Year 3, Issue 1
February 2016

CEE Legal Matters

In-Depth Analysis of the News and Newsmakers That Shape Europe's Emerging Legal Markets

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If you like what you read in these pages (or even if you don't) we really do want to hear from you. Please send any comments, criticisms, questions, or ideas to us at:

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Editorial: "The Ultimate Source for Information"

"When God was making the months I think February was a mistake, like a burp. There it was, small, dark, and prickly. It had absolutely no redeeming qualities."

– Shannon Wiersbitzky

February doesn't get a lot of love, despite the holiday that lies in its middle. February seems, sometimes, like a cruel joke played on a world eager for hope and comfort. The month is still dark, still cold, still gray, and spring seems almost infinitely far off. Work is a slog, with little at the end of the day except the expectation of more work tomorrow.

At least for some people.

But for us, at CEE Legal Matters, February resonates slightly differently. We associate the month with beginnings, hope, and excitement.

No, it's true!

I suppose, in the interests of full candor, some of my positivity may be related to the vacation I'm about to take to the beaches of Southeast Asia. I admit it. But not all of it, I promise. Because, look: We launched our very first issue of the CEE Legal Matters magazine two years ago this month – a remarkable thing, even as I write it. And each February issue launches a new year, a new editorial calendar, and new plans, opportunities, and expectations.

So let's review a few (non-vacationy) things we're excited about this year. First, our growth is, frankly, a source of real pride. Almost 40,000 – forty thousand – unique visitors a day to the CEE Legal Matters website. And each issue of this magazine is read now by thousands of readers across the region, the United Kingdom, and the United States.

And it's not just numbers. The CEE Legal Matters brand is increasingly recognized as truly valuable. More and more, we see notes like this one:

I would like to tell you that today I received the Special issue January 2016. Not only because of that particular issue, but because of all of your hard work I just wanted to tell you that you are doing an amazing job and providing your audience with super content. Even further – some friends living and working across the region were telling me in the last couple of months that your publication (online and printed) became their ultimate source for information. Compliments!

You can see why we're excited.

Second, by demand of attendees to the first GC Summit last September in Budapest, we recently announced that the 2016 GC Summit will be held on October 6-7 in Istanbul. In addition to placing the event in one of the most dynamic, significant, and fascinating cities in the world, the event itself should be a huge success, attended by as many as 200 Chief Legal Officers from all over CEE. We can't wait.

This issue warrants excitement as well. Former McGuire Woods Partner Simon Cox starts us off with his Guest Editorial from London, and both the Summary of Deals and The Buzz are larger than ever. For the first time our Market Spotlights fall on Bulgaria and Slovakia, including a Round Table conversation with Bulgarian experts, interviews with partners making major deals in both markets happen, guest editorials by Borislav Boyanov and Jaroslav Ruzicka, and much more. The first installment of our new Building Blocks of CEE feature is an extended oral history of Altheimer & Gray, the first genuine pan-CEE law firm, which flared into prominence in the late 90s before dissolving in the early years of the 21st century. Finally, Experts Review focuses on Restructuring and Insolvency across CEE.

There's more. Ultimately, as always, there's a lot.

"February is a suitable month for dying. Everything around is dead, the trees black and frozen so that the appearance of green shoots two months hence seems preposterous, the ground hard and cold, the snow dirty, the winter hateful, hanging on too long."

– Anna Quindlen

Well, maybe. Frankly, we're shaking off the doldrums and looking forward. We're glad you're joining us on the ride. See you in Istanbul!

David Stuckey

Guest Editorial: Churchill to Ceaucescu and Beyond

This March marks the 70th anniversary of Sir Winston Churchill's famous speech at a college in Fulton, Missouri, USA, when he uttered the memorable phrase: "From Stettin in the Baltic to Trieste in the Adriatic, an iron curtain has descended across the continent."

As I look back over a career in private law practice spanning 30 years, it is fascinating to see how far we have come. So much has changed, yet so much remains the same. I think the French have a phrase for it!

As we enjoy "Deutschland '83" on our TV screens, I recall those dark days when colleagues used to travel "behind the Curtain" to visit clients (namely state-owned shipping companies) in Romania, Bulgaria, and elsewhere within the Soviet sphere.

My own first excursions to CEE were in the early 1990s to work on the early state-owned company sales and privatizations. Early clients were a colonel and a major from the air force of one particular country. We used to meet at an air force base just outside the capital, they in their uniforms resplendent with braid and in wide-brimmed hats, and me in my "City suit." We were worlds apart, yet striving for a common goal – a better and safer world for them and their country.

Some deals were quick and straightforward, but others were long and complex, with delays being bureaucratic, political, or even worse in nature. On one occasion, after six years working on an electricity privatization, we were all set to sign the deal with the Italian buyer when the Government pulled the deal, leaving us, their advisors, bemused and forlorn in the grand state room of the Parliament building where the signing was due to take place with all the attendant pomp and circumstance. Hearing this news, the buyer's CEO did not even disembark from his corporate jet and never returned for the eventual (lower key) signing one year later. Governments had fallen, Ministers had resigned or had been replaced, and lesser mortals had been arrested or detained "for their own safety." But we got the deal done! Such was the ultimate overwhelming inertia of the process and the progress towards the overall goal of raising GDP and becoming "EU member state ready."

Another memorable deal a decade or so earlier exposed the early enthusiasm (tinged with inexperience) of CEE governments to embrace Western companies, consultants, and cash. It also taught me a valuable lesson (as an observer – not a victim or perpetrator!) about the dangers of "deal PR" as the driving force. The deal was another State sale – this time of a bank. Although almost ready to sign, it had not been finalized when the high profile PR signing was convened. Local press, TV, ambassadors, and other dignitaries had gathered. All were keenly awaiting the signing of this landmark deal. What to do?! Obviously the sensible option would have been to postpone the PR conference. But no, some officious apparatchik fearing for his or her job pushed on. In the end a blank sheet of paper was ceremoniously signed. Face was saved, but the only problem was that, with the deal having been announced at the "virtual" signing without actually having been finished, the State was severely handicapped in its further negotiations!

So aside from these "pantomime" moments at deal signings, what can I offer from my career of CEE deals?

Corruption is still with us, but to a much lesser degree. Aside from recent events in Moldova, other states seem very keen to clean house. The U.S. Foreign Corrupt Practices Act and the UK Bribery Act are now well known and various local agencies are also doing their bit.

Big Law v. Local Champions

Whilst several major UK/US law firms have entered the region in the last two decades, more recently there has been a gradual retrenchment of networks as the foreign law firms struggle to compete with lower cost-based local firms. Ironically the partners of these local firms were often the beneficiaries of early training with the Western firms. Some law firm models (e.g., Swiss Vereins) can cope with this, whilst others cannot. The post 2007/8 economic slow down probably exacerbated this trend. There are country to country variations. Economics and geo-politics (as in Ukraine, for instance) also play a part.

As Big Law firms retreat, local networks across the CEE region have gained ground, seeking to benefit from the economies of scale, knowledge transfer, and branding power which Big Law firms previously enjoyed, filling the vacuum, usually at lower charge out rates.

As Churchill said elsewhere in his so-called "Iron Curtain" speech:

"Turkey and Persia are both profoundly alarmed and disturbed at the claims which are being made upon them and the pressure being exerted by the Moscow Government."

Today, time will tell how Turkey reacts to Russian aggression on its border with Syria whilst the recent thaw with Iran presents a new market ripe for development after thirty-five years of sanctions. Another "Iron Curtain" has been removed.

I have yet to visit Stettin in the Baltic but I was lucky enough to visit Trieste in the Adriatic. We were conducting due diligence for the sale of a fleet of Ro/Ro [Roll on/Roll off] ships. The Iron Curtain was gone and replaced by a "floating carpet" full of Eastern promise. The Ottomans were coming.

Editor's Note: In a first for this feature, the author changed jobs between the time he wrote the editorial and the magazine's publication date. Simon Cox was a Partner at McGuire Woods London in January 2016, but he has now moved in-house as the General Counsel and Director, the Head of Legal and Compliance at ThomasLloyd Group Limited. We wish him the best in his new role.

