

## Fintech Group Of The Year: Sullivan & Cromwell

By Quinn Wilson

*Law360 (February 23, 2023, 2:02 PM EST)* -- Sullivan & Cromwell LLP in the past year oversaw a groundbreaking settlement with regulators registering the first interest-bearing cryptocurrency product as a security, advised the largest-ever acquisition of a fintech company and facilitated the first cryptocurrency registered with federal futures oversight bodies, earning the firm a spot among Law360's 2022 Fintech Groups of the Year.

Sullivan & Cromwell's fintech practice group was involved in merging cutting-edge financial technologies with longstanding legacy systems over the course of 2022.

The firm's February 2022 settlement integrated BlockFi Lending with the existing regulatory framework, evoking a reaction from U.S. Securities and Exchange Commission Chair Gary Gensler, who noted its importance to the growing crypto sphere.

When advising Goldman Sachs on its \$2.24 billion purchase of GreenSky, an Atlanta-based home improvement loan provider, the firm's work helped bring the legacy bank into the growing market for the buy-now-pay-later model of financing.

And in April 2022, the firm oversaw FalconX as it became the first and only cryptocurrency swap dealer registered with the Commodity Futures Trading Commission and the National Futures Association. This made FalconX one of the first crypto-focused primary-level members of the International Swaps and Derivatives Association.

It's in deals like GreenSky where cross-practice collaboration is key, according to Rebecca Simmons, co-head of the firm's fintech practice. This transaction involved practice expertise spanning mergers and acquisitions, fintech and financial services.

"In order to integrate these new technologies and new approaches into the existing financial infrastructure, you need to understand the existing financial infrastructure at a very high level of granularity, as well as the concerns that the regulators have as financial institutions begin to explore these new areas of business and new ways of doing business," Simmons aid.

The fintech practice at Sullivan & Cromwell was a "natural outgrowth" of its financial services practice, which fosters an innate collaboration between the groups, according to Andrew Gerlach, co-managing



partner of the firm's general practice group.

"[Advising in the fintech practice] requires real judgment calls and consulting with colleagues on what they've seen, ... and evaluating potential different approaches to solving complex regulatory problems where the regulation itself is unclear has been absolutely essential," Gerlach said.

In the unsettled modern landscape of financial technology, relying on her colleagues working in enforcement areas has been beneficial, Simmons said, adding that leaning on their experience can help contextualize what some possible consequences of a modern-day fintech attorney's current practices may be.

But the uncertainty of the regulatory landscape proves to be the biggest challenge facing the practice currently, according to Gerlach. Due to the speed of financial innovation, it can sometimes be difficult to give clear legal advice, he said.

"There aren't often good answers [to regulatory questions], and business people like clear answers so that they can act on legal advice," Gerlach said. "Many times, when someone does [offer clear answers], they shouldn't be trusted."

Despite the landscape continually being in flux, both are hopeful about the future of financial technology, as more of it is integrated with the public. Gerlach feels that the innovation will particularly have a positive impact on under-banked people, he said.

"Many people do not normally have access to the kinds of financial services that a lot of us are used to having at our fingertips," Gerlach said. "A lot of what we're seeing in terms of innovation can clearly be applied to help get financial services to people who don't regularly have access to them, and that seems to be a worthwhile benefit."

--Editing by Steven Edelstone.