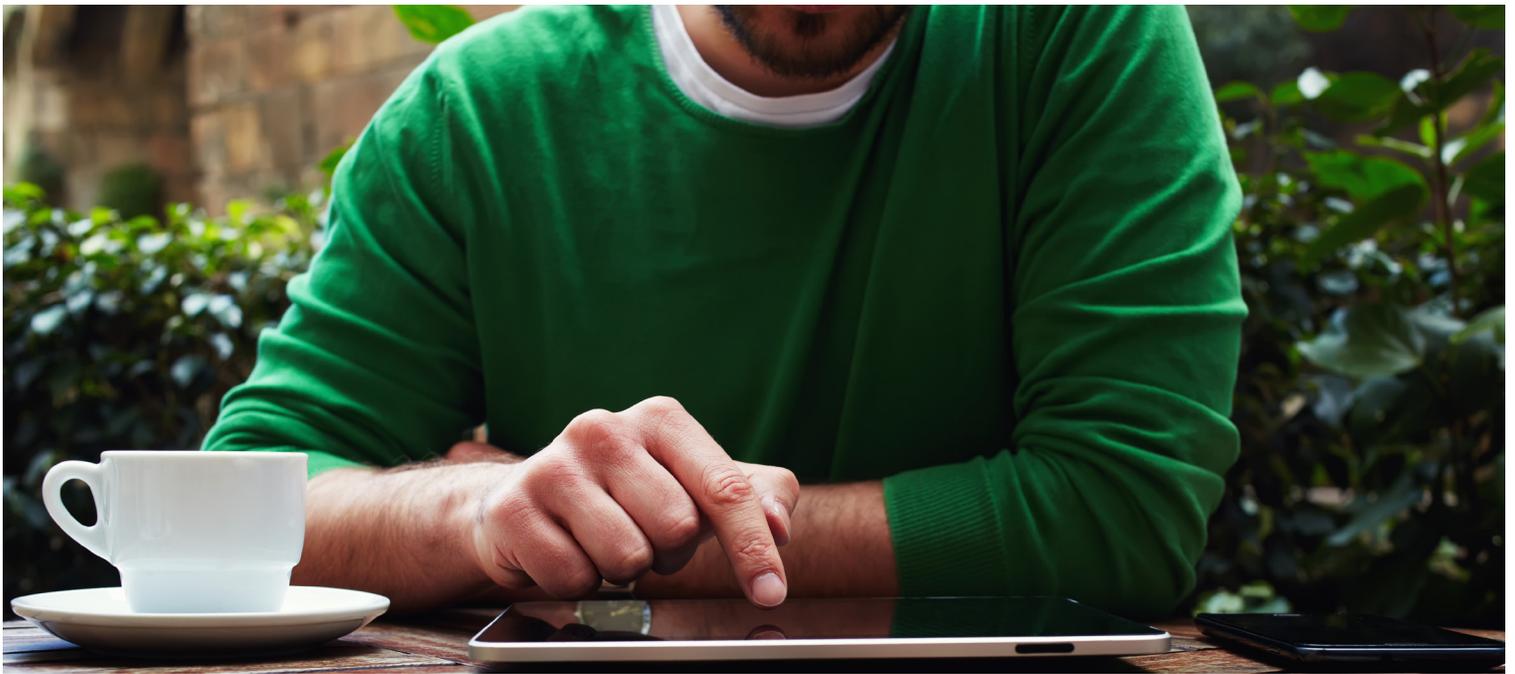


The logo for Hogan Lovells, consisting of the company name in a serif font inside a yellow square. The background of the entire page is a blurred image of a hand pointing at a laptop screen displaying a bar chart and a pie chart.

Hogan  
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# Our Global FinTech Capabilities

June 2016



Financial technology is changing the face of financial services and overturning assumptions about the way they are delivered. Disruptive technologies are challenging the traditional models for the provision of services.

## Supporting the FinTech revolution

FinTech is revolutionizing traditional financial services through technology. New and innovative services are being created to challenge the existing financial services market and Hogan Lovells is at the forefront of this exciting trend.

Our global FinTech practice is at the heart of innovation in the sector, advising on several market firsts and helping both start-ups and established players to launch ground-breaking products.

With ex-regulators and former bankers in our ranks, we know the market from every angle. We're regularly trusted to guide our clients through the most complex product and regulatory issues, meaning there is little we haven't already come across. When novel challenges do arise, our team has the experience to tackle them with confidence.

