

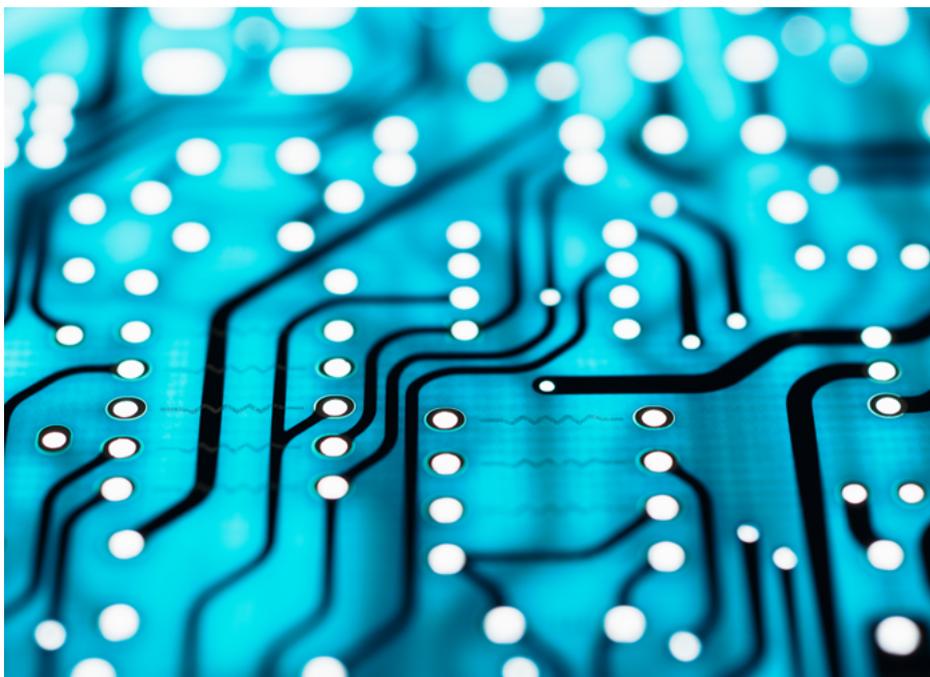


HERBERT
SMITH
FREEHILLS

**LEADING FINTECH
ADVISERS
OUR CAPABILITIES
AND EXPERIENCE**

Contents

- 02 Our fintech experience
- 04 Working with clients in the fintech sector
- 06 Understanding the technology
- 10 Cross-practice expertise
- 12 Our team



Our fintech experience

Technology is rapidly changing every business sector, and financial services are no exception. Herbert Smith Freehills operates at the cutting-edge of the intersection between financial services and technology.

We have a **dedicated global cross-practice team** of lawyers focused on fintech matters of all shapes and sizes across their areas of expertise.

We provide **fully-integrated advice** on financial services regulation, IT and outsourcing, mergers and acquisitions, data protection and privacy, cyber security, investments, tax, employment, competition, insurance and dispute resolution to support our clients at all stages of the fintech lifecycle.

We provide these tailored legal services to a **wide spectrum of fintech clients**, including long-standing financial institutions, challenger banks, technology companies, and start-ups and scale-ups. We also advise other fintech

sector participants, including telecoms operators, insurance companies and asset managers.

Our team has **extensive experience** of guiding clients through the key challenges that arise when financial services and technology meet, including dealing with regulation, creating and maximising the success of partnerships with technology providers or other commercial collaborations and handling, protecting and extracting value from data.

