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Oxana Balayan:

«No sooner had I chosen
my profession than
the country's entire legal
system changed...»



OXANA BALAYAN, MANAGING PARTNER OF THE INTERNATIONAL LAW FIRM HOGAN LOVELLS AND HEAD OF ITS CORPORATE PRACTICE IN RUSSIA. SHE IS ALSO QUALIFIED TO PRACTICE BOTH IN RUSSIA AND IN GREAT BRITAIN, AND AT ONE TIME WAS A DIRECT PARTICIPANT IN THE MERGER OF TWO MAJOR PLAYERS ON THE LEGAL SERVICES MARKET – THE AMERICAN HOGAN & HARTSON AND THE BRITISH LOVELLS, RESULTING IN THE CREATION OF HOGAN LOVELLS. IN HER INTERVIEW WITH OUR PUBLICATION, OXANA TALKED ABOUT HOW TO COMBINE TWO COMPLETELY DIFFERENT LEGAL SYSTEMS AND HOW TO CHOOSE CLIENTS. SHE ALSO SHARED HER VISION OF THE FUTURE OF M&A TRANSACTIONS AND COMMENTED ON CERTAIN LEGISLATIVE INITIATIVES

– Oxana, please tell us how you came to choose the legal profession?

– It was a very interesting choice which I made by the method of elimination. I started narrowing down my future professions at school. At that time, defence attorneys handling criminal cases were very popular. These were very famous and well-respected people, and I thought that being a defence attorney was prestigious and interesting. My parents wanted me to be a surgeon. However, I decided that I didn't want to be a doctor and, having rejected all the other occupations I found "objectionable", I settled on the profession of lawyer.

Unfortunately, no sooner had I chosen this profession than virtually the entire legal system in the country changed, and lawyers started specialising, in addition to criminal law, in commercial and civil law, M&A transactions and other areas. So I'd chosen myself a profession in which I never subsequently worked.

– Did you study abroad?

– The Lomonosov Moscow State University where I studied started implementing student exchange programmes between the universities of different countries right at the beginning of my studies. Thanks to that, I managed to go to the USA and Germany. So even my Russian education can be called international. After I graduated from Moscow State University, when all my fellow students went to the United States to get LL.Ms, I decided that an American qualification wouldn't make any future employer sit up and take notice of me, and so I entered a PhD programme in Germany. In addition, I took a course in American law at the European department of New York's famous Columbia University, and graduated from the school of European law in Florence. I also made it to America, completing a special programme on management in consulting at Harvard University Business School. That helped me create a unique combination of knowledge and languages which was and remains of interest to many on the market. I obtained my degree in English law much later, while I was working at Hogan Lovells, in my spare time.

– Are you only involved in management these days, or do you combine it with practicing law?

– I'm the managing partner, but nevertheless, there are only elements of the function of manager in this role, whereas the lion's share of my working hours is taken up by legal work at partner level. You might call me a "player-coach". We have a very professional team, and so management as such is handled by managers. My role is that of a strategist, consisting of the creation of a platform for the entire workforce of the company – the team of partners, lawyers, managers – on which they can work, develop their skills and talents. Plus there's the legal work. I don't spend much time on management functions, as the system that we've built over the course of many years operates brilliantly today.

– You were around for the merger of two international practices – the American Hogan & Hartson and the British Lovells. Looking back, can you see any mistakes that were made back then?

– Our main mistake was probably that we didn't do it before. I consider the main negative factor to be the speed of the procedure rather than anything specific that was done fundamentally wrong. We were trying to create something new, to integrate two completely different systems: the British legal culture's system of "legal socialism", and the American culture's system with its fairly aggressive capitalist model of "eat what you kill". It was fairly difficult, but we managed to do something completely new. We have to hand it to our senior management – when we were just starting the merger, they arranged for partners in management positions to attend a training session at Harvard University Business School (incidentally, with the same professors with whom I studied in my time).