### Innovative U.S. credit products

In the U.S., we've helped launch innovative credit products such as credit cards exclusively for use in casinos, open-loop and closed-loop gift card programs, and a credit and debit networks designed to reduce fees and data security risk.

### UK market firsts

We have a decorated history of advising on cutting-edge consumer finance and payments projects in the UK, including setting up one of the first internet banks, the first peer-to-peer lending platform and the first mobile P2P payments solution.

We build client teams to provide support and add value in the following areas:

- **Navigating regulatory requirements.** We regularly advise on the most complex regulatory and product issues and have been very successful in helping clients implement practical risk and compliance solutions for innovative business structures and financial services products.
- **Card and Payment Systems.** With the card and payment systems market continuing to evolve, we understand the multi-dimensional legal issues associated and the challenges our clients face. Our team advises across the full range of legal, technology, and regulatory issues and has particular experience representing banks, financial institutions, and financial services companies in an array of matters pertinent to the payments landscape.
- **Mergers and acquisitions.** Whether you are looking to deliver growth through acquisition or if it is time to partner, our corporate team has scale and expertise, and has executed on some of the most complex and challenging corporate transactions.
- **Creating world-class technology.** Team members who have spent time working in-house at high-growth FinTech start-ups give us entrepreneurial DNA. We approach the interface between financial services and technology from both sides, advising major financial institutions and investors as well as technology companies like Google, HTC and IBM.
- **Collaboration.** Collaboration between incumbents and challengers is as important as competition. We're committed to helping all types of FinTech pioneers reshape the industry, whether they're new entrants disrupting the market or traditional institutions looking to capitalize on the landscape shift.
- **Privacy, Data Security, and Cybersecurity.** The protection of digital data and information technology systems against theft and compromise is a growing technical and legal challenge for companies – especially for financial institutions. Our notable position as privacy and data security thought leaders make us uniquely suited to help you navigate the regulatory landscape specific to financial institutions.
- **Protecting innovation.** We help drive your business growth by protecting and leveraging your ideas, innovations, your brand and your creative works. As the only firm ranked in Band 1 for Intellectual Property by *Chambers* on Global, Asian and European levels, you can depend on us to protect your brand and ideas.
- **Raising capital.** Whether you are looking to raise equity or debt, our dedicated corporate and banking teams regularly support scale-ups, multi-nationals, financial institutions and investors in putting in place the arrangements to support their financing requirements.

### Areas of focus

- Alternative finance, crowdfunding and P2P
- Artificial intelligence
- Blockchain
- Cloud computing
- Data and analytics
- Disruptive exchanges and trading platforms
- InsurTech
- Payments and money remittance
- RegTech
- “Robo-advice”

# Keeping your legal and regulatory needs in check

## Marketplace lending (regulatory)

Marketplace lending has brought about significant change in the consumer finance sector.

Ever since advising on the setup of the world's first P2P lending platform and the UK's first mobile P2P payments solution, we have made sure to keep ahead of the curve on regulatory developments which impact clients operating in this space.

With nearly US\$1tn in loans expected to originate through marketplace lending by 2025, opportunities are rife and still growing.

We recognise the need for companies active in this space to have access to a full-service legal team with a fundamental understanding of consumer finance and regulatory regimes across the sector.

Our market-leading position in consumer finance is supported by an excellent track record of advising marketplace lending and crowd-funding start-ups.

When looking at product and regulatory issues there is little we haven't already come across, allowing us to provide reliable, market-driven advice.

## Marketplace lending (transactional)

With vast experience of capital and growth financings, commercial transactions and exit strategies, we can support you throughout your full lifecycle.

