

Capital Markets Group Of The Year: Cooley

By Tom Zanki

Law360 (January 25, 2019, 12:21 PM EST) -- Cooley LLP's dominance representing technology and life sciences issuers and deep contacts with investment banks enabled the firm to seize on a robust year of capital raising, guiding landmark initial public offerings plus complex debt deals and earning a spot as one of Law360's Capital Markets Groups of the Year.

California-based Cooley's headline-grabbing IPOs featured DocuSign Inc.'s \$723.7 million offering, which ushered the electronic signature pioneer's long-awaited entry into public markets. The firm also cast its net across many life science IPOs, which tend to be smaller in size but represent a larger segment of equity capital markets deals and capitalized on a boom in convertible debt offerings that were driven by a growth-hungry technology sector.

Cooley's work came during a bullish year for IPOs, which rose in 2018 to their highest level in four years. The firm's partners said having relationships with a deep pool of companies and investment banks that underwrite IPOs positioned Cooley to pounce on the surge.

Of 152 public equity offerings, the firm said it represented issuers on 78 transactions and represented underwriters 74 times. Partner David Peinsipp said the balanced representation is a "key differentiator" for Cooley, providing the firm with a wide breadth of opportunities to strike deals.

"We don't see anyone who can fill that magic quadrant," Peinsipp said, referring to the firm's strength in guiding both issuers and underwriters for technology and life sciences IPOs.

DocuSign's IPO was among Cooley's most notable deals over the past year. On April 26, the venture-backed company priced its IPO at \$29 a share — above its estimated price range — stating it would use proceeds to expand its technology and acquire new customers.



DocuSign, which has been speeding up business transactions by doing away with paper signatures since it formed in 2003, is seen as a category-defining company, making its IPO that much more rewarding for deal counsel who provided legal advice to the e-signature leader.

“You can be on vacation and sell your home,” said Peinsipp, who worked on the DocuSign IPO and a subsequent secondary offering in 2018. “That’s a pretty transformative thing.”

Cooley’s bread and butter also contained a wide menu of life sciences deals. Cancer-focused Allogene Therapeutics priced a \$324 million IPO on Oct. 10, near the top of its range, guided by Cooley. Partner Charlie Kim said Allogene’s strong reception came, in part, because it went public at an opportune time, noting that the stock markets plunged later in October.

Allogene moved quickly, pricing its deal three months after confidentially filing its IPO with the Securities and Exchange Commission. Kim said that’s “about as fast as you can price” an IPO, which often takes more than 100 days to finalize. Allogene received only eight comments from regulators reviewing the submission, Kim said, which the company was able to promptly resolve.

“That’s our job, using our firm-wide, market-leading knowledge and experience to help companies navigate the SEC process as efficiently as possible,” said Kim, who worked on the Allogene deal. “So if there is a market window that you want to hit, we do everything we can to help companies hit it without being held up from a legal perspective.”

Apart from equity markets, Cooley was active in helping companies raise debt, steering hybrid-like deals known as convertible offerings and straight bond deals.

Cooley in September guided software data company Splunk Inc.’s \$2.1 billion convertible offering, which is a debt issuance that investors can convert into stock if the company’s shares hit a certain price. Splunk joined a spree of public technology companies tapping convertible bonds last year, raising money to build their war chests for potential acquisitions, among other things.

“Tech really went heavily into that market,” Kim said.

Convertible deals can be popular with investors, who retain the right to convert their bonds into stock if the company’s fortunes rise. Issuers can save money because convertible bonds often pay lower interest rates than typical bonds to offset the added value of conversion rights.

The Splunk deal contained various complexities. Under Cooley’s guidance, the software giant entered into a “capped call” transaction, which is structured to help the issuer offset potential dilution to its stock upon any conversion of notes, among other advantages for the company.

Cooley guided other big-ticket debt deals as well, including steering longtime client Meredith Corporation in January on a \$1.4 billion offering that helped the media conglomerate fund its acquisition

of Time magazine. Cooley was also active on overseas deals. In April, the firm advised underwriters for Australian software firm Atlassian Corp. PLC's \$850 million debt offering, which could fund acquisitions.

Beyond its California hub, Cooley's offices are spread across the East Coast and other parts of the U.S., as well as in the U.K. and China. The firm's strategic overseas presence enables it to pursue deals abroad, which will play a big part in its future capital markets business.

"Our goal is to provide the best legal advice no matter where our clients reside throughout the globe," Kim said. "Our approach isn't to have tiny offices everywhere, but rather to have leading offices in key geographies like in China and the U.K. and partner with leading local firms where appropriate. We are constantly evaluating where we need to be to best service our client."

--Editing by Alyssa Miller.