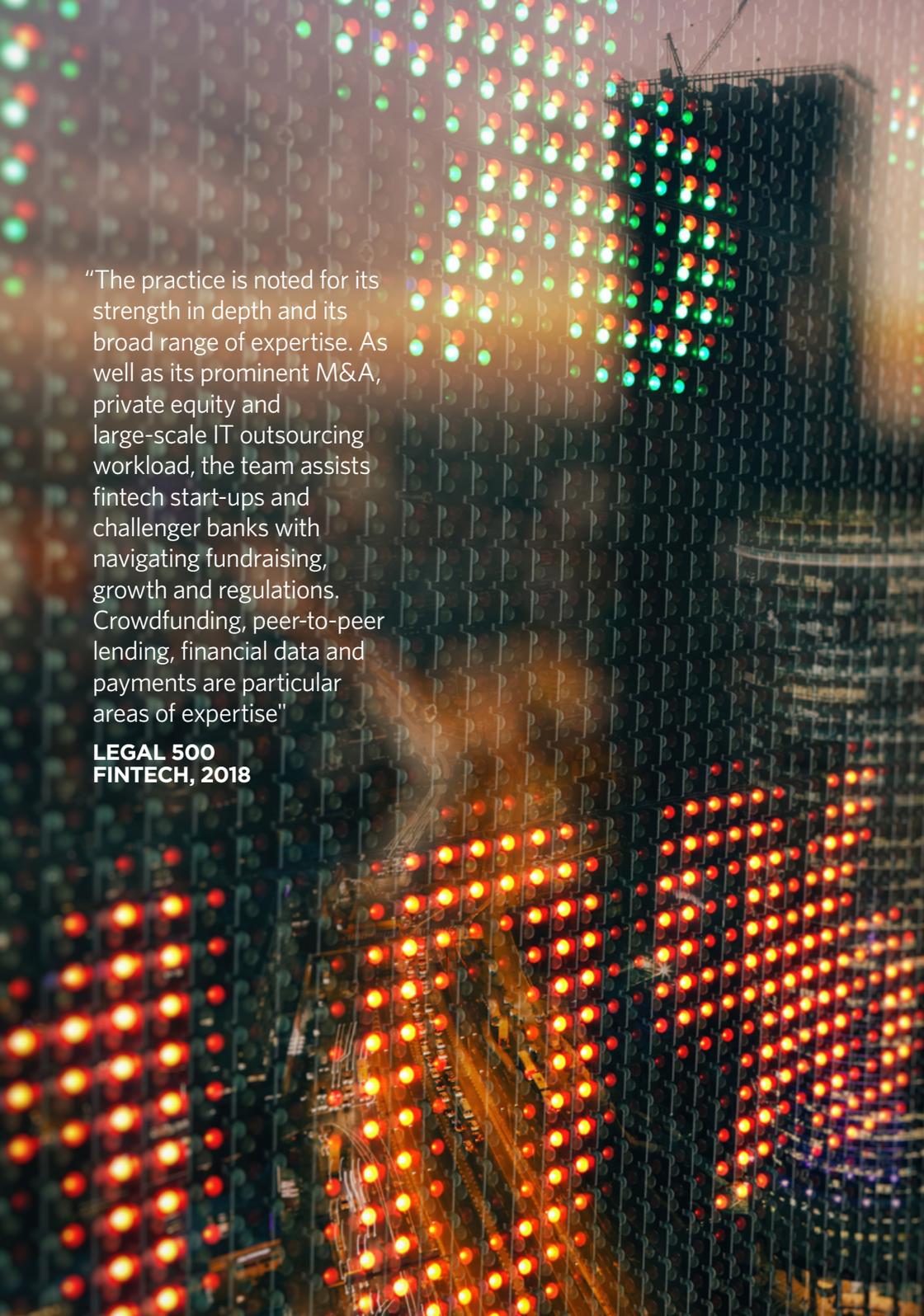
We **support our clients with technology** in its widest sense, including data, digitisation of assets, data analytics and exploitation of data as a strategic corporate asset, artificial intelligence, robotics, internet of things, blockchain, drones, smart infrastructure, and augmented and virtual reality.

We have a **deep understanding of both traditional and disruptive technologies** and have identified a number of macro trends, drivers and key challenges which will have a significant impact on the fintech space in the coming years.