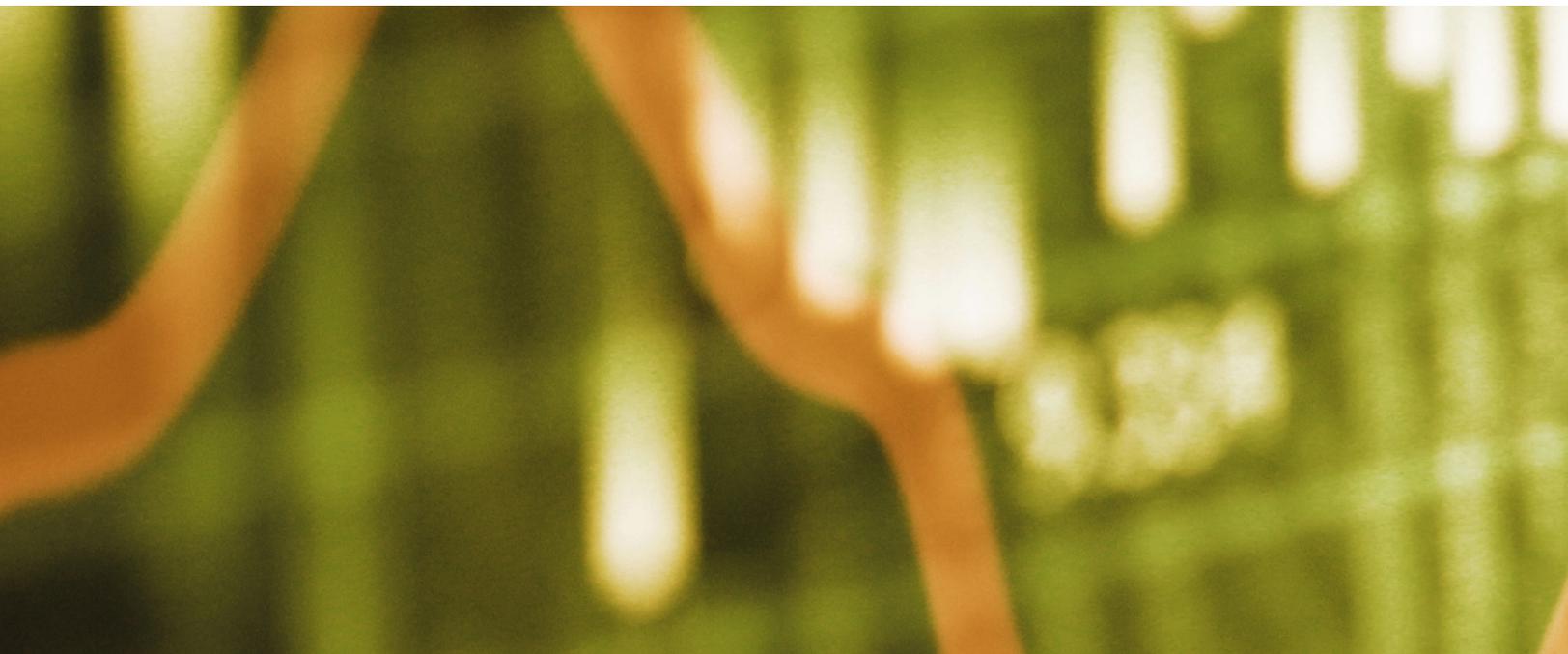
We often continue serving clients originally sponsored by private equity or venture capital funds through and beyond the IPO stage, in "going private" transactions and with M&A activity.

Our team understands the complexities of operating in the highly regulated finance sector and seamlessly incorporates regulatory advice at all stages of a project.

In the last two years our team has been deeply engaged in the exciting FinTech space and now has a wealth of experience on how to get these deals done.

As marketplace lending has taken off, some of the world's leading players have turned to us for guidance on how to securitize their portfolios. Retail investors are keen to benefit from eye-catching potential returns, but a range of regulatory and structuring issues need to be considered.

Combining the experience of our financial services regulatory and capital markets lawyers, we advise originators and arrangers around the world on the securitization of consumer loans. Our team's experience includes a number of market firsts and innovative transactions, including the largest whole-business securitization in the world to date.



## Blockchain

Blockchain is anticipated to become a disruptive means to address secured transactions via a resilient, decentralized P2P system.

Examining the legal implications of blockchain technology requires knowledge and experience in e-payment, cybersecurity and data privacy matters, making us perfectly placed to track developments and keep you up to speed.

Blockchain has until now been mostly associated with digital currencies, but our market surveillance has noted emerging projects in a variety of industries, including insurance, media, life sciences, and energy.

We have been working with leading financial institutions to better understand blockchain technology and how it can be used as a substitute for existing transaction platforms, as well as presenting on the topic to investment banks, news agencies and other interested parties.