Simon Cox, Partner, McGuire Woods, now General Counsel and Director, ThomasLloyd Group Limited

Russia

K&L Gates Moves On From Moscow (p 14)

Building Blocks of CEE:

The Right Firm with the Right People at the Right Place at the Right Time (p 34)

Round Table:

Outlook for the Bulgarian Legal Market: A Resigned but Resilient Hope (p 56)

Experts Review

CEE Experts Review Round-up on Bankruptcy/Insolvency (p 82)

Legal Ticker: Summary of Deals and Cases

Full information available at: www.ceelegalmatters.com

Period Covered: December 10, 2015 - February 16, 2016

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
14-Dec	Baker & McKenzie; Beiten Burkhardt; Herbst Kinsky; Travers Smith	Herbst Kinsky advised ams AG on its acquisition of a 100% stake in CMOSIS International NV from TA Associates. Beiten Burkhardt represented ams in merger notification matters, while TA Associates was advised by Travers Smith, London, and Baker & McKenzie, Brussels.	EUR 220 million	Austria
29-Dec	Dorda Brugger Jordis; Greenberg Traurig; Schoenherr	Dorda Brugger Jordis advised RL Projekt Handelskai Holding GmbH and SIGNA R.E.C.P. Development "Office Center Handelskai" GmbH on the sale of the Rivergate office building in Vienna. The buyer – a 50:50 joint venture of Canadian real estate fund Dream Global and an Asian sovereign wealth fund – was advised by Schoenherr on all Austrian aspects of the deal, with Greenberg Traurig serving as lead counsel and advising on the joint venture.	EUR 189 million	Austria
4-Jan	Herbst Kinsky	Herbst Kinsky successfully represented the province of Lower Austria before the Supreme Court of Justice in a lawsuit initiated by a political party in the region.	n/a	Austria
13-Jan	Cerha Hempel Spiegelfeld Hlawati	CHSH advised Mitterbauer Beteiligungs-Aktiengesellschaft in connection with the voluntary takeover offer for all shares in Miba AG, the subsequent squeeze-out of the remaining shareholders, and delisting of the company.	n/a	Austria
15-Jan	Herbst Kinsky	Herbst Kinsky advised aws Fondsmanagement GmbH – a 100% subsidiary of Austria Wirtschaftsservice Gesellschaft mbH – on its acquisition of a 49% stake in SICO Technology GmbH.	n/a	Austria
15-Jan	Allen & Overy	Allen & Overy represented Oesterreichische Kontrollbank in connection with its public offering of 1.500% Guaranteed Global Notes due 2020. The bonds are guaranteed by the Republic of Austria and will be listed on the regulated market of the Luxembourg Stock Exchange.	USD 1 billion	Austria
22-Jan	DLA Piper	Three lawyers from DLA Piper's Vienna office worked on the firm's team providing advice to the Saudi Arabian Alfanar Group on its acquisition of all shares in Heinrich Kopp GmbH from Luxembourg-based private equity fund Palero Invest.	n/a	Austria
26-Jan	Wolf Theiss	Wolf Theiss advised RLB Steiermark on its January 2016 placement of mortgage-backed bank bonds on the international capital market. Among the consortium of banks participating in the issuance were Bayerische Landesbank, Commerzbank AG, Credit Agricole Corporate and Investment Bank, Erste Group Bank AG and Raiffeisen Bank International AG.	EUR 500 millon	Austria
29-Jan	Abel & Abel; Binder Groesswang; CMS; Gorg, Dorda Brugger Jordis; Hausmaninger Kletter; Kirkland & Ellis; Linklaters; Schoenherr; Skadden Arps; Wolf Theiss	Linklaters and CMS Vienna advised investment banks JP Morgan and Citigroup on matters of Austrian law related to the Carinthian Compensation Fund's offer to the holders of HETA (formerly Hypo Alpe Adria) instruments in the nominal amount of Euro 11.2 billion, as part of the long-awaited debt restructuring of the Heta banking crisis. Skadden Arps, Hausmaninger Kletter, and Abel & Abel advised Carinthian State Holding, Schoenherr advised the Austrian state, and bond creditors were advised by Kirkland & Ellis, Binder Grosswang, Gorg, Dorda Brugger Jordis, and Wolf Theiss.	n/a	Austria
2-Feb	Allen & Overy; Schoenherr; Wolf Theiss	Schoenherr advised an international banking consortium consisting of Societe Generale (technical lead), Danske Bank A/S, Landesbank Baden-Wurttemberg, and Landesbank Hessen-Thuringen Girozentrale as Joint Lead Managers on the successful issuance of a EUR 750 million fixed-rate mortgage covered bond by Vienna-based Erste Group Bank AG. The banking consortium was advised on German law matters (the bonds being governed by German law except for their status clause) by Allen & Overy, and Wolf Theiss advised Erste Group Bank on the issuance.	EUR 750 million	Austria
2-Feb	CMS; Wolf Theiss	CMS's Vienna and Rome offices assisted the Viennese parking garage operator Best in Parking on its first issuance of a corporate bond, made via one of its subsidiaries. The Joint Lead Managers and Bookrunners Raiffeisen Bank International and Erste Group Bank were advised by Wolf Theiss. The interest of the bond is 3.375% and the total nominal value amounted to EUR 90 million.	EUR 90 million	Austria
3-Feb	Brandl & Talos	Brandl & Talos advised on renovation works that have recently begun on the building formerly known as the Generali Center, located on Vienna's largest shopping street, Mariahilfer Strasse.	n/a	Austria
4-Feb	Cerha Hempel Spiegelfeld Hlawati; Wolf Theiss	Wolf Theiss advised Allianz Real Estate Germany GmbH on its acquisition of a 49.5% share of the Fischapark shopping center from SES Spar European Shopping Centers. CHSH advised SES on the group.	n/a	Austria
9-Feb	PHH Prochaska Havranek Rechtsanwälte	PHH advised Harold Primat, a French investor, on a EUR 2 million acquisition of 12% of the shares in Tractive GmbH, an Austrian company focusing on pet-wearable GPS and tracking devices.	EUR 2 million	Austria
15-Feb	Binder Groesswang	Binder Groesswang advised CPB Software AG on its merger with Bavaria Banken Software GmbH.	n/a	Austria
16-Feb	Schoenherr; Wolf Theiss	Wolf Theiss advised Union Investment on the "Aqua" real estate deal, involving its acquisition of the Florido Tower and Solaris office buildings in Vienna from Amundi Real Estate. Schoenherr advised Amundi on the deal.	n/a	Austria
11-Feb	Binder Groesswang	Binder Groesswang advised Greece's Argo Group on the sale of its 100% stake in Argo Egypt to Austria's ALPLA group.	n/a	Austria; Greece
21-Dec	Fiebinger Polak Leon; KR Law; Stavropoulos & Partners; Zepos & Yannopoulos	Austria's Fiebinger Polak Leon law firm advised Dunapack Packaging Division – a division of longstanding client Prinzhorn Holdings – on its acquisition of Viokyt Packaging S.A. from two private and unnamed individuals. Greece's Zepos & Yannopoulos law firm advised the sellers on the deal. Greece's KR Law and Stavropoulos & Partners law firms worked alongside FPL in advising the buyer.	n/a	Austria; Greece; Macedonia; Serbia

