

This article appeared in the January 2002 issue of *The Metropolitan Corporate Counsel*

## **Practicing Law in London—Mind the Gap**

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The absence of a language barrier may convince U.S. attorneys to move their lives, families and careers across the Atlantic to London, which is a global hub for finance and business. Before doing so, however, U.S. attorneys must confront the numerous cultural and professional differences that will require them to adapt to the London legal environment. Working in London, as well as in other foreign cities, requires a high degree of cultural empathy—expatriates must be aware of the British culture, as well as the various world cultures that make up the London business community. This article provides a brief overview of the professional and personal challenges faced by U.S. expatriate attorneys practicing in London.

### **Professional Challenges**

In terms of obtaining professional licenses, it is easier for U.S. attorneys to practice in London than in it is for them to practice in another U.S. state. As long as an attorney is licensed to practice law in any U.S. state, the attorney may practice U.S. law in London, provided he or she obtains the necessary work and residency permits.

Getting to London is relatively easy, when compared to the daily challenges of living and working there. Anyone who is transferred to a London branch office of a firm, bank or corporation will experience an immediate culture shock upon encountering the smaller size of the office and the lack of support services offered compared to those in larger U.S. offices. Smaller offices require expatriates to become multifaceted because they will have to deal with administrative and business development matters, in addition to substantive work. Although some lawyers will find the broader range of responsibility frustrating, others will find the change useful in building leadership skills and in developing a well-rounded roster of clients.

U.S. attorneys in London also may find themselves working in-house for an investment bank or a corporation, in a satellite office of a firm or on the U.S. team of a U.K. firm or accounting firm. Each of these structures introduces office dynamics that are uniquely different compared to those in the United States. U.S. expatriates who comprise a small group of Americans in a foreign office may serve more of an advisory role than in the United States. Their American perspective might result in more administrative tasks and discrete projects and less transactional work.

### **Competition**

London's legal climate is fiercely competitive. U.S. firms face competition from other U.S. firms as well as from U.K. firms and continental European firms. In London, there are approximately 95 U.S. firms, 215 London-based U.K. firms and 50 continental firms, most of which employ U.S.-qualified attorneys to handle U.S. law-related matters. Most of the investment banks also employ U.S.-qualified attorneys for their in-house legal teams.

The arrival of U.S. firms in London is a relatively recent phenomenon. Of the approximately 95 U.S. firms in London, approximately one-third have been in London for less than four years. The Magic Circle firms, which comprise London's elite global legal practices, have been in London for an average of 124 years. American firms with a strong U.S. presence are viewed as either *arrivistes* or as "not on the radar screen" in the London market. As a result, the challenging prospects of lateral recruiting and business development are even more difficult for U.S. firms in London. Whereas in the United States an attorney may rely in part on the reputation and recent achievements of his or her firm to attract clients, a U.S. expatriate attorney must rely more on his or her personal contacts and reputation to generate business.

U.S. firms are subject to a heightened level of scrutiny in the London legal press, which may be used to their benefit in the promotion of the firm and its recent achievements. However, the disadvantage of this media scrutiny is the impact bad press, such as partner defections or associate attrition, can have on an office. Bad press can affect business prospects as well as hamper a firm's lateral recruitment efforts. In a competitive town like London, where firms are battling for talented and experienced attorneys, candidates make decisions on firms based on recent press as well as on reputation.

### **Office Structure of U.S. Firms**

U.S. firms may structure their London offices with U.S. attorneys, a combination of U.S. and foreign-qualified attorneys or exclusively U.K.-qualified attorneys. Each structure introduces nuances to the practice of law. An office populated solely with U.S. expatriates would lack the guidance and practical experience of U.K. practitioners. Mixed-office structures, or purely U.K.-staffed offices, must overcome the challenge of mixing lawyers from different backgrounds, cultures and with different work habits. These differences manifest themselves in many areas, including staff relations, billing habits and vacation expectations. A common source of tension is the two-tier compensation structure under which U.S. expatriates are paid more than are their European counterparts. Although salary and benefits packages are market-driven, two-tier compensation systems can create a divisive work environment and generate feelings of resentment among associates and partners.

