

Evolving With the Fintech Sector



Dechert
LLP



Our clients are reinventing the financial services landscape and the way people spend, invest and lend money and trade financial products. As fintech companies continue to innovate and disrupt our economy, our clients face increasing competitive and technological challenges in a regulatory environment that is slow to adapt. Dechert delivers deep knowledge and decades of experience to bridge the gap between legacy regulation and new technology, finding sophisticated solutions for operating in this rapidly evolving arena.

Our lawyers work across offices in the United States, Europe and Asia, advising key players in the biggest global fintech markets. Dechert helps clients leverage new technology, find market opportunities, innovate and navigate legal and regulatory challenges.



Blockchain and digital assets

We know blockchain. Our lawyers help clients leverage the benefits of distributed ledger technology (DLT) to innovate and re-envision how financial instruments and investment products can be constructed. As our clients incorporate cryptocurrency and digital assets across loan origination, purchase, sale, servicing, financing and securitization transactions, Dechert is at the forefront of these sophisticated transactions – providing advice to help clients increase their efficiency, accuracy and value. We are uniquely positioned to apply our deep knowledge of blockchain to complex regulatory problems faced by disruptive fintech firms.

Alternative loans and finance

Borrowers and lenders have new ways of connecting in the marketplace, creating opportunities for private investors, small and medium-sized enterprises and institutional investors. Our lawyers explain the legal framework and familiar structures employed (144A, Reg D, S1) as well as the key differences as digital and tokenized securities bring new asset types to the markets. With broad experience in marketplace lending and capital market structures, Dechert is well-positioned to guide established and emerging fintech clients executing sophisticated structured finance and securitization transactions, pursuing strategic financings and maintaining regulatory compliance.

Electronic financial services

The digital economy has changed the way consumers pay for goods and services and how we invest, online and offline. Dechert represents providers and customers on legal issues in connection with emerging digital services ranging across electronic payments, online investment advisers and marketplace lenders. We advise both providers and customers in connection with the provision of electronic services, including software-as-a-service and cloud services. We assist clients on legal, statutory, contractual and strategic issues related to the use of data analytics and machine learning to collect, develop and monetize financial data. Our global team offers perspectives on the legal matters that vary from one jurisdiction to another, along with insight into customer behavior and the cultural mindset in different regions.

Electronic trading activities

Electronic trading has accelerated across securities and product offerings and includes most market participants, including retail investors, sophisticated proprietary traders, institutional investors, and broker-dealers. Our cross-practice team advises clients on legal and regulatory matters, including compliance with securities laws and regulations, intellectual property protection, and privacy and data protection related to offering direct market access and directed brokerage, developing proprietary trading algorithms, and operating alternative trading systems and securities exchanges. We also regularly represent clients seeking to invest in electronic trading firms and their technology.





A trusted advisor across a range of services

Relying on our fintech solutions are companies, platforms, technologists, investment managers and funds, banks, broker-dealers, exchanges, and private equity and venture capital investors. We work extensively with alternative trading systems, high frequency and algorithmic trading firms, digital investment advisers, data companies and other financial services innovators.

Our aim is to provide companies with a comprehensive range of industry-specific legal services. In addition to the areas above, we advise on business-critical matters related to:

- Breach response, litigation and enforcement actions
- Compliance with public and private regulatory requirements
- Cybersecurity compliance advice, analytics and litigation
- Data privacy compliance advice, analytics and litigation
- Domestic and international tax
- Fund and investment adviser formation and related regulatory matters
- Government enforcement, investigations and examinations
- IP advice, protections, licensing and litigation
- Software-as-a-service and data monetization
- Data protection laws
- Joint ventures, strategic alliances and outsourcings
- Mergers and acquisitions
- Private equity and venture capital transactions
- Registration as alternative trading systems and broker-dealers
- Securities litigation
- Structured finance and securitization
- Technology and software disputes

Integrated resources to simplify complex global issues

Our global resources resolve the complex legal matters that apply to technology development, deployment and implementation. From the largest financial institutions with operations spanning many countries, to entrepreneurial companies launching their businesses in a single jurisdiction, we help clients meet their business objectives, protect their technology assets and successfully navigate regulatory requirements.