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
20-Jan	Cobalt; Gleiss Lutz; Simpson Thacher & Bartlett; Reed Smith; Hengeler Mueller; WKB Wiercinski, Kwiecinski, Baehr; Paksoy; Wolf Theiss; Herbert Smith Freehills; Zepos & Yannopoulos	Cobalt, WKB Wiercinski, Kwiecinski, Baehr, Paksoy, Wolf Theiss, Herbert Smith Freehills, and Zepos & Yannopoulos worked alongside global lead counsel Gleiss Lutz, as well as Simpson Thacher & Bartlett and Reed Smith, in advising Panasonic Healthcare Holdings Co., Ltd. ("Panasonic") on its acquisition of Bayer AG's Diabetes Care business. Hengeler Mueller advised Bayer on the deal, which was carried out in 43 jurisdictions.	EUR 1 billion	Austria; Greece; Poland; Russia; Slovenia; Turkey
5-Feb	KRB; ODI Law Firm; Rojs, Peljhan, Prelesnik & Partners	ODI Law advised the Tus Group on restructuring of approximately EUR 400 million of financial debt, predominantly conducted within the court-sanctioned procedure of preventive restructuring, providing a framework for operative and financial restructuring of Group companies in Slovenia, Bosnia and Herzegovina, Serbia, and Macedonia. The lenders were advised by the KRB law firm, with Rojs, Peljhan, Prelesnik & Partners advising HETA.	EUR 400 million	Bosnia & Herzegovina; Macedonia; Serbia; Slovenia
11-Dec	White & Case	White & Case represented Bulgarian Energy Holding in European Commission antitrust probe, AT.39767 - BEH Electricity, which concluded without a finding of an infringement.	n/a	Bulgaria
27-Jan	CMS	CMS successfully advised three key renewable energy companies operating in Bulgaria on a global out-of-court settlement with the Bulgarian Transmission System Operator regarding the Feed-In-Tariff reduction recovery.	n/a	Bulgaria
21-Dec	Clifford Chance	Clifford Chance advised Martin Machon, the CEO and 40% shareholder of APS Holding SE, on his acquisition of the remaining 60% of shares in APS Holding from the Central European investment group Slavia Capital.	n/a	Czech Republic
22-Dec	Kocian Solc Balastik	KSB advised Dioscorides Global Holdings in negotiating, concluding, and implementing an Investment Agreement regarding a joint-venture investment into Konomed s.r.o.	n/a	Czech Republic
23-Dec	Dvorak Hager & Partners	Dvorak Hager & Partners obtained a successful result in a dispute between client Havelka and Vattenfall Europe Mining AG.	n/a	Czech Republic
29-Dec	Peterka & Partners; White & Case	White & Case represented the shareholders of FIOMO a.s., a privately-owned manufacturer of flexible packaging foils and labels, in the sale to the Huhtamaki group, a Finnish group of specialists in packaging for food and drink. Peterka & Partners advised the Huhtamaki group.	EUR 28 million	Czech Republic
11-Jan	CEE Attorneys	CEE Attorneys Tomicek Legal represented Think Food Holding s.r.o. – a special purpose vehicle – in its acquisition of RACIO, a Czech cereal and rice cake producer, from the two private individuals who owned it.	n/a	Czech Republic
13-Jan	Kocian Solc Balastik	KSB advised J&T Bank on two issues of subordinated unsecured perpetual bonds, one in Czech crowns and the other in euros. The bonds were accepted for trading on the Prague Stock Exchange.	EUR 87 million	Czech Republic
14-Jan	Havel, Holasek & Partners; Kocian Solc Balastik	Kocian Solc Balastik advised New York-based Tiger Global Management on a minority stake transfer deal in which Seznam.cz acquired shares in itself from Tiger Holding Four and Mirua International. Havel, Holasek & Partners advised Seznam.cz on the deal.	n/a	Czech Republic
19-Jan	Z/C/H Legal	Z/C/H Legal advised Hoffmann a Zizak spol. s r.o. and EWT spol. s r.o. "and prepared overall template contractual documentation covering their entire business operations, in particular purchase agreements concerning the sale/purchase of vehicles, consignment contracts, vehicle leasing contracts and contracts to loan vehicles for use, including the respective business terms and conditions."	n/a	Czech Republic
20-Jan	Clifford Chance; Kinstellar; Travers Smith	Clifford Chance advised W.A.G. payment solutions on the sale of a 33% stake in the company to the TA Associates private equity firm. Kinstellar and Travers Smith advised TA Associates.	n/a	Czech Republic
29-Jan	Z/C/H Legal	The Czech Republic's Z/C/H Legal provided legal advisory services to Raiffeisenlandesbank Oberosterreich Aktiengesellschaft Group concerning the sale of the Hodlmayr Logistics Center.	n/a	Czech Republic
2-Feb	Becker & Poliakoff; Cerha Hempel Spiegelfeld Hlawati; Weil, Gotshal & Manges	Weil, Gotshal & Manges advised Unipetrol RPA on its acquisition of 68 filling stations in the Czech Republic from Austria's OMV. CHSH and the Czech office of Becker & Poliakoff advised OMV on the transaction.	n/a	Czech Republic
4-Feb	Kocian Solc Balastik	KSB advised on the January 2016 squeeze-out of minority shareholders from Ceska Telekomunikacni Infrastruktura.	n/a	Czech Republic
10-Feb	CMS; Roedl & Partner; Schoenherr	CMS advised the Czech investment company Redside on its acquisition of four office buildings in Prague from an unnamed German investment fund. The seller received legal advice by Schoenherr and Roedl & Partner.	n/a	Czech Republic
16-Feb	Clifford Chance; White & Case	Clifford Chance advised Atrium European Real Estate on the successful sale of a portfolio of retail assets in the Czech Republic to a private client account managed by the Palmer Capital real estate investment management company. White & Case advised Palmer Capital on the deal.	EUR 100 million	Czech Republic
17-Feb	Jansta, Kostka Law Firm; Kocian Solc Balastik	KSB advised North Bohemia Medical Holding on the sale of its 100% shareholding in Louny hospital to Agel, a member of the Agel group. Agel was advised on the deal by the Jansta, Kostka Law Firm.	n/a	Czech Republic
14-Dec	Blaum Dettmers Rabstein; Honert + Partner; JSK	The Czech Republic's JSK and Germany's hHonert + Partner law firms advised Inven Capital in its acquisition of a minority stake in the German company Sunfire. The seller was advised by Blaum Dettmers Rabstein.	n/a	Czech Republic

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
17-Feb	Binder Groesswang; Freshfields; Lakatos, Koves and Partners	Austria's Binder Groesswang and Hungary's Lakatos, Koves and Partners assisted the Al Habtoor Group on its acquisition of the Hotel Imperial, a historic hotel on Vienna's Ringstrasse, from the Starwood Group. Freshfields advised the Starwood Group on the deal.	n/a	Czech Republic; Hungary
12-Feb	Baker & McKenzie; Cechova & Partners; Kocian Solc Balastik; Lakatos, Koves & Partners; Schellenberg Wittmer	Baker & McKenzie advised the Selecta Group on the sale of its operations in the Czech Republic, Hungary, and Slovakia to the KMV Group. KSB, working along with Lakatos, Koves & Partners, Cechova & Partners, and Schellenberg Wittmer advised the KMV Group on its acquisition.	n/a	Czech Republic; Hungary; Slovakia
27-Jan	CMS; Squire Patton Boggs; White & Case	White & Case advised Mid Europa Partners and Squire Patton Boggs advised CEE Equity Partners – the investment advisor to the China CEE Investment Co-operation Fund – on the latter's investment into the Energy 21 operator of photovoltaic power plants. CMS advised Energy 21 on the investment.	n/a	Czech Republic; Poland
14-Dec	Squire Patton Boggs	Squire Patton Boggs advised Raiffeisen Bank International AG Vienna on a multi-jurisdictional factoring transaction for Lasselsberger, s.r.o. and LB Minerals, s.r.o.	EUR 25 million	Czech Republic; Poland; Slovakia
11-Dec	Baker & McKenzie	Baker & McKenzie acted as sole legal adviser to Erste Bank AG, Bank Zachodni WBK SA, Trigon Dom Maklerski S.A., and the Kofola Group on the restructuring, public offering, and subsequent listing of Kofola's shares.	USD 31 million	Czech Republic; Slovakia
15-Dec	CMS; DLA Piper	CMS advised Decapterus S.a.r.l. on its agreement to sell Hame, a leading branded consumer goods company in the food sector in the Czech Republic and Slovakia, to Orkla. DLA Piper advised Orkla on the deal.	EUR 175 million	Czech Republic; Slovakia
12-Jan	K&L Gates; Simpson Thacher & Bartlett; Wenhold Legal	Weinhold Legal provided legal services to LKQ Corporation on Czech and Slovakian elements of its EUR 1.04 billion pan-European acquisition of The Rhiag-Inter Auto Parts group from the Apax Partners private equity group. K&L Gates was global counsel to LKQ, while Simpson Thacher & Bartlett advised Apax Partners on the deal.	EUR 1.04 billion	Czech Republic; Slovakia
26-Jan	Bartosik Svaby; Clifford Chance	Clifford Chance assisted Allianz Real Estate on its acquisition of 100% of the shares of the company that owns the Central Shopping Center in Bratislava. The seller – a member of the IMMOCAP group, a Slovakian real estate developer – was advised by the Bartosik Svaby law firm.	EUR 175 million	Czech Republic; Slovakia
15-Jan	Ilyashev & Partner	Ukraine's Ilyashev & Partners Law Firm announced that it advised the Czech Development Agency on tax matters related to its construction of premises for educational institutions evacuated from the zone of armed conflict in the east of Ukraine.	n/a	Czech Republic; Ukraine
10-Dec	Aivar Pilv Law Office	The Aivar Pilv Law Office successfully represented Madis Metsis and Ain Langel in a criminal proceeding before the Estonian Supreme Court.	n/a	Estonia
21-Dec	Cobalt;	Cobalt's Tallinn office successfully counselled IPF Digital Estonia in relation to obtaining an activity licence for providing consumer credit under the Estonian Creditors and Credit Intermediaries Act.	n/a	Estonia
21-Dec	Hedman Partners	Hedman Partners assisted enterprise eProcurement software provider Deltabid in expanding its operations and raising additional funding via a stock swap and in the transferring and licensing of Deltabid's intellectual property to a newly established company.	n/a	Estonia
22-Dec	Aivar Pilv	The Aivar Pilv Law Office successfully represented client Argo Ader, a private individual, in a civil court dispute with the Seesam Insurance AS company.	n/a	Estonia
23-Dec	Glimstedt; Tark Grunte Sutkiene; Wragge Lawrence Graham & Co	Tark Grunte Sutkiene and Glimstedt advised NOW! Innovations OU, a parking management and payment software provider in Estonia, on the sale of its software platform to Infra Park, an "individual mobility solutions" provider. Wragge Lawrence Graham & Co advised Infra Park.	n/a	Estonia
21-Jan	Cobalt; Ellex (Raidla Ellex)	Raidla Ellex advised East Capital Baltic Property Fund III in the acquisition of the Vesse retail trade park from Hobujaama Kinnisvara. Cobalt's Estonia office advised the sellers on the deal.	n/a	Estonia
25-Jan	Ellex (Raidla Ellex); Sorainen	Sorainen Estonia advised Creditinfo Group on its acquisition of Estonian credit bureau Krediidiinfo from the Experian group. Raidla Ellex advised Experian on the sale.	n/a	Estonia
5-Feb	Ellex (Raidla Ellex)	Raidla Ellex advised Danske Bank A/S in a transaction by which AS LHV Varahaldus, a subsidiary of the Estonian financial group LHV, acquired 100% of the shares of Danske Capital AS, an asset management company based in Estonia.	n/a	Estonia
12-Jan	Glimstedt; Vilgerts	Glimstedt advised the Vienna Insurance Group on its acquisition of a majority of shares pf BTA Baltic Insurance Company. Vilgerts advised BTA on the deal.	n/a	Estonia; Latvia; Lithuania
29-Dec	Cobalt; Freshfields; Sorainen; Weil Gotshal	Sorainen and Weil Gotshal advised Providence Equity Partners on its acquisition of the Bite telecom group from Mid Europa Partners for an undisclosed price. Cobalt and Freshfields Bruckhaus Deringer advised Mid Europa Partners in the transaction.	n/a	Estonia; Lithuania
27-Jan	Motieka & Audzevicius; RASK; Tark Grunte Sutkiene	Lithuania's Motieka & Audzevicius law firm advised Renagro and BaltCap Lithuania SME Fund (BLF) in selling their 75% stake in Eurakras, the owner of a 24 MW wind park in Lithuania, to Lithuanian state energy provider Lietuvos Energija – which, at the same time, also acquired a 100% stake in the Tuuluenergia wind park in Estonia from BLF and minority shareholders. Tark Grunte Sutkiene advised Lietuvos Energija on both deals. The RASK law firm advised BLF in Estonia.	n/a	Estonia; Lithuania