### **Clients and Transactions**

Clients of U.S. law firms call upon their attorneys abroad to counsel them with regard to a variety of cross-border issues. In the capital markets arena, U.S. corporate attorneys must become familiar with the rules governing foreign issuers, which differ from those governing U.S. issuers. Generally, U.S. securities laws offer more latitude to foreign issuers than they do to U.S. issuers. Under U.S. securities laws, foreign issuers use different forms for securities filings, the "F" forms, as opposed to the "S" forms used by domestic registrants. The "F" forms follow a similar structure to the "S" forms, but require disclosure about registrants in certain areas, such as financial statements and executive compensation. Foreign issuers may make filings with the SEC manually, rather than give the public immediate access to their filings through the SEC's EDGAR system. However, once a foreign issuer chooses to file on EDGAR, the issuer cannot revert to manual filings. The SEC has proposed amendments to Sections 100 and 601 of Regulation S-T, which would make EDGAR filings compulsory for all foreign issuers. The aim of the proposed rule is to benefit all investors and achieve efficiencies across the board by

providing for the quick and ready transmission, dissemination, retrieval and analysis of information about all registrants, foreign and domestic.

Competition issues are also more prevalent in international practices and it is not uncommon for corporate attorneys to gain experience in dealing with the European Union's competition authority. As companies continue to grow and merge across borders, the European Commission (EC) and the U.S. Federal Trade Commission (FTC) are extending their oversight to include the matter of whether certain mergers may proceed. This increased activity among competition regulatory authorities results in a corresponding increase in the need for attorneys with or willing to gain experience in competition matters. An example of how broad the reach of global antitrust regulation has become is this year's failed merger between General Electric and Honeywell International. Although the proposed merger between the two American companies was approved by the FTC, the EC chose to exercise oversight over the merger and denied its approval. This growing trend of the FTC and the EC reviewing mergers of purely American or European companies is having a greater impact on corporate mergers and acquisitions and antitrust attorneys worldwide.

### **Relationships with Local Counsel**

Almost every matter of an expatriate attorney's practice transcends international boundaries, which invariably requires the services of local counsel. Working side by side with attorneys from other firms and experiencing different practice methods is often as educational as the client matter itself. Clients expect their attorneys to have quick and ready access to local counsel in any country where a matter may require local knowledge and skills. Therefore, most attorneys maintain contact with trusted local counsel in a host of foreign countries. Over time, this need for local counsel has evolved into a trend of firms establishing formal affiliations or "best friend" policies with local counsel around the globe.

### **Money Laundering Laws**

Attorneys practicing in London must be mindful of the United Kingdom's strict money laundering laws, especially with the establishment of each new client relationship. The money laundering legislation, as it pertains to lawyers and solicitors, seeks to ensure that lawyers and solicitors are not unwittingly used as pawns in client money laundering schemes. All legal professionals in the United Kingdom must have procedures in place to combat money laundering. In fact, failure to have established procedures is a criminal offense. These procedures include identification procedures aimed at discerning the source of funds from every new client, record-keeping procedures requiring files to be maintained for each client and each transaction, internal reporting procedures and training procedures requiring the appointment of a compliance officer and regular employee training. Failure to comply with the money laundering laws is punishable with a maximum sentence of two years' imprisonment or a fine or both.

### **Personal Challenges**

After years of practicing in the United States, most expatriates find living and working in London to be an invigorating change of pace. After only a few months in London, most

expatriates become accustomed to carrying several currencies in their pockets from recent trips, negotiating in several languages and becoming active participants in the global marketplace.

Of course, the cost of living in London is one of the highest on the planet and after months of calculating instant currency conversions to U.S. dollars, U.S. expatriates can still be startled by the cost of a movie ticket. Traveling throughout Central London can also be a daunting experience, especially on the crowded and unreliable underground system, which is so old that the gap between the train and the platform is wide enough to swallow unwitting foreigners. Provided U.S. expatriates mind the gaps on the underground and the gaps between living in American cities and living in London, they will find that London is one of the most exciting and vibrant cities in the world.

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