



Introducing the Magic Circle

The 'Magic circle' is an informal term coined by legal journalists in the 1990s to describe the five most prestigious London-headquartered multinational law firms. These firms (Clifford Chance, Allen & Overy, Linklaters, Freshfields Bruckhaus Deringer and Slaughter & May) are renowned for having exceptional training and some of the highest revenues out of the world's commercial law firms (£1.69bn, £1.627bn, £1.628bn, £1.47bn and £501 million in 2019 respectively). Revenue does not show the whole picture as this is just the money being generated but gives an indication of the significant influence these firms wield.

The Magic circle's position in the market

The magic circle along with the top US firms dominate the global commercial law market. The magic circle is niche because it consists of full-service law firms at the very top of the commercial law pyramid. This means that these firms offer clients legal services within an extended range of departments (corporate, banking & finance, litigation, IP, competition, tax, real estate, pensions, employment, and many more). If a client wants to complete a merger, they can go to the magic circle for a one-stop-shop rather than having to consult multiple firms. The firms are capable of managing the merger through the corporate team, financing the deal through the banking team, managing risk and compliance through the competition team etc. The magic circle firms are experts in a broad range of departments, meaning they often find themselves working on novel and complex multi-jurisdictional deals.

Despite being experts in many fields, the firms do have niches that they are commonly known for. All of them are transaction-heavy firms. This means that they do and generate a lot of money from deals that clients bring to them. Deals are collaborative in nature and have a common end-goal, such as the acquisition of a plane for £300 million. This contrasts non-transactional work such as litigation or regulatory advice. Litigation is adversarial in nature and firms represent clients in order to win a case against the opposing side. The firms do conduct litigation and regulatory work but generate the majority of their profits from deals. Clifford Chance and Allen & Overy are known in the market for their exceptional banking practice. Freshfields is known for its strong Corporate practice and is one of the best in the city at litigation. Linklaters was ranked Band 1 in Corporate, Banking and Litigation by Chambers in 2019, whilst Slaughter & May are a strong corporate firm.

Salary

The magic circle are among the highest payers in the market, only second to the US firms. All firms offer a newly qualified salary of at least £100,000 including base and bonuses, with Clifford Chance and Freshfields offering larger sums through bonuses. The reason behind these generous remuneration packages relates to the expectations of newly qualified solicitors at these firms. Magic circle associates are expected to work longer hours than their peers in the city (with the exception of US firms) and are therefore compensated accordingly for their hard work. At a magic circle firm there are very busy periods, where you will be expected to head home during the early hours of the morning. On the flip side there are quiet periods, where you can make that 6pm happy hour with time to spare. Just be aware that these sums of money come with strings.

Training Style

The magic circle style of training is often described as the best in the city. Upon arrival, you can expect a mixture of classroom-based and practical learning, so it is much easier to find your feet. This academic style of training allows their large cohorts to foster a collaborative learning environment where everybody can learn at a similar pace. This contrasts the US style of training which is a lot more practical and on-the-job learning. US trainee and associate cohorts are significantly smaller than magic circle ones, meaning that they take up more responsibility. More responsibility often translates into the training wheels being taken off much earlier; this is a significant factor in the remuneration differences between the two.

When considering which type of firm is best for you, training should be an important factor. If you revel in the challenge of more responsibility early on in your career, and prefer a smaller trainee cohort, then the US style is for you. If you'd prefer to be eased into big responsibilities, and have more trainees around you in the same seat as you, then the magic circle style is for you.

Training Structure

All magic circle firms barring Freshfields execute a two-year training contract with six-month seat rotations. This means that a trainee will experience four different seats (a group within a department) for six months throughout their training contract. Freshfields differs slightly, as they offer eight three-month rotations during the two-year period. This gives trainees more flexibility, but less time to find their groove within a particular seat. This can be mitigated by opting to stay in a seat for six months rather than three, subject to availability.

Typically during a trainee's third or fourth seat, there is an opportunity for them to do an international or client secondment. An international secondment consists of a trainee working in one of the firm's international offices, or a partner firm's international office. A client secondment would take place domestically, but would see a trainee work in a partner business's legal team. The choice between a client or international secondment is purely personal, and your firm will give you the necessary advice to make this decision. Generally though, secondments are a great opportunity to see more of the market and develop in an alternate working environment.

Conclusion

Magic circle law firms are amongst the most prestigious law firms in the world. The competition for training contracts is steadily increasing due to their stellar training and niche deal-making abilities. To give yourself the best chance of success when applying, make sure to gain as much commercial law work experience as you can. Whether it be an open day or a first-year scheme, personal experience can be incredibly useful in explaining your motivations to be a part of the firm. Although the magic circle is prestigious, the use of this phrase is diminishing. This may be due to the rise of the US firms in the UK market, who also have access to the high-value deals. Thus, although the magic circle is a very good place to start your career, competitors like the US firms and the silver circle law firms are also very impressive within the UK market.