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
28-Jan	Clifford Chance; Jeantet	Jeantet advised The Wurth Group on its acquisition of Rexel's electrical wholesale operations in Poland, Slovakia, and Estonia. Clifford Chance advised the Rexel Group on the deal.	n/a	Estonia; Poland; Slovakia
21-Dec	Raidla Ellex	Raidla Ellex in Estonia has successfully represented Andrus Kluge, Chairman of the Supervisory Board of Krediidipank, in a dispute with the Bank of Moscow.	n/a	Estonia; Russia
16-Dec	Pistiolis-Trianfyllos & Associates	Greece's Pistiolis-Triantfyllos & Associates law firm advised Odyssey Venture Partners (OVP) on its acquisition of intellectual property rights to software and the structure of a "co-operation between Foundation of Technology & Research and OVP subsidiary Llater SA."	n/a	Greece
23-Dec	Clifford Chance (Yegin Ciftci Attorney Partnership); Freshfields	Clifford Chance acted as lead counsel and the Yegin Ciftci Attorney Partnership – the firm associated with Clifford Chance in Turkey – acted as local legal counsel for the QNB Group on its "definitive agreement" to acquire the National Bank of Greece's entire 99.81% stake in Turkey's Finansbank A.S.. Freshfields advised the National Bank of Greece.	EUR 2.7 billion	Greece; Turkey
17-Dec	Deloite; Hengeler Mueller; Sidley Austin; Szabo Kelemen & Partners	Szabo Kelemen & Partners advised Magna International on Hungarian aspects of the sale of its interiors operations to Grupo Antolin. Magna International used Sidley Austin as global advisor and Hengeler Mueller acted as the European Coordinator. Deloite advised Grupo Antolin.	USD 52 million	Hungary
21-Dec	Dentons; Wolf Theiss	Dentons advised South African integrated discount retailer Steinhoff International Holdings in its acquisition of a 50.8% majority stake in Hungarian e-commerce company Extreme Digital – with Wolf Theiss advising Extreme Digital.	n/a	Hungary
29-Dec	Dentons; Hogan Lovells; White & Case	White & Case advised a consortium consisting of Aberdeen Asset Management, Intertoll, and the EBRD on its acquisition of controlling stakes in two Hungarian motorway concession companies. The consortium is acquiring 80% of M6 Duna Autopalya Koncesszios Zrt and 90% of M6 Tolna Autopalya Koncesszios Zrt, in a joint transaction where leading Austrian real estate developer UBM Development AG (through its subsidiary PORR Infrastruktur Investment AG) and Bilfinger Project Investments GmbH, are each selling identical stakes of 40% and 45%, respectively, in the entities sold. Hogan Lovells advised the sellers.	n/a	Hungary
7-Jan	Hogan Lovells; Lakatos, Koves & Partners; Wolf Theiss	Hogan Lovells advised E.D.F. International on the sale of its majority stake in Hungary's Budapesti Eromu Zrt. (BERT) to EP Hungary a.s., a subsidiary of Energy a.s., which now owns more than 95% of BERT shares. Hogan Lovells was assisted in Hungary by Lakatos, Koves & Partners. Wolf Theiss advised EP Energy.	n/a	Hungary
25-Jan	Dentons; Gleiss Lutz; Schoenherr	Gleiss Lutz (as lead counsel) and Schoenherr assisted the the insolvency administrator of Praktiker on the sale of its Hungarian subsidiary to Karl-Heinz Keth and its properties to the Wallis Group, which was advised by Dentons.	n/a	Hungary
3-Feb	Allen & Overy; Fenwick & West	Allen & Overy advised UStream, Inc., a Hungarian-founded video streaming service provider, on its sale to IBM. Fenwick & West took the lead on the US law due diligence and negotiations for UStream.	n/a	Hungary
3-Feb	Baker & McKenzie; Hristov & Partners; Kalaidjiev, Georgiev & Minchev; Szabo Kelemen & Partners	The Szabo Kelemen & Partners law firm and the Kalaidjiev, Georgiev & Minchev law firm assisted Hungarian MKB-Euroleasing Autopark and its Bulgarian subsidiary on the complete sale of its car fleet to ALD Automotive. ALD Automotive was assisted by Baker & McKenzie and Hristov & Partners.	n/a	Hungary
5-Feb	CMS; Martonyi Law Firm	CMS assisted AXA on the sale of its banking activities in Hungary to OTP Bank Plc. OTP was advised by the Martonyi Law Firm on the deal.	n/a	Hungary
23-Dec	Roedl & Partners; Sorainen	Sorainen's Riga office advised the Schaeffler Group on its acquisition of 100% of shares in start-up NACO Technologies from its main shareholders, which include the Imprimatur Capital, ZGI, and Proks Capital venture capital funds, as well as other shareholders and founders. Roedl & Partners advised the sellers.	n/a	Latvia
8-Jan	Fort	Fort successfully represented Ainars Dimants, the former head of the National Mass Media Board, in his claim that his dismissal from the board was improper and his demand for reinstatement.	n/a	Latvia
11-Jan	Klavins Ellex	Klavins Ellex reported that the Department of Administrative Cases of the Latvian Supreme Court revoked the decision of the Administrative Regional Court and assigned the dispute between SIA Maxima Latvija – which Klavins Ellex represents – and the Competition Council for new adjudication.	n/a	Latvia
12-Jan	Cobalt; Klavins Ellex	Klavins Ellex advised SIA Mezaparks SPV on its sale of shares in SIA Biroju Centrs Ezerparks (BCE) to the joint stock company Valsts Nekustamie Ipasumi (a state owned company charged with management of all state-owned real estate) . Cobalt/Borenius (the merger between the two firms concluded on January 1, 2016) advised the buyer.	n/a	Latvia
14-Jan	Klavns Ellex	Klavins Ellex advised on the reorganization and merger of SIA Spilva and AS Gutta into a single legal entity, which now operates as SIA Orkla Foods Latvija.	n/a	Latvia
18-Jan	Sorainen	Sorainen's Latvia office assisted AJ Produkti in solving multiple issues related to the planned extension of its premises.	EUR 1.2 million	Latvia
18-Jan	BA-HR; Klavns Ellex; Simpson Thacher Bartlett, Wigge & Partners; White & Case	Klavins Ellex and White & Case assisted Blackstone Real Estate Partners Europe IV on its all-cash acquisition of real estate portfolios from 10 funds managed by Norwegian Obligo Investment Management AS. Norway's BA-HR law firm was lead transaction counsel for Blackstone's acquisition, and due diligence and local law matters were handled by – in addition to White & Case and Klavins Ellex – Simpson Thacher Bartlett, Wigge & Partners, and Hengeler Mueller.	EUR 2.2 billion	Latvia
18-Jan	Tark Grunte Sukiene	Tark Grunte Sutkiene's Latvia office assisted Clear Channel International B.V. with its initial offering of USD 225 million aggregate principal amount of 8.75% Senior Notes due 2020.	USD 225 million	Latvia