In parallel, we are participating in several global initiatives relating to the Internet of Things. We sit on the policy committee of the Alliance for Internet of Things Innovation (AIOTI) – a multi-stakeholder group created under the auspices of the European Commission to develop common regulatory approaches.

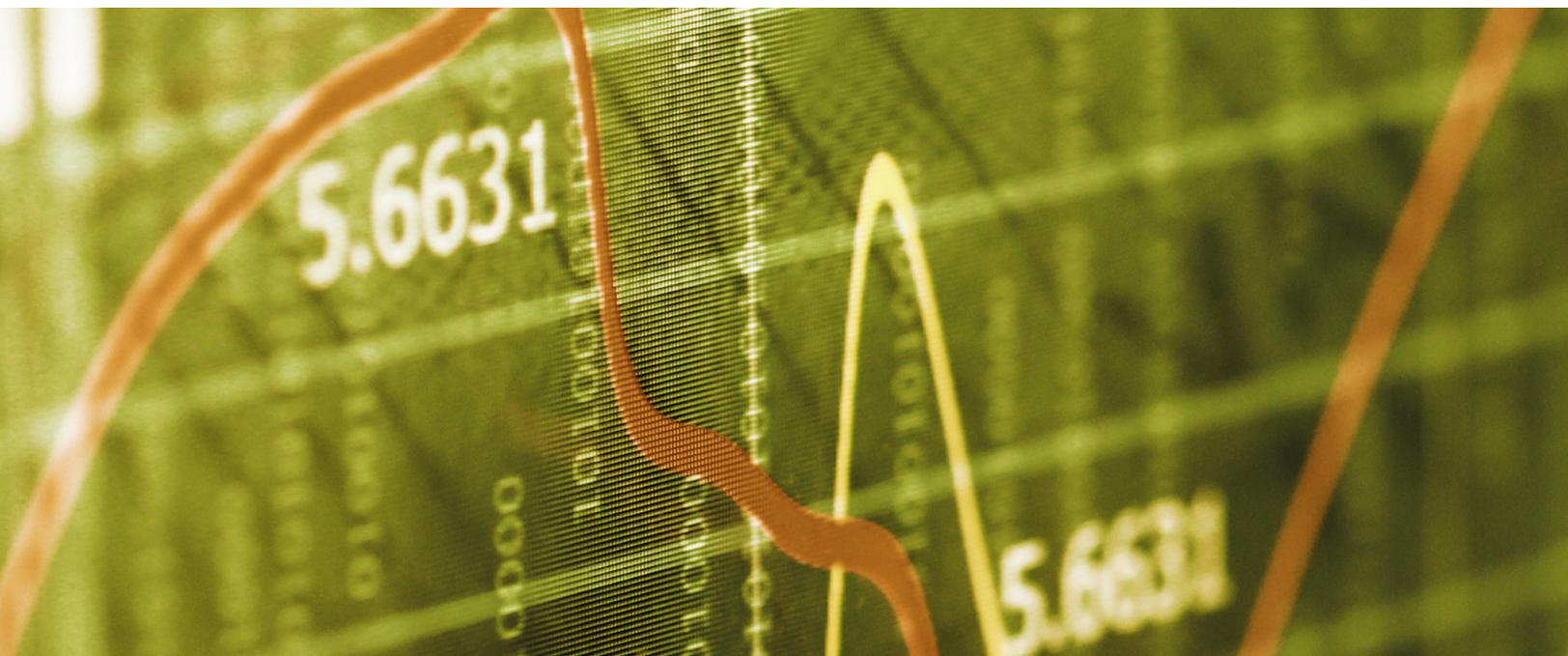
## Robo-advice

Automation has been a fixture in investment portfolio advice for the best part of two decades, but the FinTech boom means robo-advice is quickly becoming a hot topic.

Financial advice, innovation and technology have all been declared priorities for the FCA. Robo-advice straddles all three areas, meaning it is sure to be under the regulatory spotlight.