HIGHLY
COMMENDED FOR
EXCELLENCE IN
COLLABORATION
(CLEARBANK/TIDE)
GLOBAL SOURCING
ASSOCIATION
AWARDS
2019

FINANCIAL
SERVICES
OUTSOURCING
PROJECT OF THE
YEAR 2017
GLOBAL SOURCING
AWARDS 2017

HIGHLY
COMMENDED
FOR SUPPORTING
START-UPS
FT INNOVATIVE
LAWYERS AWARDS
2017



“The practice is noted for its strength in depth and its broad range of expertise. As well as its prominent M&A, private equity and large-scale IT outsourcing workload, the team assists fintech start-ups and challenger banks with navigating fundraising, growth and regulations. Crowdfunding, peer-to-peer lending, financial data and payments are particular areas of expertise”

**LEGAL 500
FINTECH, 2018**

Working with clients in the fintech sector

We believe the only way to provide legal services that support and complement our clients is to have a deep understanding of the sector in which they operate. We engage with our clients through thought leadership, acting as a sounding board at board-level, and secondments (Lendinvest, Tandem Bank, UBS, etc).

Long-standing financial institutions

We advise long-standing financial institutions on a variety of projects with technological challenges, including advising TSB since its separation from Lloyds and IPO followed by its takeover by Banco de Sabadell and most recently on a major strategic partnership with IBM to support TSB's digital transformation objectives to become a truly digital business.

We also have significant experience acting for principals and financial advisers on listed company transactions and governance issues.

Telecoms operators

We advise telecoms operators on their increasing investment in fintech, particularly in the mobile payments market.

We advised **Telefónica O2** on the establishment of an m-payments platform joint venture between Vodafone, EE and Telefónica in the UK. We also advised **NTT DoCoMo** on the acquisition of a stake in Just In Mobile, and **Bharti** on its Airtel Money mobile payments service.

Challenger banks

We regularly advise banks with emerging market presence on a variety of corporate and regulatory issues. We advised **ClearBank** (first UK clearing bank for 250 years) on its establishment, and, recently, on its new commercial collaboration with the financial services challenger organisation Tide, its £60 million grant from the Capability and Innovation Fund and the new partnership with Nationwide.

We also advised challenger bank **Tandem** on various equity and debt fundraising rounds and on its acquisition of Harrods Bank Limited.



Insurance companies

We regularly advise our insurance clients based in various jurisdictions, which are currently adapting to new technologies, on their investments and operations. For example, we advised a **global insurance broker** on all aspects of a proposed fintech investment, an acquisition of a leading pensions and investments analytics provider. We have also advised **Marsh, Pensions Insurance Corporation and Financial Services Compensation Scheme** on other fintech projects and initiatives.

Tech companies (including fintech start-ups and scale-ups)

Our lawyers are at the heart of the convergence of technology and financial services, working with tech companies to help them identify challenges and opportunities in the sector, including through the use of blockchain technology.

We advised **Apple** on the launch of Apple Pay and subsequent regulatory issues. In regards blockchain technology, we have also advised on licensing and regulatory issues, and on initial coin offerings (a **major motorbike producer**, an **energy trading start-up**, a **Chinese corporation**).

Asset managers

We work with asset managers globally and in the UK on a wide range of matters including establishing, restructuring and providing ongoing advice to public, private and regulated funds, regulatory matters, investment in fintech and corporate transactions (including business establishment, restructurings and outsourcings).

For example, we advised **Cabot Square Capital** on its investment in Moneyfarm, a robo-asset manager, and a global investment manager on its acquisition of a UK technology company specialising in cashflow modelling tools for wealth management professionals and, separately, on its acquisition of a leading UK software provider to wealth management advisers



Understanding the technology

We are one of the few leading international law firms to have expert and dedicated fintech teams across Europe and Asia Pacific. Our work is driven by the increasing convergence of technology and financial services, and we are ideally placed to identify technology-driven issues and opportunities.

We believe the only way to provide legal services that support and complement our clients is to have a deep understanding of the technologies on which they rely.