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
19-Jan	Sorainen	Sorainen is providing legal assistance to Latectus regarding the company's intended reconstruction of a multi-story office building in Riga's historical city center.	n/a	Latvia
22-Jan	Kronbergs & Cukste	Kronbergs & Cukste has represented Monetizators in obtaining a payment institution license from the Financial and Capital Markets Commission of Latvia.	n/a	Latvia
26-Jan	Sorainen	Sorainen assisted Nemo Telecom in registering its "NEMO" trademark in the European Community.	n/a	Latvia
1-Feb	Ellex (Klavins Ellex)	Klavins Ellex has successfully represented SIA Armgate – one of the leading suppliers of laboratory and science equipment in Latvia – in a dispute before the Procurement Monitoring Bureau over the results of a tender run by Latvia's State Forensic Science Bureau for the supply of gas chromatographic substance systems for analysis of organic parts.	n/a	Latvia
1-Feb	Eversheds; Spilbridge	Eversheds Bitans advised the Vitol Group regarding its strategic investment in JSC Ventspils Nafta (VN) – which Eversheds Bitans describes as "the key oil terminal, pipeline, and shipping business in Latvia" – from JSC Latvijas Naftas Tranzits (LNT). LNT was represented by Spilbridge.	n/a	Latvia
2-Feb	Cobalt; Ellex (Klavins Ellex)	Klavins Ellex advised Uniper Ruhrgas International GmbH (formerly E.ON Ruhrgas International GmbH) on its sale of 28.97% of the shares of AS Latvijas Gaze – Latvia's sole natural gas utility – to the Marguerite Fund for an undisclosed amount. The Marguerite Fund was advised by Cobalt's Riga office.	n/a	Latvia
17-Feb	Sorainen	Sorainen, working pro bono, helped 28 members of the Latvian start-up community establish the Latvian Start-up Association.	n/a	Latvia
17-Feb	Tark Grunte Sukiene	Tark Grunte Sutkiene successfully defended the Latvian Public Utilities Commission in a case before the Administrative Regional Court initiated by AS Latvijas Gaze regarding regulations on the use of the natural gas transmission system and the natural gas underground storage facility in Incukalns.	n/a	Latvia
3-Feb	Motieka & Audzevicius	Motieka & Audzevicius successfully represented the bankrupt Lithuanian national air carriage company flyLAL in a dispute over damages it claims were caused by Air Baltic Corporation and the Riga International Airport.	EUR 16 million	Latvia; Lithuania
14-Dec	Fort; Valiunas Ellex	Fort advised EfTEN Kinnisvarafond AS on its acquisition of a B-class office building located ay 11 Menulio street in Vilnius from UAB "Litectus". Litectus was represented by Valiunas Ellex.	n/a	Lithuania
14-Dec	bnt	The Vilnius office of bnt represented German Lufthansa Technik AG on claims it has filed in the insolvency proceedings of the Lithuanian carrier Air Lituanica.	n/a	Lithuania
16-Dec	Cobalt; Ginkus & Partners	Cobalt's Lithuanian office advised Falck, the world's largest international rescue company, on its acquisition of the assistance services provider Altas Assistance, UAB. Ginkus & Partners advised the sellers – two private individuals – on the deal.	n/a	Lithuania
16-Dec	Olswang; Schweizer; Valiunas Ellex;	Valiunas Ellex, working together with Olswang and the German law firm Schweizer, advised Hubert Burda Media on its investment into a company operating the Vinted Internet platform.	n/a	Lithuania
5-Jan	Cobalt; Glimstedt	Cobalt's Lithuanian office advised INVL Technology on its acquisition of Algoritmu Sistemos, a leading Lithuanian information systems development company. Glimstedt advised the sellers on the deal.	n/a	Lithuania
6-Jan	Cobalt; Fort; Tark Grunte Sutkiene	Cobalt's Vilnius office advised Coca-Cola HBC on its acquisition of UAB Neptuno Vandenys. Tark Grunte Sutkiene advised majority shareholder Gintas Petrus, with Fort advising the minority shareholders.	n/a	Lithuania
7-Jan	Clifford Chance; Sorainen	Sorainan Lithuania and Clifford Chance advised the Thai Union Group on its acquisition of 51% shares in Rugen Fisch, a market leader in shelf-stable canned seafood in Germany.	n/a	Lithuania
8-Jan	Sorainen; Valiunas Ellex	Sorainen's Lithuanian office advised a syndicate consisting of Skandinaviska Enskilda Banken, SEB Bankas, and Danske Bank (working through a Lithuanian branch), on a long term loan agreement with Teo LT – which was advised by Valiunas Ellex.	EUR 150 million	Lithuania
11-Jan	Fort; Kairevicius, Juzikis & Partners	Fort's Vilnius office advised EfTEN Real Estate Fund III AS on the acquisition of the Ulonu Business Centre – a B-class office building on 25C Verkiu street in Vilnius, Lithuania – from UAB PST Investicijos. The Kairevicius, Juzikis & Partners firm advised UAB PST Investicijos.	n/a	Lithuania
11-Jan	Cobalt; Glimstedt	Cobalt advised the UAB 3 RILL business management consulting company on the acquisition of one third of the shares in UAB Putoksnis – a leading manufacturer of PET pre-forms and PET containers in the Baltic States – from the LitCapital venture capital fund. Glimstedt advised LitCapital on the deal, which resulted in UAB 3 RILL gaining sole control of UAV Putoksnis.	n/a	Lithuania
12-Jan	Sorainen	Sorainen advised Lithuanian credit union Mano Unija on structuring the financing of business loans it had already issued through the Latvian peer-to-peer lending marketplace Mintos.	n/a	Lithuania
13-Jan	Fort	The Supreme Court of the Republic of Lithuania satisfied the request of a group of 262 claimants – individuals that subscribed and paid up the emission of shares of the bankrupt bank Snoras, but were not granted the shares subscribed due to the bank's bankruptcy – to clarify whether the EU and national law protects them. The group of claimants was represented by Fort.	n/a	Lithuania
25-Jan	Ellex (Valiunas Ellex); Sorainen	Sorainen Lithuania advised a company from the Inreal group on its acquisition of a business center in Vilnius from Litectus. Valiunas Ellex advised Litectus on the deal.	n/a	Lithuania
3-Feb	Fort	Fort's Vilnius office, acting on behalf of a client whose identity was not disclosed, has successfully persuaded the Supreme Administrative Court of Lithuania that the refusal by Lithuania's Migration Department to extend a residence permit "shall not be based on presumptions and suspicions."	n/a	Lithuania
8-Feb	Sorainen	Sorainen Lithuania advised Mistertango, Lithuania's first payment initiation service provider, on matters related to its establishment as a legitimate provider of services in an unregulated market.	n/a	Lithuania

