

# Bear team completes Jefferies' international plan

For David Weaver, president of **Jefferies'** London-based international business, the past twelve months have contrasted with those of some of his peers. Having joined the firm in early 2007 with a mandate to build its international operations dramatically, he has presided over a 50% increase in headcount and a significant beefing up of the firm's sector expertise.

That kind of expansion has been unusual in a market that has seen firms slashing their staff numbers in the face of huge losses. The announcement last week of a new hire for Jefferies' European technology franchise and a clutch of equity-related appointments marked the last significant steps in the bank's plan to build its international business.

The firm's London office now has about 360 staff, with other locations taking the total for Jefferies International to about 490. In addition, its spread of product and sector knowledge now much more closely mirrors that of its US-based parent.

It has been a curious time to try to build a business. But according to Weaver, the credit crunch has provided positives and negatives for the firm. In particular, with BofA and CIBC pulling back, and with Bear Stearns now out of the picture, there have been recruitment opportunities.

"This is a time in the cycle when good people remember that it can be painful working for a very large organisation," said Weaver. That has probably enabled Jefferies to snap up staff that it might have struggled to attract in better markets.

It has not all been plain sailing, however. When Weaver embarked on his task last year, he was also planning a large expansion in debt capital markets. Although he might still make a hire or two in loan trading, the bulk of those plans are on hold while the credit crisis plays out.

Private deals – both involving equity and mezz debt – have continued to flow for the firm. Head of ECM Rupert Mitchell, who joined from Citi late last year, and Chris Snoxall, who joined this June from Merrill Lynch's corporate broking team, are among those who have been working on these.

At the same time, public transaction volumes have collapsed across the board, and Jefferies is no exception. And although revenues in some areas of its business have actually risen, the downturn has hit others. Jefferies' investment banking revenues for the second quarter 2007 were about US\$223m, but fell to about US\$109m in the same period this year.

As a result, the firm's hiring process has been much more focused on secondary markets than it would have been if primary issuance was still healthy.

The new equity hires total 25 sales, trading and research staff, led by *Andrew Shortland* as head of international equities, *Hamish MacLellan* as head of international equity sales and *Omar Saad* as head of international equity trading. All the appointments are from what used to be Bear Stearns.

Among the arrivals there are 12 sales traders, four traders, four research analysts and five research salespeople. The analysts include *Nick Bell* and *James Shuck*, who will cover European media and insurance, respectively. Bell was head of European media research at Bear.

The appointments also include a dedicated sales team focusing on Germany, led by *Michael Harbisch*. Jefferies opened a Frankfurt operation last year following the acquisition of a team from KPMG's German business.

The new hires bring the firm's equity sales, trading and research staff to a total of 700 worldwide, of which more than 100

are based in Europe and Asia. They also bring the research team to nearly 60 senior analysts, of which 17 are in Europe and Asia.

"About nine months ago, we agreed that we had to reinforce our European and international equities business," said Weaver. "We started studying the market to look for individual champions."

The bank identified target hires, with Shortland's name high on that list, but the collapse of Bear Stearns dramatically accelerated the process of bringing a team over.

Shortland was at Bear for 16 years, where he was head of international equities trading, while MacLellan had been at the firm for 12 years, most recently as head of European equity sales trading.

Jefferies also announced two other changes. *Mark Fisher* is joining from Citi as head of European technology investment banking, the role he had at Citi. In doing so, he displaces *Bruce Huber*, who will now take the title of chairman of international technology investment banking but will retain his other roles as head of international cleantech and co-head of sponsor coverage in London.

The other development follows on from a recent hire. In May, Jefferies announced the appointment of Sid Punshi from Goldman Sachs as head of investment banking for India. His arrival has now meant that Weaver can redeploy *Hugh Sandeman* to be head of European telecom investment banking, a sector that he specialised in back in his Kleinwort Benson days.

Sandeman joined Jefferies last year from the London Stock Exchange, where he had been head of business development for India. Since coming on board, he has been managing Jefferies' Indian investment banking business.

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Reprinted from *IFR*, September 6, 2008 • 3 Times Square, New York, NY 10036 • (646) 223-6787

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