Experience

- **A Chinese bitcoin mining company** in connection with a global data breach in which US\$500 million of bitcoin was stolen.
- **A digital asset and technology company** with respect to the establishment of a de novo special purpose national bank charter.
- **Affirm, Inc., Avant, Inc., Carvana Co., BFS Capital, Inc., Enova International, Inc. and loanDepot.com, LLC** in connection with bank partnership arrangements; whole loan sale and forward flow programs; 144A securitization transactions; and warehouse and term financing facilities.
- **A global e-commerce trade association** regarding the development of comprehensive, practical behavioral advertising and other online privacy guides.
- **A global financial services institution** in connection with the establishment of a business to provide digital credentials and authentication services. We advised on strategies for the protection of core technologies and for the commercialization of products and services. We also prepared and negotiated agreements relating to the development of the digital technologies, partnering agreements with third parties to support the exploitation and commercialization of the technology, and customer and user services agreements.
- **A global financial services provider** on a Microsoft Office 365 email intrusion that led to the exposure of thousands of health insurance records, including information protected under HIPAA; as well as the defense of HHS/OCR and day-to-day counseling on privacy/cybersecurity issues.
- **A global financial services provider** regarding legal risks associated with implementing novel actions to protect company systems and customer data.
- **A global provider of financial services software** on formulating and implementing a CCPA program for current and contemplated products and services.
- **A global provider of services to the financial services sector** in Board training on the evolving role of corporate boards in understanding and accountability for cyber and data security risk.
- **A hedge fund** in its complex settlement agreement with a software developer with respect to the ownership of high-frequency trading software and the underlying algorithms used to make trades using the software.
- **A major fintech company** in an inquiry regarding money transmission licensing requirements.
- **Angels of Impact**, a Singaporean social enterprise group, in establishing a fund that uses blockchain technology to make sustainable and ethical investments. The technology allows Angels of Impact to track returns and reduce misuse of funds.
- **A private equity firm** in its investment in a global electronic trading firm.
- **A U.S. start-up** in its registration with the SEC and membership in FINRA as the first broker-dealer approved to operate an alternative trading system to trade U.S. Treasury securities.
- **BerkShares** in connection to the development of the BerkShares platform, in what is expected to be an exciting new application of blockchain technology

- within the context of a digitized local currency. Dechert worked with its client, the Schumacher Center, and a consortium including BerkShares, banks and app developers, for over a year in migrating BerkShares to a blockchain-based system, addressing unique regulatory and licensing issues.
- Advised **BitFury Group**, a leading bitcoin infrastructure provider and bitcoin transaction processor, on equity financing.
 - **Blackboard Inc.**, a leading global educational software company and an affiliate of Providence Equity Partners, in its US\$260 million acquisition by tender offer of Higher One Holdings Inc., a NYSE-listed financial technology company and the 2019 sale of its Blackboard Transact business unit to Reverence Capital Partners, LP.
 - Advised **Blockchain Limited**, the largest crypto e-wallet and blockchain search provider, on its reincorporation and initial equity financing transactions.
 - **Certain large mutual funds complexes and their boards of directors** with respect to the acquisition by the funds of residential mortgage loans.
 - **Coin Homes Inc.** on structuring lending program secured by real estate and cryptocurrency.
 - **Collective Liquidity** on the launch of its innovative liquidity and risk management platform based on the established operational elements and tax efficiencies of exchange funds.
 - **Digital Asset Strategies** in connection to the launch of a cryptocurrency hedge fund.
 - **The Divi Project** on Terms of Use and Privacy Policy for blockchain-based financial services firm.
 - **The Divi Project** on regulatory matters related to launching its cryptocurrency wallet.
 - **Figure Technologies, Inc.** on the US\$20 million security token offering successfully completed by Provenance Blockchain, Inc.
 - **Figure Technologies, Inc.** on its closing of a US\$1 billion asset-based financing facility custodied on its Provenance.io blockchain.
 - **Fore Elite** in connection with securing regulatory approval from the Hong Kong Securities and Futures Commission (SFC) to manage and launch 100 percent virtual asset funds, which is only the fourth such approval to be issued by the Hong Kong regulator. Dechert has also advised Fore Elite on the formation and management of its first virtual asset fund, Fore Elite Flagship Fund, which has closed US\$100 million seed funding from its founder and CEO EJoe Ye and exchange operator Huobi Group on February 28, 2022.
 - **Fund managers** in connection with loan purchases and financing facilities related to loans originated on platforms sponsored by Lending Club, SoFi, Freedom Plus, Square, CommonBond, Funding Circle U.S., Funding Circle U.K., Upstart and others.
 - **Further Global Capital Management** in its acquisition of Payment Alliance International, the nation's largest privately-held ATM provider.
 - **GIC** in connection with the US\$20 billion acquisition by an investor group of a majority stake in Thomson Reuters' Financial & Risk Business (Refinitiv) and subsequent sale by the investor group of Refinitiv, a global provider of financial market data and infrastructure, to the London Stock Exchange for US\$27 billion.
 - **GIC** on the merger of Ultimate Software, a specialist HR software solutions and HR payroll, and Kronos Incorporated for an enterprise value of US\$22 billion.
 - **Huntingdon Valley Bank (HVB)** in connection with a master participation arrangement to sell participations in commercial loans to the MakerDAO PROTOCOL, believed to be the first commercial loan participation between a U.S. regulated financial institution and decentralized digital currency (the "DAI" a stable coin).