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
11-Feb	Sorainen	Sorainen Lithuania advised the Lithuanian telecommunications company Tele2 on obtaining limited electronic money institution licensing, which allows provision of payment services and issue of e-money in Lithuania.	n/a	Lithuania
17-Feb	CEE Attorneys; Ellex (Valiunas Ellex)	The Lithuanian office of CEE Attorneys advised the Audejas Group, Lithuania's upholstery and decorative fabrics producer and furniture retailer, on several interrelated real estate transactions with a total value of more than EUR 11 million. In the first deal, the Audejas Group sold its upholstery and decorative fabrics plant and its furniture store in central Vilnius to the VPH group -- which was advised by Valiunas Ellex. In the second deal, the Audejas Group acquired a shopping center from Litectus Bank – a member of the SEB Group.	EUR 11 million	Lithuania
8-Feb	Minoska Law Office; Wolf Theiss	Wolf Theiss and the Minoska Law Office advised Johnson Controls on its third investment contract with the Government of Macedonia.	n/a	Macedonia
14-Jan	CMS; Law Firm Miro Senica	Law Firm Miro Senica and attorneys acted as legal counsel to the Montenegrin company Monte Rock in its acquisition of shares in HIT Montenegro and the Maestral tourist complex in Przno, Montenegro – 75% from Slovenia's HIT Gorica DD and 25% from Daimond, in bankruptcy. CMS Podgorica advised HIT Gorica.	n/a	Montenegro
12-Feb	Harrisons; Jankovici Popovici Mitic	JPM advised Delta Real Estate on the sale of its ownership quota in companies that own and operate the Delta City Shopping Malls in Belgrade and Podgorica – and advised Hemslade Trading Limited on the sale of its ownership in the company that owns and operates the shopping mall in Podgorica as well – to Hyprop Investments Ltd (South Africa) and Homestead Group Holdings Ltd. Harrisons advised the buyers on the two deals, which amounted to EUR 202.75 million.	EUR 202.75 million	Montenegro
10-Dec	Dentons; Linklaters; White & Case	Linklaters advised the European Shopping Centre Fund II on its acquisition of the Galeria Sfera shopping center, in Bielsko-Biala, Poland. Financing for the deal was provided by Helaba – which was advised by White & Case. Dentons advised the seller of Galeria Sfera: Bielsko Business Center 3.	n/a	Poland
11-Dec	RKKW	The RKKW law office advised Fam Capital Group SA in its acquisition of 100% of the shares of Cynkownia Wielun.	n/a	Poland
16-Dec	Greenberg Traurig	Greenberg Traurig advised the Innova Capital private equity fund on the acquisition of a majority stake in PEKAES S.A. from Kulczyk Investments S.A. and Kulczyk Holding S.A.	n/a	Poland
16-Dec	CMS; DLA Piper	CMS advised IPOPEMA Securities, the offering agent and the bookrunner, and Bank Zachodni WBK, the manager of the offering, on the December 14 IPO of Enter Air. DLA Piper advised Enter Air on the offering.	PLN 100 million	Poland
21-Dec	Brudkiewicz, Suchecka & Partners; Dentons; Domanski Zakrzewski Palinka	Dentons advised Stadler – a leading rolling stock manufacturer – on the execution of projects with separate Polish rail carriers PKP Intercity (which was advised by DZP), and Lodzka Kolej Aglomeracyjna (which was advised by Brudkiewicz Suchecka i Partnerzy).	PLN 2.11 billion	Poland
23-Dec	Clifford Chance; Hogan Lovells	Clifford Chance advised AXA on its plans to acquire Liberty Ubezpieczenia, an insurance company belonging to Liberty Mutual Insurance Group. Hogan Lovells advised Liberty Mutual.	EUR 21.6 million	Poland
23-Dec	Linklaters; Modrzejewski I Wspolnicy	Linklaters acted for W. P. Carey, a real estate investment trust specializing in corporate sale-leaseback and build-to-suit financing, in relation to the acquisition of Multimedialny Dom Plusa office building. Multimedialny Dom Plusa is the headquarters of the giant Polish telecommunications operator, Polkomtel. The seller, Harmony-Warszawa-Konstruktorska sp. z o.o. – an entity affiliated with Polkomtel – was advised by Modrzejewski i Wspolnicy.	n/a	Poland
4-Jan	Dentons; DLA Piper	DLA Piper advised Partners Group AG, a global private markets investment manager, on the (indirect) acquisition of three commercial real estate properties in Poland. The acquisition was conducted by a Luxembourg acquisition vehicle and structured as a mixed share and asset deal pursuant to Luxembourg and Polish law, respectively. The commercial real estate properties were sold by a fund advised by an affiliate of Peakside Capital Advisors AG, which was advised by Dentons.	n/a	Poland
4-Jan	Chajec, Don-Siemion & Zyto; Clifford Chance	Clifford Chance advised mBank S.A. as the arranger of the secured bond issuance programme of Griffin Real Estate Invest Sp. z o.o. – which was advised by Chajec, Don-Siemion & Zyto.	n/a	Poland
5-Jan	Greenberg Traurig	Greenberg Traurig advised Empik Media & Fashion S.A. on the sale of shares in Learning Systems Poland S.A. to Bookzz Holdings Limited.	n/a	Poland
15-Jan	Bierc Siwik & Partners	Bierc Siwik & Partners successfully represented Schuessler-Plan Inzynierzy in proceedings before Poland's National Chamber of Appeals in a dispute involving a public service contract for the development of pre-project documentation for the project revitalization of Poland's railway line no. 25, which covers the Padew National-Mielec-Debica route.	n/a	Poland
18-Jan	BSWW Legal & Tax	BSWW Legal & Tax advised Immobel on the sale of the Okraglak project, consisting of two office buildings located in the center of Poznan.	n/a	Poland
19-Jan	JGA; Mrowiec Fialek & Partners	The Mrowiec Fialek & Partners law firm advised Wydawnictwa Szkolne i Pedagogiczne on its acquisition of Profi-Lingua, one of the largest foreign language schools in Poland. The JGA law firm advised the shareholders and founders of the company, Maciej Jaglarz and Krzysztof Jaglarz, on the sale.	n/a	Poland
20-Jan	Mannheimer Swartling; Tark Grunte Sutkiene	Tark Grunte Sutkiene and Mannheimer Swartling assisted Gategroup on its December 2015 agreement to acquire 100% of Inflight Service Group from funds advised by Triton, a private equity company in the Nordic region.	SEK 1.1 billion	Poland
21-Jan	Gide Loyrette Nouel; Krassowski	Gide Loyrette Nouel advised the Orpea group – a European provider of Long-Term Care (nursing homes), Post-Acute Care, and Psychiatric Care – on its acquisition of a 90% stake in MEDI-System from founder Marcin Zawadzki and the Highlander Partners private equity firm. The sellers were advised by the Krassowski law firm.	n/a	Poland
21-Jan	Dentons	Dentons advised Bank PKO BP on loans to the Qualia Group in connection with two seaside real estate projects in Poland, and advised Raiffeisen Bank Polska on financing for Qualia Group in connection with a residential complex in Gdansk.	PLN 153 million	Poland

