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Shukie Grossman is global chair of the Investment Funds Practice at Gibson Dunn. He primarily represents sponsors in structuring and negotiating terms of domestic and offshore private funds. He also negotiates employment/economic sharing arrangements among management team members and advises on the acquisition and sale of minority and majority stakes in sponsors, as well as spin-outs of fund businesses and management teams. He spent several years at the Division of Investment Management of the SEC and, for over a decade, taught private investment funds at Columbia Law School.

What do you find most rewarding about your work in private funds?

As a legal practice, private funds is exceedingly diverse in that it amalgamates many different disciplines, including capital markets, M&A, tax and labour. Practitioners are consequently exposed to an ever-evolving array of intellectually challenging issues. It's also the case that the private funds industry has historically attracted some of the most sophisticated and successful individuals in the financial sector, making client interactions intriguing and exciting.

What do you believe will be the impact of AI and machine learning on private fund management and strategy development?

AI has the potential to create greater efficiency in the fund formation process, particularly in relation to investor onboarding, subscriptions and side letter drafting and implementation. While such efficiency isn't likely, in the near term, to replace the need for experienced counsel to advise on complex fund structuring and negotiations between GPs and LPs, it could reduce the time required to complete a fundraise, thereby affording private fund sponsors the ability to redirect personnel toward portfolio development and monitoring and resulting in more rapid capital deployment and optimization of exit opportunities. At the investment level, AI has the potential to generate new investment opportunities as a rapidly growing asset class in and of itself and may add value to existing portfolio investments (regardless of asset class) by allowing key personnel to focus on other aspects of their businesses.

How do you see the regulatory landscape evolving for private funds in the next few years?

Regulatory oversight of private fund sponsors in the US has increased dramatically and has altered the way in which such sponsors conduct business. When I worked at the US Securities and Exchange Commission (the "SEC") over two decades ago, private funds were only marginally on the SEC's agenda. Today, through a series of rule changes, the SEC has increased its oversight over private fund sponsors and has made regulation and enforcement a priority. Our firm is incredibly well positioned to address this development – primarily because our private funds practice has a deep bench of seasoned practitioners

who work alongside some of the most highly regarded regulatory and enforcement practitioners in the US. When, earlier this year, the SEC adopted a new set of private funds rules which would have fundamentally changed the way private funds and their sponsors are regulated, Gibson Dunn, on behalf of leading industry groups, successfully challenged the rules and had them vacated. Other rules pertinent to private fund sponsors, such as in the areas of marketing and anti-money laundering, however, have been implemented and are emblematic of the additional compliance burden to which private fund sponsors are, and will continue to be, subject.

What are some of the biggest challenges private fund sponsors face today?

Economic volatility, resulting from a quasi-recessionary conditions and geopolitical tensions among other factors, has made it difficult for private fund sponsors to exit investments and return capital to LPs. As a result, LPs are investing in fewer private funds or in smaller dollar amounts. This, in turn, has caused many private fund sponsors to reduce their fundraising targets and/or extend their fundraising periods and has created greater barriers to entry for newer sponsors who don't have an established track record or long-term investor relationships.

What do clients look for in an effective private funds lawyer?

Clients desire legal advisors who are well-versed in both applicable law and market practice, highly knowledgeable of their clients' businesses and hyper-responsive. In the private funds space, given that the ability to successfully raise capital is the client's lifeblood, the need for experienced lawyers who can provide commercial advice and offer creative solutions is of paramount importance. This is all-the-more critical against the backdrop of a continuously shifting regulatory landscape.

What advice would you give to someone just starting out in the field of private funds?

The practice of law is a 'people' business. As such, younger attorneys should value their interactions with clients and co-workers and find ways to meaningfully connect with them and inspire confidence in them. Developing these relationships will be critical to achieving long-term success. In addition, it's essential for younger attorneys to hone their craft by constantly expanding their knowledge bases and understanding that there's always more to learn no matter how long you've been practicing.

What has been your greatest achievement to date?

Over the course of my three decades of practice, I've represented some of the leading sponsors in the market in raising billions of dollars of capital. While I'm grateful for each of these mandates, I'm particularly gratified by the opportunities I've been afforded to help establish new fund managers, launch their inaugural fund products and, in some cases, negotiate sponsorship arrangements with prominent institutional investors who have acquired stakes in these new firms and provided seed capital for their funds.

Lexology Index says: *Shukie Grossman is celebrated for his experience and expertise advising clients on a range private investment fund formation spanning buyout, infrastructure, real estate and credit funds.*