

Rising Star: Davis Polk's Zachary Zweihorn

By Elise Hansen

Law360 (July 13, 2021, 3:40 PM EDT) -- Zachary Zweihorn of Davis Polk & Wardwell LLP helped advise Morgan Stanley on its \$13 billion acquisition of E-Trade and Charles Schwab in its \$26 billion purchase of TD Ameritrade, and helped cryptocurrency trading platforms obtain key regulatory wins, earning him a spot among the fintech practitioners under age 40 honored by Law360 Rising Stars.

SOME OF THE BIGGEST DEALS HE'S WORKED ON:

Zweihorn helped guide a pair of blockbuster acquisitions in the retail brokerage space, advising on both Morgan Stanley's \$13 billion deal to acquire financial services company E-Trade and Charles Schwab's \$26 billion all-stock deal to snap up TD Ameritrade.

The acquisitions followed key disruptions in the retail brokerage space, particularly as players such as stock-trading app Robinhood offered retail investors commission-free trades. Traditional industry players had to scale up to compete, and they faced an array of legal and regulatory requirements to make the deals go through, Zweihorn said.

The Financial Industry Regulatory Authority, for example, "kick[s] the tires on everything, from who the new owners are to what the business plans going forward are [and] what the integration process is going to be," he said. "They really want to see a well thought out plan and process."

In these instances, the acquirers were well-known to regulators, "but there's still always the questions of what's the point of this deal, how's it going to affect customers, is there some way in which customers are being harmed here," Zweihorn said.

Regulators pay particular attention to deals that affect retail customers, Zweihorn said, noting that those deals "may get a little more regulatory scrutiny, potentially, than transactions that are more in the institutional space."



Zachary Zweihorn
Davis Polk

Age: 38
Home base: Washington, D.C.
Position: Partner
Law school: Cornell University
Law School
First job after law school:
Associate at Davis Polk

OTHER MAJOR DEALS HE'S WORKED ON:

Zweihorn helped Figure Technologies win approval from FINRA and the U.S. Securities and Exchange Commission to operate a broker-dealer subsidiary in the digital asset space. He also helped win a no-action letter from the SEC that helped carve a path for cryptocurrency trading platforms to navigate broker-dealer and custody requirements.

In addition to creating key guideposts for the industry, the work combined Zweihorn's regulatory expertise with his knowledge of the cryptocurrency industry. The increased convergence of traditional financial services and cryptocurrency has created a need for sophisticated advice that spans those disciplines, he said.

"A lot of work in cryptocurrency has overlapped and required a lot of the broker-dealer security knowledge," Zweihorn said. "That's been an increasing part of the practice."

WHY HE'S A FINTECH LAWYER:

Zweihorn said the rapidly evolving field provides variety, intellectual challenge and room for creativity.

"I really enjoy the intellectual challenge ... [of] thinking through and coming up with creative solutions in ways that help the client achieve their goal while also being true to what the rules require and what their purposes are and the protections that they entail," he said. "The intellectual aspect of having all of these different pieces of the puzzle and figuring out how to align them in a way that gets everyone where they want to be is enjoyable."

HIS ADVICE TO YOUNGER ATTORNEYS:

In a rapidly evolving field such as fintech, staying on top of regulators' statements and enforcement actions is key, Zweihorn said. So is understanding the technology, since it allows attorneys to better discuss potential legal or regulatory challenges and possible solutions, he said.

"In discussing issues with clients and looking at what might be a roadblock, understanding how [the technology] works has helped me propose or discuss with them solutions or workarounds," Zweihorn said. "Understanding the market and the way that it works in a way that just reading legal texts wouldn't get you has been helpful to make sure we understand each other when we talk to clients; it also helps me suggest and work on proposals that will help them get to their goal."

— *As told to Elise Hansen*

Law360's Rising Stars are attorneys under 40 whose legal accomplishments belie their age. A team of Law360 editors selected the 2021 Rising Stars winners after reviewing more than 1,400 submissions. Attorneys had to be under 40 as of April 30, 2021, to be eligible for this year's award. This interview has been edited and condensed.