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
22-Jan	Clifford Chance; Travers Smith; Weil Gotshal & Manges	Clifford Chance advised the Empik Media & Fashion group on its sale of the Smyk Group to Coortland Investments (a special purpose company of global private equity fund Bridgepoint). Weil Gotshal & Manges acted on behalf of Bridgepoint on the EUR 247 million sale, and Travers Smith advised the management of Smyk.	n/a	Poland
25-Jan	Dentons	Dentons advised Polskie Sieci Elektroenergetyczne, Poland's state-owned transmission system operator, on implementing an opinion issued by the Agency for Cooperation of Energy Regulators.	n/a	Poland
25-Jan	Domanski Zakrzewski Palinka; Mrowiec Fialek and Partners	Mrowiec Fialek and Partners advised Marcin Szulwinski, one of two shareholders of Grupa Nowy Szpital Sp. z o.o., in a leveraged management buyout of the company. The other shareholder – Marcin Roslewski – was represented by Domanski Zakrzewski Palinka.	n/a	Poland
26-Jan	Soltysinski Kawecki & Szlezak	Soltysinski Kawecki & Szlezak advised Eurocash S.A on the acquisition of a 100% stake in Polska Dystrybucja Alkoholi Sp. z o. o. from shareholders Jack Janton, Jaroslaw Janton, Adam Janton, Andrew Tyrka, Zbigniew Makaruk, and Jakub Nowak.	n/a	Poland
29-Jan	FKA Furtek Komosa Aleksandrowicz; Olesinski i Wspolnicy	FKA Furtek Komosa Aleksandrowicz advised mBank S.A. on sale of all shares in Call Center Poland S.A. to the Wroclaw-based CCIG Group sp. z o.o., a company operating in the sales support processes outsourcing sector (including call centers). The CCIG Group was represented by Olesinski i Wspolnicy.	n/a	Poland
1-Feb	Wierzbicki Adwokaci i Radcowie Prawni	Wierzbicki Adwokaci i Radcowie Prawni signed a contract to provide legal services to the Museum of Modern Art in Warsaw regarding various investment projects.	n/a	Poland
1-Feb	Soltysinski Kawecki & Szlezak	Soltysinski Kawecki & Szlezak advised Frutarom Ltd. on its acquisition of a 75% shareholding in Amco Sp. z o.o., a leading producer of spice mixes and functional blends for the food industry.	n/a	Poland
1-Feb	Soltysinski Kawecki & Szlezak	Soltysinski Kawecki & Szlezak assisted the Mexican company Grupo Industrial Saltillo in the acquisition of a stake in Automotive Components Europe, a company listed on the Warsaw Stock Exchange.	PLN 350 million	Poland
2-Feb	Soltysinski Kawecki & Szlezak	SK&S advised the Agora S.A. media conglomerate on the acquisition of 106 shares in the GoldenLine Sp. z.o.o. online portal, representing 53% of GoldenLine's share capital.	EUR 1.9 million	Poland
3-Feb	Forystek & Partners	Forystek & Partners reported that the Appeal Court in Szczecin, Poland dismissed the appeal of the lower court's judgment on behalf of firm client Pepsi-Cola General Bottlers Poland, based on article 527 of the Polish Civil Code.	n/a	Poland
4-Feb	Domanski Zakrzewski Palinka	DZP advised a consortium consisting of PORR Polska Infrastructure SA, ZUE SA, and Przedsiebiorstwo Budowy Kopaln PeBeKa SA in a dispute with the City of Poznan City Transport Management and Poznanskie Inwestycje Miejskie sp. z o.o. over a tramline to be built in Poznan that was argued before the Court of Arbitration at the Polish Chamber of Commerce in Warsaw.	n/a	Poland
4-Feb	Soltysinski Kawecki & Szlezak	Soltysinski Kawecki & Szlezak assisted Eurocash S.A. in its acquisition of 50% of the shares in Firma Rogala sp. z o.o., one of the largest franchisees of the Delikatesy Centrum chain.	n/a	Poland
5-Feb	Hogan Lovells; Soltysinski Kawecki & Szlezak	Soltysinski Kawecki & Szlezak assisted Orbico d o.o. on its acquisition of 100% of the shares in Optimum Distribution CZ&SK s.r.o. from Empik Media & Fashion S.A., as well as 100% of the shares in Optimum Distribution Sp. z o.o. from Mataro Sp. z o.o., a direct subsidiary of Empik Media & Fashion S.A. Hogan Lovells advised Empik Media & Fashion on the sales.	EUR 18.5 million	Poland
5-Feb	CMS; Hogan Lovells	CMS advised developer Garvest Real Estate on the sale of the Pixel office building in Poznan to the Globe Trade Center. Hogan Lovells advised the Global Trade Center on the deal.	EUR 32.2 million	Poland
9-Feb	Forystek & Partners	Forystek & Partners reports that the Regional Court in Legnica has granted the request of its clients, 92 shareholders of Polcolorit S.A., to protect their claims against a decision made at a recent extraordinary general shareholders meeting.	n/a	Poland
11-Feb	BSWW Legal & Tax	BSWW advised PayTel S.A., an ICT company providing services in the area of mass payment processing, on its agreement with Orange Polska S.A. for the provision of payment services and other services related to settlement of cash and cashless transactions in the sale network of Orange Polska S.A.	PLN 31 million	Poland
11-Feb	Kancelaria Rapala; Lawmore; Lubasz i Wspolnicy	Poland's Lawmore law firm represented Prowly sp z o.o. on the PLN 4.5 million in investment it received from Internet Ventures FIZ – part of the MCI Capital private equity group – and the Bluerank online and mobile advertising agency. Internet Ventures FIZ was advised by Kancelaria Rapala, and Bluerank was advised by Lubasz i Wspolnicy.	PLN 4.5 milion	Poland
16-Feb	Bierc Siwik & Partners	Bierc Siwik & Partners successfully represented the Polish Association of Construction Employers in appeal proceedings before Poland's National Chamber of Appeals regarding a tender for "Year-round, comprehensive maintenance in the 'maintain standard' segment of the a2 motorway modla-dabie from km 257 + 560 to 303 + 145 with all its elements."	n/a	Poland
17-Feb	Drzewicki Tomaszek	The Drzewicki Tomaszek law firm advised Bank BGZ BNP Paribas Capital Development on its investment with the IPF Group and its founder and majority shareholder Mariusz Dolata.	n/a	Poland
17-Dec	CMS	CMS advised Polish private equity fund Innova Capital on the acquisition of Slovenia's Trimo Group, a leading European provider of complete solutions for building envelopes and steel facade systems. The sellers are nine banks, including Slovenia's largest bank, Nova Ljubljanska Banka.	n/a	Poland; Slovenia
21-Dec	Drakopoulos	Drakopoulos has successfully represented the Premier League before the Romanian Trademark office in an important trademark opposition the Premier League filed against an application submitted by a Romanian company.	n/a	Romania
22-Dec	Pachiu & Associates; Schoenherr; Tuca Zbarcea & Associatii	Tuca Zbarcea & Associatii advised Carrefour on its agreement to acquire Billa Romania from the Rewe group. The sellers were assisted by Schoenherr. Pachiu & Associates represented Billa Romania.	n/a	Romania