- **Huntingdon Valley Bank (HVB)** in connection with a master loan participation agreement with respect to commercial loans.
- A **Hong Kong-licensed fund manager** in connection with securing regulatory approval to manage portfolios that directly invest up to 100% in virtual (crypto) assets from the Hong Kong Securities and Futures Commission (SFC).
- **Interactive Brokers Group**, an automated global electronic market-maker and broker that operates in more than 60 electronic exchanges and trading venues around the world, in its US\$1.2 billion initial public offering. This represented the second largest IPO (at the time of issuance) in 2007. Beyond its significant size, the transaction was noteworthy because: it was conducted through a non-traditional “best efforts”/Dutch auction approach.
- **iTrustCapital** on a variety of tax and regulatory issues related to their highly innovative product offerings. iTrustCapital is the world’s largest platform for buying and selling cryptocurrencies through individual retirement accounts and has secured a US\$125 million Series A equity raise for its Crypto IRA software platform, with a post-funding valuation over US\$1.3 billion.
- **JetPay**, a provider of end-to-end payment processing and Human Capital Management solutions, on its US\$184 million sale to NCR Corporation.
- **Morgan Stanley Investment Management** in the establishment of AIP Alternative Lending Fund A and AIP Alternative Lending Fund P - registered closed-end funds organized primarily to acquire marketplace loans.
- **Multiple alternative trading systems** regarding compliance with Regulations ATS and NMS and responses to the SEC and FINRA in connection with SEC and FINRA examinations.
- Conduct comprehensive reviews of electronic order routing by **multiple stock and options exchanges** for compliance with Regulation NMS’s trade-through rule.
- **Nordic Capital** on the EUR 2.143 billion sale of Itiviti, a leading provider of trading technology and services to financial institutions worldwide, to NYSE-listed Broadridge Financial Solutions, Inc.
- **Nordic Capital** in its acquisition of Duco Technology Limited from its founder and institutional investors including CME Group Inc., Insight Venture Partners and Eight Roads Ventures. Duco is a standout Software as a Service (SaaS) company in the Financial Services, Insurance and FinTech sector.
- **One Equity Partners** on its agreement to acquire corporate online banking solutions from ACI Worldwide. Upon completing the transaction, the entity will operate independently under the new name, Dragonfly Financial Technologies.
- **Pagaya Investments**, as issuer, grantor trust, sponsor, administrator, depositor, in connection with a US\$900 million 144A/Reg S private asset backed securitization, backed by loans underwritten by Cross River Bank, LendingClub Bank, National Association, Upgrade Inc., Marlette Funding LLC and Prosper Funding, LLC.
- **Pagaya Investments**, as issuer, grantor trust, sponsor, administrator and depositor, in connection with a US\$423 million 144A asset backed securitization, the company’s first rated consumer loan securitization, backed by loans underwritten by LendingClub, Upgrade Inc., Avant, Marlette and Prosper Funding.
- **Pagaya Investments**, as sponsor and administrator, in connection with a US\$115 million transaction and its first to be backed by loans underwritten by Prosper.

- **Pagaya Investments**, in a US\$100 million securitization which was a 100% prefunded private 144A securitization of unsecured consumer loans. All loans in the deal were originated by LendingClub.
- **Pagaya Investments**, as borrower and issuer, in connection with a US\$350 million single-family rental securitization, the company's first single-family residential securitization.
- **Pagaya Structured Products LLC**, as sponsor in connection with a US\$1.2 billion securitization of marketplace consumer loans, the largest-ever unsecured consumer loan securitization (eclipsing the previous largest which Pagaya closed in 2020).
- **Pagaya US Holding Company LLC**, as issuer, in connection with a US\$500 million deal, a fully prefunded deal with assets originated on the Avant, LendingClub, Marlette, Upgrade and Prosper platforms through originating banks, including LendingClub and Cross River Bank.
- **Pagaya US Holding Company LLC**, as issuer, in connection with a US\$200 million deal, the company's first personal credit line securitization, backed by unsecured consumer credit line receivables underwritten by Cross River Bank and Upgrade, Inc.
- **People's United Bank** in a summary judgment victory in a landmark case, which involved an alleged breach of the bank's online security system through keylogging malware. One of the first cases of its kind to be decided by an appellate court and named a "national case to watch" by the American Banker, the dispute was resolved after the First Circuit reversed in part and remanded the district court's decision.
- **PPC Enterprises** in connection with its acquisition of Private Client Resources, L.L.C. ("PCR"). PCR provides wealth data aggregation solutions and services to financial institutions, advisors and leading technology providers to the ultra-high-net-worth segment
- **Public Pension Capital (PPC Enterprises)** and its portfolio company Viteos, a tech-enabled provider of end-to-end middle and back office administration for asset managers, on Viteos' sale to Intertrust N.V.; recognized as finalist for "Private Equity Deal of the Year" by The Deal Middle Market Awards 2020, and in connection with the prior acquisition of Viteos.
- **Rubinstein & Schmiedel** on the structuring and launch of their first regulated crypto-trading investment fund.
- **Rudy Capital** on the structuring and initial issuance of debt instruments with a total nominal value of 15 million euros. These are fixed-interest subordinated bearer bonds issued by a Liechtenstein issuer, Rudy Capital GmbH (Liechtenstein), as a private placement and are primarily targeted at professional investors. Rudy Capital Beratungsgesellschaft mbH acts as a strategic advisor to the issuer.
- **Sinar Mas** on their US\$250 million investment in PT. Elang Andalan Nusantara ("EAN"), the company whose subsidiary operates Indonesian e-wallet DANA.
- **SolidX** regarding SEC compliance and related issues in connection with a proposed bitcoin-based exchange-traded fund on the NYSE.
- **Thrive and Court Square**, in connection with the acquisition of Edge Technology Group by Thrive.



