



## **POLICY AND PROCESS GOVERNING GEOGRAPHICAL EXPANSION OF MEMBER FIRMS**

**Adopted August, 2017**

### **Introduction**

It is a common understanding within World Law Group that each member firm is admitted on the basis that it represents a specific "jurisdiction", be that a country, state, province or other geographical entity with nationally or internationally recognised administrative boundaries. Many member firms and many firms that would be considered good candidates for membership of World Law Group have offices and activities in more than just their "home" jurisdiction and member firms that have a limited presence outside of such "home" jurisdiction may determine over time to expand their national and international footprint. This level of plurality is an inevitable feature of the current legal market but it has the potential to cause confusion, discord and discontent within World Law Group.

The Board has previously addressed these issues by adopting the "Policy Governing Member Firms' Jurisdictional Limits in WLG Activities". That policy deals with a number of issues in order to clarify how firms with multiple offices are represented in WLG activities.

Since the adoption in 2012 of the Jurisdictional Limits Policy, there has been an increase in law firm strategic activity and a corresponding increase in the number of members expanding their geographical footprint by opening offices in or entering into mergers with firms that are already present in other members' "home" jurisdictions.

At the World Law Group conference in Chiang Mai, Thailand in 2016 the Board and the Membership Committee discussed the impact of such strategic activity by member firms and resolved that a policy was required to make clear the organisational approach both for the benefit of members and the Board so that there was clear guidance on the right approach. After considering a number of options, the Board recommended that an "Enhanced Review Process" be formalised into a policy to be adopted by the Board and communicated to members. This policy document sets out a process to be followed rather than a set of "hard-wired" outcomes, reflecting the need for discretion when dealing with the complexity of the underlying events.

In the course of developing this policy the Board has also reviewed the way in which member firms are represented on the WLG website and these discussions will be reflected in a separate supplement to the Jurisdictional Limits Policy.

### **Enhanced Review Process**

The Board (with the assistance of the Membership Committee) will review significant strategic actions of any member firm in order to understand the impact of such actions on the relevant firm's continuing membership of the World Law Group.

Such process is as follows:

1. If a member firm or an affiliate<sup>1</sup> of a member firm ("Expanding Firm") expands in or into another member firm's "home" jurisdiction ("Home Firm"), the Expanding Firm will notify the President of the World Law Group as soon as is reasonably possible and will signify whether it wishes to continue to be a member of WLG. The Home Firm shall also be entitled (but shall not be obligated) to provide such notice.
2. The President will, subject to the confidentiality concerns below, inform the Board and the Membership Committee. The Expanding Firm will provide the detail requested in the attached questionnaire to the President as soon as reasonably possible and in any event within one month after the first public announcement of the expansion.
3. The Membership Committee will carry out an initial review of the expansion in such manner as it determines fit. As part of the Membership Committee's review, it may:
  - a. Make further enquiries of the Expanding Firm;
  - b. Call for comments from other member firms affected by the expansion, including the relevant Home Firm;
  - c. Consider any undertakings or covenants of the Expanding Firm that would impact the member firm's ability to satisfy the WLG Membership Criteria;
  - d. Undertake such further investigations as may be desirable, including those with respect to the market in which the Expanding Firm is expanding with regard to size, and economic and strategic significance, with respect to the best interests of the WLG as a whole.
4. Following such review, the Membership Committee will report its findings and recommendations to the President who, following discussion with the Membership Committee and subject to the confidentiality concerns below, will forward the report and recommendations to the full Board.
5. The Board will review the report and recommendations of the Membership Committee in order to decide upon the best course of action in relation to the Expanding Firm and in

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<sup>1</sup> For the purpose of this policy an affiliate of a member firm is any organised economic grouping (partnership or otherwise) which is a law firm and which has the same name as the member firm or has adopted common branding so that they appear to the market to be part of the same firm or network as the member firm. For example, this would capture as an affiliate any firm that adopted the "CMS" prefix or the word "Gowling" within its name.

particular whether its continued membership is in the best interests of the World Law Group as a whole as well as considering the impact on any particular individual member or members. The Board will consider whether to allow continuing membership but on the basis that it is subject to specific undertaking or agreements of the expanding firm. Subject to the Articles and By-Laws, the Board has complete discretion in such matters, reflecting the broad range of possible circumstances and the need to balance the needs of the members of the World Law Group.

6. The Board can invite "in person" representations from the Expanding Firm.
7. If, following the review process outlined above, the Expanding Firm continues its membership of World Law Group then it shall be added to the following year's member review process to provide an opportunity to check that it continues to act in a way consistent with membership and subject to any undertaking and agreements made.

### **Clarifications and Exceptions**

- a) The obligation to notify the President arises in relation to a member's expansion. For these purposes expansion would include, without limit, opening a new office and offering legal services for that new jurisdiction, merging with another firm that has an office in the new jurisdiction or entering into a name affiliation or sharing or similar strategic agreement or arrangement with such other firm, entering into an exclusive referral relationship with a firm in the new jurisdiction or significantly expanding the services offered in that new jurisdiction by recruitment or acquisition.<sup>2</sup>
- b) Mergers and office expansions are commercially sensitive. Members may approach the President on a confidential basis prior to public announcement without triggering the process described in this policy.
- c) The configuration of all members in existence at the date of adoption of this policy will not be subject to the process described in this policy.
- d) Nothing in this policy acts as a limit on member firm activity in the open cities of New York and London.

## **APPENDIX**

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<sup>2</sup> Factors to consider in whether there is significant expansion may include, for example, whether the lawyer headcount in that new jurisdiction is increased significantly/by more than 100%.

1. Name of expanding member firm.
2. Details of proposed expansion including:
  - a) Name of other firm(s)/network(s)
  - b) Jurisdictions/territories in which expanding member firm operates
  - c) Jurisdictions/territories in which other firm(s)/network(s) operates
  - d) Jurisdictions/territories in which combined firm/network will coexist with existing WLG member firm (including existing overlaps)
  - e) For each of the above, details of numbers of lawyers by practice area of combined firm/network in each jurisdiction/territory
  - f) Names (and legacy firm names) of the leadership of the newly formed firm
3. Copies of press releases and press coverage
4. Name of person within member firm to whom enquires should be directed
5. A statement as to how the expanding firm considers its ongoing membership of World Law Group (including its commitment to the membership criteria)
6. Details of any conversations or correspondence with other WLG firms in connection with the expansion