That brought us together and gave us confidence that, despite minor obstacles and difficulties, we would definitely achieve our goal. As far as minor mistakes are concerned, there

were some, but it's rare that you can get by without them.

– You mentioned that you were bringing together two completely different legal systems. How did you manage to do it?

– American firms suffer badly from a virtual total lack of institutionalised clients, there are only very few. Cooperation with a particular client and client relationships as a whole depend on specific partners and specific lawyers. British firms, on the contrary, often suffer from the fact that things aren't at all personalised, and sometimes that hinders the correct development of a relationship between a company and its client.

Hogan Lovells has developed a complex system combining these two models. We took the very best from each of them. We were helped in that by people who'd worked in both systems. These people are now working on our team and helping the firm's further development.

– Some people think that a law firm should differentiate between its clients. Do you think a quantitative balance should be maintained between "ordinary" and large clients, or is it more effective to give one priority?

– Hogan Lovells has never depended exclusively on large clients. I don't think any leading law firms place their bets on one specific client. You need to diversify both your client base and the range of services you provide. We all know full well what happens during a crisis – work on M&A transactions tapers off, crisis-related work and court disputes come to the fore.

Our firm works on us always having a large number of areas, any of which may be in fairly high demand on the market. We strive to ensure that Hogan Lovells' clients are different both in terms of "size" and in terms of the industries in which they operate. We don't focus on any one specific sector. Our strategy is to take on a range of sectors.

Earlier in Russia it was natural to "take on" oil companies. But we stopped to think about what would become an alternative to natural

resources. As a result, Hogan Lovells started developing areas associated with retail, logistics and telecommunications. And today, many of those of our clients with whom we started working around ten years ago, when they were small companies of no interest to anyone, have become well-known brands and continue to work with Hogan Lovells. That has added significance to our practice, and we are now known on the legal services market for being leaders in these areas.

– Can you confirm that interest in M&A transactions has started fading and that there are fewer and fewer of them every year?

– I wouldn't say there are fewer such transactions. We see these transactions less frequently because they're taking place outside the domestic market, including many transactions involving Russian assets. At the same time, sectors are emerging where M&A transactions aren't "high profile", but the number of them taking place is impressive. For example, sectors connected to the Internet are growing fast, including the online services market. We are watching this market closely and providing legal support to its representatives. The transactions in this area aren't so significant in terms of size for them to be widely discussed in the press.

I would add that many companies are now taking up a wait-and-see position, getting ready to "jump". So you can't say that the M&A transactions sector is fading away, it's still fairly active today.

– Why do you think Russian practicing lawyers rarely refer in their arguments to the Constitution of the Russian Federation? Do you have any personal experience of forming a position based on the provisions of the country's Fundamental Law?

– I believe this is down to the traditions of the national legal culture. Russian lawyers are prone to details, to specific legal patterns, to citing specific provisions of law. To us, everything to do with the Constitution and

the international rules of law which lawyers often draw on in many foreign jurisdictions seems too general. Our lawyers need specifics.

I'm mainly involved in M&A transactions, and I personally have never had to cite the Fundamental Law. But I would welcome any reference by Russian lawyers and especially judges to the fundamental rules of law contained in the RF Constitution and international acts. I think this will happen in time.

– What do you think about the "modernisation" of the RF Civil Code? Which of the new statutes might cause problems in practice and which



changes, in your opinion, are long overdue, but have been “ignored” by the reformers?

– I don’t see anything revolutionary in the updated Code. The need for amendments was overdue a long time ago, and the amendments adopted were dictated by practical application. The new statutes undoubtedly make it more complete and up-to-date.

Russian civil law is fairly young, so we still have things that need working on. Many, for example, are concerned by the fate of closed joint stock companies. For now, it’s not entirely clear what will happen to this form of incorporation of a legal entity. It doesn’t exist anywhere in the world apart from in Russia. I think the time has come to let go of it and switch to those forms of legal entity that are common and have shown good results abroad.