Awards and Recognition

Financial Times Most Innovative Law Firms in North America for the Practice of Law

Dechert was ranked among the top five law firms in North America for innovation in the practice of law by the *Financial Times* in 2021. California-based financial services partner Timothy Spangler's work advising Franklin Templeton on development of the world's first blockchain-based mutual fund was honored in the "Innovation in Creating New Standards" category. Dechert helped Franklin Templeton break new ground by navigating the unique legal and regulatory challenges raised by using money market funds to trade in digitalized securities.

LendIt Fintech Industry Awards 2022

Dechert was shortlisted as a "Top Service Provider" in the LendIt Fintech Industry Awards. The award is presented to the service provider that has demonstrated deep expertise, unique value, strong ROI, commitment to clients and the fostering of a deeper understanding of fintech.

Chambers and Partners 2022

The 2022 edition of *Chambers* FinTech ranked Dechert as a leading firm. *Chambers* praised Dechert as a “very active” and “nuts and bolts” firm in the fintech space. The guide particularly noted Dechert’s proficiency in advising companies “through growth on a range of regulatory and transactional issues” and for the firm’s “great expertise in the blockchain and digital asset space.”

The Legal 500 (U.S.) 2021

Dechert was recognized for “Media, Technology and Telecoms: Fintech” excellence by *The Legal 500* (U.S.), which notes that the firm is “particularly strong in cryptocurrencies and blockchain, an area where Silicon Valley partner Timothy Spangler has developed a solid reputation.”

The Legal 500 also recognized Dechert’s active presence in the online investment and lending segments – highlighted in this area are partners Susan Grafton, Matthew Hays and Mark Perlow, who were praised as “names to note for online investment advisers and marketplace lenders.”

LendIt Fintech Industry Awards 2020

Dechert was named among the top five law firms for fintech in the fourth annual LendIt Fintech Industry Awards 2020, which were established to celebrate outstanding achievement by influencers and innovators in the fintech industry.

Dechert was one of a handful of firms named to the shortlist in the “Top Law Firm” category, which was presented to the firm that best demonstrated deep expertise, commitment to clients, and the fostering of a deeper understanding of fintech. The publication received more than 500 nominations.

Financial Times Innovative Lawyers 2019

In the “Accessing new markets and capital” category, a team led by partners Ralph Mazzeo and Timothy Spangler was “Highly Commended” for guiding Figure Technologies in the development of a blockchain-based home-equity business.

After helping Figure launch a proprietary blockchain (Provenance.io) with its own native digital asset (Hash), Dechert provided a number of sophisticated legal solutions allowing Figure to secure a landmark billion-dollar financing facility from Jeffries. Spangler was personally commended by the *FT*. Figure Technologies’ legal team also received a “Commended” ranking in the in-house category.

The Deal Awards 2022

The Deal Awards Shortlisted Dechert for “FinTech Law Firm of the Year” 2022.

Fintech Nexus 2022

Fintech Nexus Shortlisted Dechert as a “Top Service Provider” in LendIt’s Fintech Industry Awards for 2022.

Austin ▪ Beijing ▪ Boston ▪ Brussels ▪ Charlotte ▪ Chicago ▪ Dubai ▪ Dublin ▪ Frankfurt
Hong Kong ▪ London ▪ Los Angeles ▪ Luxembourg ▪ Munich ▪ New York ▪ Paris
Philadelphia ▪ San Francisco ▪ Silicon Valley ▪ Singapore ▪ Washington, D.C.

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