Artificial intelligence, machine learning

As a firm, we have publically embraced artificial intelligence (AI) and are actively engaging with clients to understand how they can use AI and machine learning, and how we can support them using AI and machine learning tools. We have advised:

- **RAC** on the acquisition and trial of Australia's first fully driverless and electric shuttle bus
- **BHP Billiton** in relation to its Design, Development and Integration Contract with Bombardier Transportation Australia Pty Ltd. The contract dealt with the procurement of a high-tech automation system, along with complex related services, for BHP Billiton's pit-to-port rail network. The network was designed for use by automated trains
- **IBM** on its acquisition of Oniqua, a market-leading internet of things technology platform for optimising and automating maintenance, repair and overhaul (MRO) processes

Big data and the internet of things

"Big data" and the "internet of things" (IoT) are fundamentally transforming how businesses conduct their operations, and helping companies significantly improve productivity and profitability. Collecting and using data on a large scale however also presents a number of legal challenges for our clients, particularly in relation to data protection and privacy. We are well-placed to guide our clients through these legal challenges. Our credentials include advising:

- **Moneysupermarket.com Group** on its acquisition of Decision Technologies Ltd, a data analytics and price comparison company
- **Mastercard** on the acquisition of the entire share capital of 5one Marketing Ltd, a consultancy providing services, analysis and software to retailers in relation to the use of customer data
- **LendEnable**, a data aggregation and analytics company that facilitates funding of social enterprises, on commercial arrangements, convertible loan notes and redrafting of its constitutional documents in



connection with initial investment and issue of shares

- **FNZ** on its proposed takeover of GBST, a company specialising in custom technology solutions for broking, banking, wealth management, financial services

Distributed ledger technology (including blockchain and cryptocurrencies)

We are coordinating an enterprise grade permissioned distributed ledger pilot with our clients and regulators. The pilot is aimed at clients in the financial services sector. This national blockchain will provide the underlying technology and relationships to enable the next generation of agreements – ie smart agreements and smart contracting.

We have advised a number of companies on setting up cryptocurrency exchanges and on the international regulatory framework for offering cryptocurrency exchange services globally, including issues associated with initial coin offerings, launching and investing in cryptocurrencies.

Our credentials include advising:

- **Red Eléctrica Corporación** on the world's first syndicated loan using blockchain technology. The €150 million loan was engaged from three banks: BBVA, BNP Paribas and MUFG. Negotiations were conducted quickly over the platform developed by BBVA based on distributed ledger technology
- an **investment bank** on its investment in a UK start-up focused on the provision of financial grade blockchain technology for settlement and payment activities
- a **Chinese corporation** on the setup of a cryptocurrency exchange and another initial coin offering in Singapore and Hong Kong
- a **blockchain start-up** on the next generation blockchain platform which will have KYC (know your customer) principles and AML built-in and will be capable of achieving substantially higher transaction speeds

Understanding the technology (continued)

Exchanges and platforms

We have in-depth experience working with financial exchanges on a myriad of complex legal and regulatory issues. Our credentials include advising:

- **The Big Issue Group** on the launch of The Big Exchange, a ground-breaking online social impact funds investment platform, allowing anyone with savings or pensions to invest in funds that give them a financial return and make a positive social and environmental impact
- **11:FS** on its joint venture with Norway's largest financial group, DNB, to establish "11:FS Foundry" – a new digital banking platform provider
- a **confidential client** in relation to providing and coordinating the global advice for launching crypto-crypto and fiat-crypto exchanges globally, as well as hot wallets linked to the exchanges
- a **start-up** on building a digital tokenised commodity exchange with HQ in Singapore focusing primarily on energy commodities like LNG
- a **Dublin exchange** on the setup of a clearing exchange for foreign exchange and cryptocurrencies in Hong Kong
- **Huozhi**, a fintech social enterprise, on the development of a system to support cashless aid to conflict zones
- a **fintech client** on the procurement of services relating to the development, implementation, licensing, hosting and support of a payment solutions platform

Crisis management technology

We have applied our wealth of experiencing advising clients in respect of crisis management issues to create technology to use by clients in crisis scenarios. For example, we have developed an app which alerts clients to the key things that they should do upon discovering a "Significant Regulatory Trigger", such as the discovery of a rogue trader. Our previous crisis management experience includes advising:

- a **major corporation** in relation to Twitter trolling, cyber-squatting and a cyber-attack on its website and the associated potential negative publicity



- **UBS** in connection with the criminal prosecution of the ‘rogue trader’, Kweku Adoboli, and subsequent UK and Swiss regulatory action
- a **consortium of global banks** including Barclays Bank, Standard Chartered Bank, Santander and Deutsche Bank on establishing an innovative Cyber Defence Alliance - a cyber security intelligence sharing joint venture - a first in the market

Agile development methodologies

We have been leading advisers on Agile software and code development methodologies (as well as waterfall and hybrid “wagile” models) for decades. Our understanding of the advantages and pitfalls of Agile working allows us to enable clients to capitalise on the flexibility of iterative development while controlling the risks associated with lack of end-goal certainty.

