

Capital Markets Group Of The Year: Morrison Foerster

By Tom Zanki

Law360 (January 25, 2024, 2:02 PM EST) -- Morrison Foerster LLP helped clients raise vast amounts of funds over the past year, highlighted by U.K. chip designer Arm Ltd.'s \$5.2 billion U.S. initial public offering, a blockbuster deal that required global collaboration and earned the firm a spot among Law360's 2023 Capital Markets Group of the Year.

With capital markets attorneys stretching from the U.S. to Japan, Morrison Foerster tapped the expertise of lawyers across jurisdictions to guide Arm's historic IPO across the finish line.

"We truly followed the sun," said Morrison Foerster LLP partner Justin Salon, who became chair of the firm's capital markets practice last year. "There was no time throughout the course of any day or night, depending on what time zone you're in, where we didn't have coverage."

Cambridge-based Arm sold 102.5 million American depository shares in September at \$51 each, hitting the top of its price range and raising \$5.2 billion in the year's largest IPO, easily eclipsing Johnson & Johnson spinoff Kenvue Inc.'s \$3.8 billion IPO in May.

Apart from sheer size, Arm's U.S. IPO was pivotal given the reach of the semiconductor giant's footprint. The company has large operations in China, which required risk disclosures given regulators' sensitivity to tensions between the U.S. and China, while Arm's lead investor, Japanese technology conglomerate SoftBank, was based in Tokyo.

Morrison Foerster lawyers working on the deal spanned London, Tokyo and Hong Kong, in addition to U.S. partners in New York City, Washington, D.C., and Austin, Texas.

"It highlighted our strength across the globe," said Morrison Foerster partner Andy Campbell. "It was a complicated deal involving multiple jurisdictions. We were able to utilize the expertise of different groups across Tokyo, London and the whole U.S."

Arm's IPO was also pivotal economically given the technology giant's chips power the operating systems of most smartphones and mobile devices. And its listing came during a soft period for the U.S. IPO market, prompting observers to wonder whether the time was ripe for a large deal. After some initial choppiness in which Arm shares sank below their initial price of \$51, its stock recovered and now trades above \$74.



Intense media and investor scrutiny of Arm's IPO added pressure to execute a successful deal, lawyers said, which made the endeavor that much more gratifying.

"The most rewarding thing is that the deal was able to get done in a choppy market, and it was successful," said Morrison Foerster partner John Hensley. "We had a client that was thrilled with the execution, and we had a team globally at MoFo that was working around the clock."

While the IPO market continued to be bumpy for months after Arm's landmark listing, Morrison Foerster attorneys say they are seeing "green shoots" in early 2024. The firm is advising Southwest Gas Holdings Inc.'s subsidiary Centuri Construction Group Inc. on an IPO, which has been filed confidentially with regulators and could price this year.

Last year, Morrison Foerster represented Southwest Gas Corp. in several equity and debt transactions, including a \$238 million stock offering in March that helped the company repay debt related to a \$1.5 billion acquisition of MountainWest Pipelines Holding Co. in 2021.

Looking ahead, Salon expects mergers and acquisitions and IPO activity to both accelerate, assuming economic conditions are favorable. He said the firm is prepared to guide more spinoffs in which companies separate from their parent owners in an effort to unlock value.

"We are seeing the M&A side play into the IPO side," Salon said.

Morrison Foerster also guided clients through large debt offerings in late 2022 and early 2023, an otherwise choppy period given rising interest rates. The firm advised e-commerce giant eBay Inc. on a \$1.1 billion debt offering; semiconductor supplier Onsemi — formally ON Semiconductor Corp. — on a private \$1.5 billion raise of convertible bonds; and pharmaceutical distributor's McKesson Corp.'s \$1.9 billion debt offering last June.

And the macroeconomic environment appears more favorable in the near term, as the Federal Reserve begins to discuss cutting interest rates after two years of rate hikes.

With about 80 capital markets attorneys spread across 18 offices in the U.S., Europe and Asia, Salon said Morrison Foerster is interviewing fresh talent in an effort to broaden the firm's reach, noting that expanding its capital markets presence is a priority.

"What you will find, particularly as we expand from a more East Coast-centric capital markets practice to a more balanced diversified geographic practice, is that our group will become slightly outsized relative to the firm at large," Salon said.

--Editing by Andrew Cohen.