– The RF Supreme Arbitration Court has initiated the drafting of a law envisaging the introduction into the Russian legal system

of the institution of the arbitration jury. Do Russian legal proceedings need this?

– I think the jury is alien to Russian legal culture for now. That’s why this institution isn’t particularly popular. Only time can solve this problem, not changes to the rule of law.

Let’s look at where in the world the institution of the jury is a success. Mainly in those legal systems where there is case law or where court decisions play a key role. In the Russian system, the law is above everything else, whilst court decisions are secondary. It’s hard for me to imagine how the institution of the jury could come into our lives in a harmonious manner. But it would be good if it took hold in Russia. It definitely has its advantages.

– Some experts believe that the law is a living organism and that it cannot be constantly changed, whereas others believe that legislative reforms are inevitable. Which point of view do you support? Should legislation be being

BEHIND THE SCENES



1. Who’s your ideal woman? *The Queen of England*
2. What’s your favourite play? *Juno and Avos*
3. Which sport would you like to master? *Boxing*
4. If you weren’t a lawyer, who would you be? *A conductor*
5. Are you an active user of social networks? *No*
6. Which technical innovation have you discovered recently? *The BoardMaps programme, by the start-up Dashboard Systems*
7. How much time do you need to convince the people you’re talking to that you’re right? *Not much*
8. Do you like taking risks? *Yes*
9. What’s your best habit? *Attention to detail*

continually improved, or would it be better to put law-making activity “on ice” for a few years?

– There should be a happy medium. The law-making process can’t be put “on ice” for a few years in our young legal system. That’s a very long period of time. There are obvious legislative gaps that need eliminating. I wouldn’t like to have to permanently live and work with provisions which contradict one another or which contain gaps. If a mistake is obvious, then it has to be corrected.

At the same time, I believe that Russian lawmakers are often in too much of a hurry with their corrections. The speed of changes to Russian legislation is too great, and sometimes, by eliminating one error, the lawmaker makes another. I would reduce the rate of changes to legislation, trying not to put the legislative process completely “on ice” for too long a period.

– **As part of the III Petersburg International Legal Forum, held in May this year, Hogan Lovells organised a cocktail reception and Tarantino-style party. What aims was the firm pursuing in planning these events, and what did it ultimately achieve?**

– In opening the cocktail area at the Forum, we wanted to create a space for the Forum’s participants, including our clients, for networking on legal topics. And I think we pulled it off. The Forum participants had hardly had any opportunity to touch base in the corridors, as the building in which the round table discussions were held didn’t lend itself to that. Our cocktail marquee therefore came in very useful: guests could meet each other in the

fresh air and talk to interesting people, including the Forum’s speakers, and enjoy a cocktail, including Hogan Lovell’s own-brand green cocktail!

In addition, our cocktail reception differed from the other satellite events, which required entry by invitation, in terms of its openness. The Hogan Lovells area saw a unique get-together of consultants, lawyers from large companies, academics, journalists and government officials.

But the most interesting event at the Forum was our Tarantino-style party, which resounded not only over the whole of St. Petersburg, but over the whole of Moscow too! The event exceeded all our expectations: we made lots of new friends and helped a large number of people to make interesting acquaintances and simply to have a good time. Naturally, all these events strengthen the brand and client relations. The Petersburg meetings definitely helped us in that.

I think that large Russian legal events such as the Petersburg International Legal Forum simply need an entertainment programme not directly connected to jurisprudence. That’s why we placed our bets on the *From Dusk to Dawn* party, and we didn’t lose!

– **How do you relax “in real life”? Do you have any hobbies?**

– I spend virtually all my free time – of which I have very little – with my family. I do a fair amount of sport, I play the piano fairly well, and I try to carve out some time for these pursuits.

*Interviewed by Alexei Kashirin,
Nikolay Fedoseyev*