Our insight into the importance of good governance and project management allows us to enshrine best practice in collaborative software developments into risk-mitigated contracts.



Cross-practice expertise

We have a wealth of practical legal experience of guiding clients through all stages of the fintech lifecycle with market-leading teams across all relevant practice areas, we are ideally placed to advise on ground-breaking fintech matters, in a manner that would not be possible with strength only in limited legal silos.

We also understand that many challenges for fintech clients are as operational and

technological as they are legal. For example, compliance with the GDPR, Cyber Security Directive, MiFID II and PSD2 rely on the implementation of robust operational procedures, particularly in relation to employment, marketing, and data storage. Our cyber security, FSR, technology, IP and data protection teams work closely with clients' operations and tech teams - not only their legal teams - in order to deliver real compliance and real de-risking support.

Corporate

We guide some of the world's leading corporates, commercial organisations and financial institutions through joint ventures, mergers and acquisitions, collaborations, and all other stages of their corporate development.

Employment

We help our clients with their most challenging contentious, transactional and advisory issues relating to the employment, pensions and incentives aspects of fintech transactions.

IT / Sourcing

We provide companies with innovative legal advice that transforms their businesses and guides them through challenging IT and commercial sourcing and procurements, including guidance on compliance with SYSC 8.

Dispute resolution

Our multi-disciplinary disputes team, described by *Chambers and Partners* as a 'powerhouse that consistently tops the rankings across the world', provides world-leading sector specialist advice on litigation, arbitration and alternative dispute resolution.

Financial Services Regulation

We have a deep understanding of financial regulations, and of the regulators who devise and enforce them. We provide advice which showcases technical expertise and a practical commercial outlook, including in respect of PSD2 and payment services compliance.

Cyber security

Our global cyber security team comprises specialists who combine legal, technical and commercial expertise to help global corporates, utilities and financial institutions manage their cyber security, in particular in respect of data breaches and crisis management.

Intellectual property

Whether you are looking to monetise your innovations, protect revenue streams or structure your intellectual property, we combine technical expertise and commercial nous to advise on matters such as on copyright, patent, trademark and database rights.

Capital markets

We provide the world's leading companies, institutional and strategic shareholders and investment banks with advice on transactions and policy, including on equity listings, bond issues and IPOs, empowering them with confidence to manage capital and mitigate risk.

Competition, regulation and trade

Our in-depth knowledge of regulators, courts and policymakers from former secondees, officials and judges means we are well-equipped to deliver bespoke advice to our clients on matters including merger control approvals, and market and cartel investigations.

Tax

From VAT to capital gains tax, technical tax expertise from your advisers is a given. We combine it with an innovative and commercial approach, and we are fully embedded in our clients' deal teams in order to maximise efficiency.

Data protection and privacy

Our practice covers the full range of data protection, privacy and associated matters, including advising on general regulatory compliance, data transfers, subject access requests, employee monitoring and global data compliance.

Alternative legal services (ALT)

We offer innovative, market-leading solutions for high-volume, document-intensive legal work. By combining cutting-edge technology with legal expertise, we have created a cost-competitive, bespoke offering which is tailored to our clients' requirements.

Our team



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“Herbert Smith Freehills are more focused on practical solutions, more willing to really get into the detail of a problem and often more innovative in finding a solution than other firms.”

“HSF fintech group is a high quality legal team with excellent commercial insight.”

“The firm has strength in depth in fintech and broader FS regulatory work.”

LEGAL 500, FINTECH 2020

For a full list of our global offices visit [HERBERTSMITHFREEHILLS.COM](https://www.herbertsmithfreehills.com)