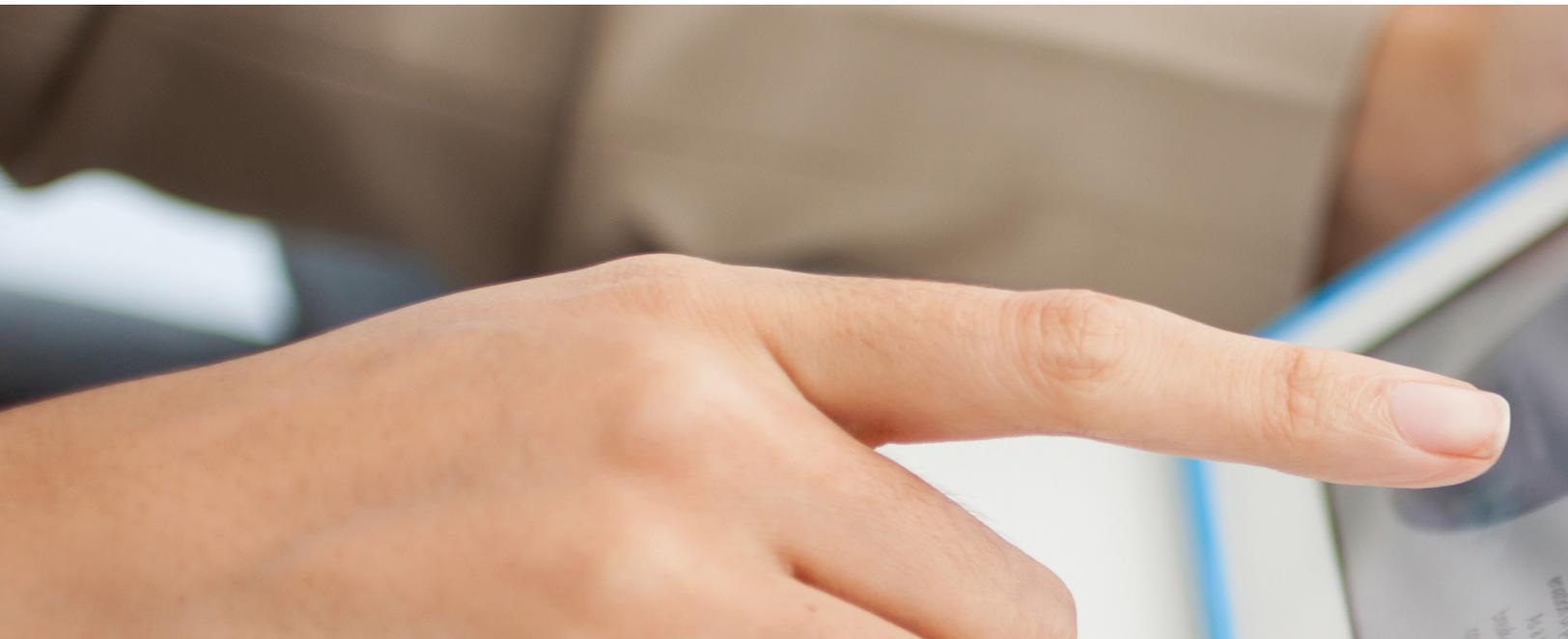
A more open-minded approach to achieving efficiency in financial services is leading to an increased appetite for this automated class of financial adviser, and players delving into the market will need sound legal advice from a firm at the cutting edge of the industry.

We always keep abreast of developments and can help you deal with the scrutiny of the FCA's planned specialist "advice unit" being set up to deal with robo-advisors.



## A selection of our global experience

- Advising Regions Financial on its partnership and operating agreement with online lender Foundation, Inc. to provide online commercial loans to small business customers through a dedicated web portal
- Advising BancAlliance and online lender Foundation on their partnership to bring a new small business lending technology solution to over 200 community banks in the U.S.
- Providing on-going support to Radius Bank, an innovative bank that offers a virtual banking platform, including assistance with the development of new products and partnership arrangements with Gradifi, Prosper, Aspiration, SmarterBucks, and LevelUp
- Advising Funding Circle Holdings Limited on the acquisition of Zencap Global S.à r.l. This creates the first truly global marketplace lending platform, with Funding Circle expanding into Germany, Spain and the Netherlands alongside its existing operations in the UK and U.S.
- Advising On Deck Capital in its US\$42m Series D financing led by Institutional Venture Partners
- Advising a U.S. commercial bank on an e-money product and cross-jurisdictional issues, reviewing and drafting e-money distribution agreements and customer agreements.
- Advising Kreditech on a privately placed US\$200m consumer loan receivables securitization from U.S. investor Victory Park Capital
- Advised a major private bank on the regulatory issues associated with establishing a crowd-funding platform through which clients would be able to purchase equity interests in unlisted companies.
- Advising Barclays on the regulatory and contractual issues affecting the distribution of its bPay wearable payment devices
- Advising Monitise plc on a joint venture with Banco Santander aimed at investing in, building, and scaling Fintech businesses
- Advising Santander Innoventures on its Series A investment in Elliptic Enterprises Limited (a blockchain intelligence company)
- Advising Santander Innoventures on its Series A investment in a blockchain technology company.



