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Orrick Keeps Top Spot, Other Counsel Rankings Shift in 1Q.

While Orrick Herrington & Sutcliffe LLP retained its longstanding number one spot among law firms, little else remained the same among rankings during the first quarter of 2013.

Squire Sanders jumped to the number two spot from fourth place during the first quarter last year, working on 51 issues that totaled \$5 billion, according to Thomson Reuters data. The firm also took second place behind Orrick in the negotiated-only issue category. Squire Sanders worked on \$4.4 billion of negotiated deals and \$608 million of competitive deals.

Hawkins Delafield & Wood LLP saw a strong first quarter, climbing up in rankings across the board. The firm jumped five spots from the first quarter last year to take third place for all issues, working on 80 deals, totaling \$3.7 billion. Hawkins jumped to fourth place from seventh among negotiated deals, seventh from 28th among competitive deals, and to first from second among underwriter's counsel.

Fulbright & Jaworski LLP jumped one spot to fourth place, with 94 issues totaling \$3.6 billion. The firm came in third among bond counsel for negotiated issues, and sixth among underwriter's counsel.

No firm came close to Orrick Herrington, however, which worked on 79 issues worth \$9.7 billion this year. About \$8.8 billion of that total were negotiated deals, the largest amount in the category. The firm took third place among competitive issues with \$956.6 million, fourth place among underwriter's counsel with \$2.5 billion, and first place among disclosure counsel with \$5.3 billion.

"We're very proud that so many public entities, and so many of them repeatedly, choose us as their bond counsel," said Roger Davis, partner and chair of the public finance department. "We think that reflects the quality and responsiveness of our legal services."

Orrick, which was founded in San Francisco in 1863, had a 12% market share for the quarter - nearly twice the amount of the 6.2% market share of runner-up Squire Sanders.

"We work across every type of bond issue and across a broad geographic span as well, so there's quite a lot of diversity, and that contributes to the consistency of our ranking," Davis said.

The largest jump to a spot among the top 10 came from McCarter & English LLP, which jumped from 47th place last year, to fifth place this year.

"McCarter & English has been active in the public finance space for more than 30 years and we have continued to expand our bond counsel, as well as our other counsel roles in the area of public finance," said Barbara Kroncke, partner and practice group leader for the public finance group.

The Newark, N.J.-based law firm worked on eight issues totaling \$3.1 billion during the first quarter, with a 3.8% market share. Last year, the firm worked on four issues totaling \$372.1 million in the first quarter. McCarter & English also took fifth place among negotiated issues with a 4.1% market share totaling \$2.6 billion.

"We have attracted a growing array of clients over the years," Kroncke said. "We're fortunate that some of those clients were active during the first quarter."

McCarter & English worked on the second largest deal of the first quarter – a \$2.3 billion refunding deal for the New Jersey Economic Development Authority in January.

Among trustees, the Bank of New York Mellon retained its number one spot, participating in 160 issues totaling \$16.6 billion for the first quarter. US Bank worked on 170 issues – slightly more than BNY Mellon – but had a lower par amount at \$12.8 billion.

The bond insurance industry continued its steady decline as the total principal amount of bonds insured dropped to \$2.1 billion during the first quarter from \$3.3 billion during the fourth quarter of 2012, and \$3.7 billion during the first quarter of 2012. Bond insurers were responsible for wrapping 2.6% of the overall municipal market during the quarter, compared to 4.6% during the beginning of last year.

Assured Guaranty Municipal Corp., which has been responsible for almost all of the new issues insured in the past few years, saw its market share decline to 54.9% from 99.4% during the fourth quarter of 2012, and from 100% during the first quarter of 2012.

Assured said that the low interest rate and tight credit spreads are the main factors limiting insured market penetration.

"We have seen some investors willing to give up the additional safety of insurance in an effort to pick up every basis point of yield," said Robert Tucker, managing director of investor relations and corporate communications at Assured. "As interest rates increase and spreads widen, we expect to see an increase in the demand for insurance."

Another factor affecting business during the first quarter was the "natural market dislocation that occurs leading up to and just after a rating action," Tucker said. "We've observed that, following a rating action, the market needs time to adjust — it seems like that has now occurred."

The bond insurer had been on review for downgrade from Moody's Investors Service for much of 2012, finally receiving a multi-notch drop to A2 from Aa3 in January.

Still, Assured remained the market leader, working on 129 issues totaling \$1.2 billion in principal amount. The company also issued 148 policies totaling \$214 million of par in the secondary market, according to Assured.

Build America Mutual Assurance Company saw a major uptick in business during the first quarter, insuring a total of 131 issues, worth \$856.7 million. That amounted to a 40.1% market share for the quarter.

After it launched in July 2012, BAM insured one deal during the third quarter of 2012. During the fourth quarter, it insured 3 deals, which totaled \$18.7 million for a 0.6% market share.

"We were particularly gratified that our market share of insured new issues grew substantially over the quarter, from 20% in January to 53% in February and March, and we continue to see inquiry from a variety of newly licensed states where BAM is now qualified to do business," said Seán McCarthy, co-founder of BAM.

In the letter-of-credit business, JP Morgan Chase was the top provider by principal amount, with two issues, totaling \$189.1 million. Wells Fargo Bank and Citibank followed closely behind.

Among guarantors, the Texas Permanent School Fund was again ranked first, with 103 issues totaling \$2.3 billion.

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