have been a terrific partner in helping us identify new opportunities as a result of the changing regulatory and business landscape. For example, we are working with them on innovations to our trust structures and setting up an ETF/ETN [exchange-traded fund/exchange-traded note] platform. Additionally, we have used them to review our structured certificate of deposit program, and they have provided us with valuable insight to the potential oversight that may change the complexion of that market. Morrison & Foerster has been a good partner in establishing credibility for us with potential issuers."

"They have also helped us to expand our product line of offerings to include products designed by UBS, and I would also cite their work in helping us to develop notes linked to the EquityCompass Risk Management Strategy. This product enables investors to derive returns based upon a theoretical portfolio of long and short positions in equity securities, and/or cash, depending upon a set of rules developed by EquityCompass. This innovative product has now become one of our standard monthly offerings."

The final string to Morrison & Foerster's bow is education. The firm has been working with the US Structured Products Association on enhanced investor education, notably on a certification programme established at the end of 2010 to provide training for broker-dealers and distributors. "Not only can they tell you what is right and wrong, they can also tell you why and who is doing it," says a head of structured products at a bank in New York. "I am hard-pressed to produce a runner-up." ●