- Advising a UK-based platform on the establishment of a crowd-funding exchange for debt and equity investments
- Advising Paysafe (formerly Optimal Payments) on its €1.1bn acquisition of Skrill Group. The deal won Transaction of the Year at the 2015 AIM Awards
- Advising a global bank on plans for a new mobile payments venture, covering international and domestic P2P payments and bulk payments functionality.
- Advising PayPal on all aspects of its China business, including making the first ever application to the Chinese central bank by a non-Chinese company for a payments license
- Providing regulatory and commercial advice to a leading provider of smartphones, tablets, and personal computers in the development of a cutting-edge payments application
- Advised on and managed REDI Technologies Ltd's application for authorization, as well as assisting many other FinTech businesses on their journeys to being authorized institutions.
- Advised on the setup of Wonga.com in the UK and the launch of its P2P lending platform.
- Advising Zopa, a peer-to-peer marketplace lender, on various product and regulatory issues.
- Advising a worldwide online payment services provider on the development of various new products and business models in the UK and Europe, including the use of virtual/digital currencies based on blockchain.
- Assisting a bitcoin exchange platform in Germany in respect of authorization under the second Markets in Financial Instruments Directive (MiFIDII).
- Advising a syndicate of 19 lenders on their US\$2.45bn five-year term and revolving facilities for Tencent, the leading provider of internet value-added services in China. We also advised Tencent in relation to the successful Hong Kong launch of its "Lucky Money" virtual red packet product.
- Advised on the setup of Wonga.com in the UK and the launch of its P2P lending platform.
- Engaged with developers of digital currencies based on blockchain on regulatory perimeter issues.
- Acted for an online platform on the establishment of a crowd-funding exchange for debt and equity investments.
- Advising a global retailer on its plans for web-based e-wallets accessible through hand-held devices, across multiple jurisdictions.



# Our strategic partnership with Innovate Finance

FinTech businesses need to contemplate regulation and commercial frameworks to support strategies for today and the next generation. Hogan Lovells are exceptionally well placed to help Innovate Finance support their members' growth through this fast-changing landscape.

*Alastair Lukies CBE,  
Chairman of Innovate  
Finance*

Hogan Lovells seeks not only to participate in the FinTech revolution, but to also play a pivotal role.

In late 2015, Hogan Lovells entered into a strategic partnership with Innovate Finance, a London-based non-profit serving the global FinTech community. Innovate Finance serves as a single access point to the full financial services and technology ecosystem by connecting its members to policy makers, regulators, investors, customers, educators, talent, and key commercial partners.

In its capacity as strategic partner, Hogan Lovells works with the full range of players, from start-ups to established financial services institutions and FinTech companies.

In the months since we announced our strategic partnership, Hogan Lovells and Innovate Finance have worked together in both the U.S. and the UK.

## *Transatlantic Working Group*

In mid-March 2016, Innovate Finance and Hogan Lovells co-hosted a round-table event at our Washington, D.C. office with a number of leading U.S. and U.K. FinTech participants in an open discussion on collaboration and the promotion of FinTech in both countries. At that event, Innovate Finance announced the launch of its Transatlantic Working Group, led by OnDeck. The group seeks to advocate on behalf of policies that foster innovation through information sharing and best practices.

## *Women in FinTech*

On 8 March 2016 we helped Innovate Finance celebrate International Women's Day with a special event that highlighted 21 Women Founders or CEOs amongst the Innovate Finance community.

INNOVATE | FINANCE

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“Together with Innovate Finance we have a unique opportunity to collaborate with the innovators, disruptors and forward thinkers as well as the established players in this rapidly expanding community which will revolutionise the financial services sector as we know it.”

*Rachel Kent,  
Co-Head of Hogan Lovells' Financial Institutions Sector*

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Hogan Lovells is uniquely positioned to bridge the transatlantic gap between the U.S. and the U.K. because of our global presence and deep understanding of the issues that face regulators and financial institutions. With lawyers in the U.K. and the U.S. who have had deep and wide-ranging experience in the FinTech sector, Hogan Lovells provides valuable insights to the other participants about U.S. and U.K. regulation and other transatlantic developments.



# A global team, ready to scale up with you



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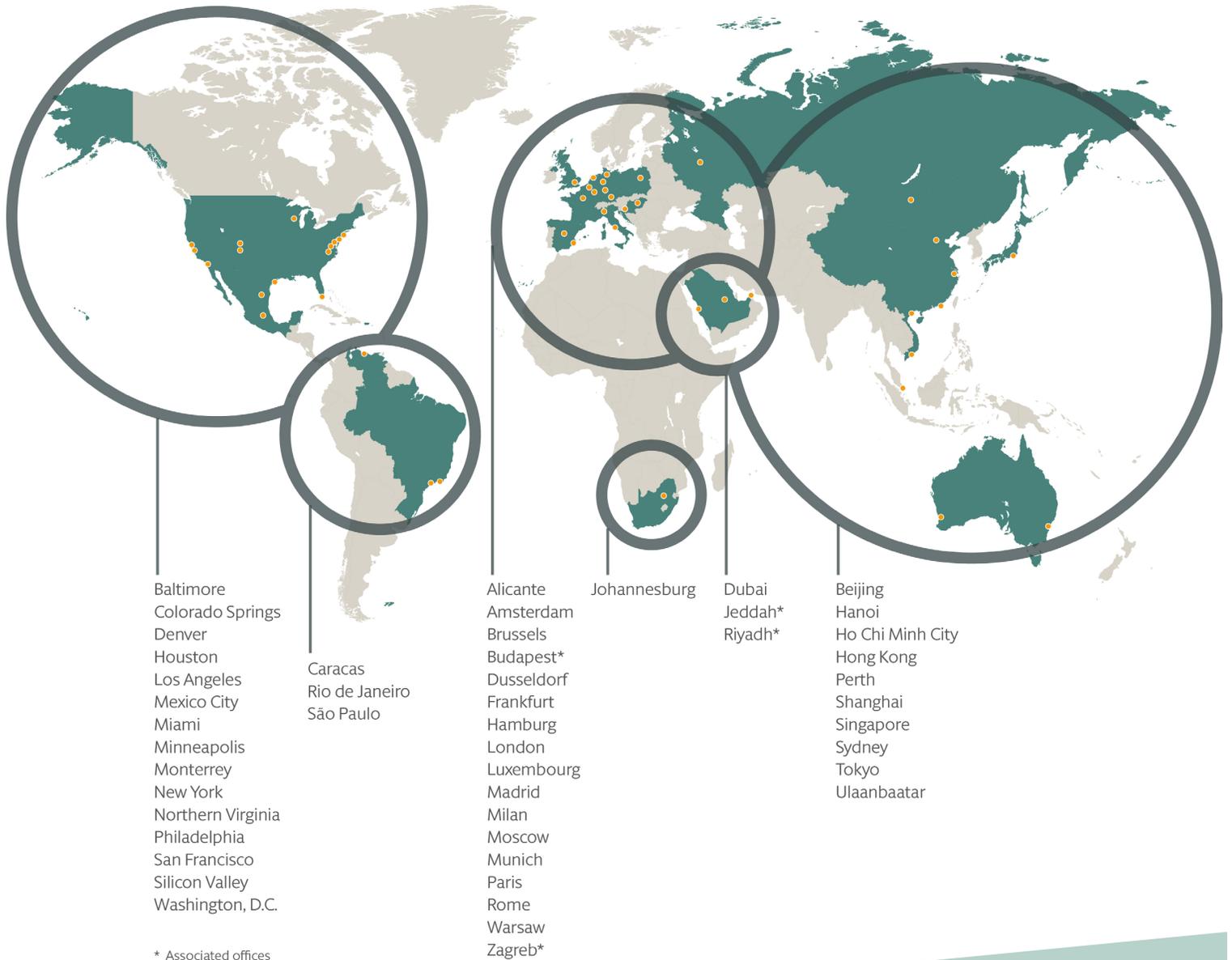
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“They’ve provided helpful, practical advice on interpreting what is difficult for legislation and presenting step change in our industry as well as in terms of how the services we provide are going to be regulated.”

*Financial Services  
Chambers UK, 2016*

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