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
31-Dec	Buzescu Ca	Buzescu Ca represented Fina Energy Trading BV before the Romanian Energy Regulatory Authority on its successful application for an electricity trader license. Fina Energy Trading BV is the subsidiary of Fina Elektrik Enerjisi AS, a Turkish energy company.	n/a	Romania
26-Jan	Lenz & Staehelin; Tuca Zbarcea Asociatii	Lenz & Staehelin advised the Swiss Automotive Group in its acquisition of a 51% stake in the Autonet Group, which was assisted by Tuca Zbarcea & Asociatii.	n/a	Romania
27-Jan	Biris Goran	Biris Goran advised Vastint Romania on a 48-hectare land acquisition in Bucharest.	n/a	Romania
28-Jan	Schoenherr; Tuca Zbarcea & Asociatii	Tuca Zbarcea & Asociatii advised a consortium of buyers in their acquisition of a NPL portfolio from Banca Comerciala Romana – which was assisted by Schoenherr.	EUR 1.2 billion	Romania
29-Jan	bpv Grigorescu Stefanica	bpv Grigorescu Stefanica advised Acton Capital Partners and CommerzVentures on Romanian matters related to their capital infusion into the German company Mambu.	EUR 8 million	Romania
1-Feb	Musat & Asociatii; Tuca Zbarcea & Asociatii	Tuca Zbarcea & Asociatii advised McDonald's on the sale of its Romanian subsidiary, McDonald's System of Romania, to Premier Capital, which was assisted on the deal by Musat & Asociatii.	n/a	Romania
2-Feb	Allen & Overy	RTPR Allen & Overy advised Enterprise Investors on the sale of Smartree Romania, which the firm describes as "an important player on the market providing outsourcing payroll and personnel administration process services," to buyers Dragos Rosca and Cylatrea Investments. The value of the transaction was not disclosed.	n/a	Romania
4-Feb	Leroy si Asociatii; Schoenherr	"Leroy si Asociatii advised France's Lactalis on its acquisition of Romanian dairy producer Albalact Alba Iulia. Schoenherr advised the shareholders of Albalact on the transaction, which Leroy si Asociatii describes as "the first significant voluntary takeover bid to be carried out on the Bucharest Stock Exchange.	n/a	Romania
5-Feb	PeliFilip; Reff & Asociatii	PeliFilip assisted Banca Transilvania on its acquisition of a performing loans portfolio granted by Bank of Cyprus to retail clients in Romania. Bank of Cyprus was advised by Reff & Asociatii on the deal.	n/a	Romania
17-Feb	Allen & Overy; Clifford Chance; Dentons; Skadden Arps Slate Meagher & Flom; Zamfirescu Racoti & Partners	Zamfirescu Racoti & Partners assisted Romanian aluminum producer Alro SA in securing two separate loans. The first one was extended by the Black Sea Trade and Development Bank (BSTDB) and valued at USD 60 million. Skadden Arps Slate Meagher & Flom advised on English law matters and Dentons advised the BSTDB. The second loan, which amounted to USD 137 million, was from a syndicate of banks and was aimed primarily at refinancing a credit from the EBRD. Clifford Chance advised the consortium and RTPR Allen & Overy advised the EBRD.	USD 197 million	Romania
21-Dec	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners reported successfully defending the large container carrier Mediterranean Shipping Company before the FAS of Russia in a high-profile case related to concerted actions of international sea and ocean container carriers.	n/a	Russia
23-Dec	Cleary Gottlieb; Vinson & Elkins	Vinson & Elkins served as legal counsel to the China Petroleum & Chemical Corporation in connection with its purchase of a strategic 10% stake in SIBUR, Russia's largest vertically integrated gas processing and petrochemicals business. Cleary Gottlieb advised SIBUR on the deal.	n/a	Russia
31-Dec	Lex Borealis	Lex Borealis advised Inteco JSC, a large Russian developer, on its acquisition of the A-101 Group, which consists of "38 companies holding residential and non-residential projects in Moscow and the Moscow Region and land for development with the total area exceeding 24 million square meters."	n/a	Russia
6-Jan	Capital Legal Services	Capital Legal Services advised Messe Munchen GmbH on its acquisition of an unnamed company tied to organizing an annual construction machinery trade fair in Moscow.	n/a	Russia
7-Jan	Egorov Puginsky Afanasiev & Partners	Egorov, Puginsky, Afanasiev & Partners successfully defended the interests of the Transammiak joint stock company in a dispute with OAO Minudobrenia.	n/a	Russia
8-Jan	Allen & Overy	Allen & Overy advised Sberbank CIB as arranger in relation to the USD 2.5 billion financing of Renova Group's mandatory tender offer to all shareholders of Sulzer AG. Pursuant to the offer, on December 4, 2015, Renova Group acquired shares in Sulzer representing 29.5%. of the ordinary issued share capital of the company.	USD 2.5 billion	Russia
11-Jan	Akin Gump; Clifford Chance	Akin Gump advised Russian airline UTair on the successful refinancing of its debt portfolio. The transaction is structured as two syndicated loans and two bond issues maturing in seven and 12 years, respectively. The seven-year syndicated loan is guaranteed by the government of the Russian Federation for 50 percent of the loan amount, alongside a syndicate of 11 banks, with Sberbank the lead arranger and agent and collateral manager. Clifford Chance advised Sberbank on the deal.	USD 809 million	Russia
15-Jan	Lidings	Russia's Lidings law firm announced that it advised China CAMC Engineering on its entrance into the Russian market.	n/a	Russia
18-Jan	Akin Gump; Morgan, Lewis & Bockius	Akin Gump advised Sistema JSFC, a publicly traded diversified holding company in Russia and the CIS, on the sale by subsidiary CJSC DM Finance of a 23.1% stake in JSC Detsky Mir Group to the Russia-China Investment Fund. The Russian-China Investment Fund was advised by Morgan, Lewis & Bockius.	USD 133.56 million	Russia
19-Jan	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners has persuaded the Rostov Region Arbitrazh Court to overturn a decision holding Yakhta-club Center LLC administratively liable for alleged customs violations.	n/a	Russia
20-Jan	Egorov Puginsky Afanasiev & Partners	The litigation and the competition teams at Egorov Puginsky Afanasiev & Partners have protected the interests of OJSC Transammiak in a dispute with OJSC Minudobreniya over the right of access to Transammiak's ammonia pipeline transportation services.	n/a	Russia
25-Jan	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners won a tender as legal counsel for issuing mortgage-secured bonds for the Agency for Housing Mortgage Lending under a pilot project entitled "Mortgage Securities Factory" – a new tool launched by the AHML to refinance mortgage loans.	n/a	Russia

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
26-Jan	Allen & Overy; Baker & McKenzie	Allen & Overy advised Rosneft on a joint venture between member company RN-Gas LLC and the Alltech Group for the development of gas deposits and construction of an LNG facility in the Nenets Autonomous District of Russia. Baker & McKenzie advised Alltech Group.	n/a	Russia
28-Jan	Liniya Prava	Liniya Prava advised Mobile TeleSystems on its binding agreement to acquire – through its wholly-owned subsidiaries – 100% of the NVision Group from subsidiaries of Sistema.	EUR 175 million	Russia
29-Jan	Dentons; Orrick	Orrick advised Zarubezhneft, a major Russian state-owned oil company, on its acquisition of a majority stake in the Kharyaga oil field from Total, France's largest oil and gas producer. Dentons advised Total on the deal.	n/a	Russia
4-Feb	DLA Piper; Hogan Lovells	Hogan Lovells Moscow assisted Nevskaya Medicinskaya Infrastruktura, a joint venture of Pizzarotti I.E. and Gazprombank, in relation to a public-private partnership project with the City of St. Petersburg. DLA Piper advised the City of St. Petersburg.	EUR 240 million	Russia
9-Feb	Berwin Leighton Paisner; Goltsblat BLP	Goltsblat BLP, the Russian practice of Berwin Leighton Paisner, advised the Russian car dealer Rolf Group in relation to its business consolidation with another auto trader, Pelican-Auto.	n/a	Russia
16-Feb	Hogan Lovells	Hogan Lovells announced two victories in the High Court in the ongoing case against Sergei Pugachev, which was commenced by the Deposit Insurance Agency in Russia in December 2013 after he was accused of helping himself to over USD 2 billion from Mezhprombank, while allegedly controlling and beneficially owning it.	n/a	Russia
23-Dec	Wolf Theiss	Wolf Theiss Belgrade advised Atterbury Europe on its acquisition of a one-third stake in a asset portfolio of seven Serbian shopping centers with MPC Properties.	EUR 86 million	Serbia
23-Dec	Binder Groesswang; Kinstellar; Skubla & Partneri	Binder Groesswang and Kinstellar advised Sberbank Europe AG on the sale of its 99.5% stake in Sberbank Slovensko to Penta Investments. Slovakia's Skubla & Partneri law firm represented Penta.	n/a	Slovakia
24-Dec	Allen & Overy; White & Case	White & Case advised Energeticky a prumyslovy holding (EPH) on the agreement by its subsidiary, EP Slovakia BV, to acquire a 66% stake in Slovenske elektrarne, a.s. from Enel Produzione S.p.A., a subsidiary of Italy-based multinational power company Enel S.p.A. Allen & Overy advised Enel on the sale.	n/a	Slovakia
28-Dec	Bezen & Partners; DLA Piper; Paksoy	Paksoy advised the European Bank for Reconstruction and Development on its acquisition of a 20% stake in Akfen Yenilenebilir Enerji – the renewable energy subsidiary of Akfen Holding. DLA Piper was international legal counsel to the EBRD, and Bezen & Partners advised Akfen Holding.	USD 100 million	Slovakia
29-Dec	Havel, Holasek & Partners	Havel, Holasek & Partners advised HB Reavis on its sale of the Forum Business Center I building in Bratislava to CS Nemovitostni Fond.	EUR 46.2 million	Slovakia
21-Dec	ODI Law Firm	ODI Law Firm advised Triglav Upravljanje Nepremicnin d.d., a Slovenian real estate management company, in the process of negotiation and agreeing on a long term lease contract with the European Union, represented by the European Parliament.	n/a	Slovenia
6-Jan	Reed Smith; Rojs, Peljhan & Partners	Rojs, Peljhan, Prelesnik & partners advised the Avtotehna Group on the sale of its SWATY-COMET subsidiary to the Weiler Corporation – which was advised by Reed Smith.	n/a	Slovenia
14-Dec	Bezen & Partners	Bezen & Partners advised Akfen Gayrimenkul Yatirim Ortakigi A.S. in the refinancing of a real estate investment trust.	EUR 205 million	Turkey
16-Dec	Norton Rose Fulbright; Reed Smith	Reed Smith advised a syndicate of 14 banks on the signing of a facilities agreement providing term facilities to Turk Telekom, Turkey's leading communication and convergence technologies company. Norton Rose Fulbright advised Turk Telecom on the matter.	EUR 420 million and USD 380 million	Turkey
16-Dec	Bezen & Partners	Bezen & Partners advised the EBRD on a long-term loan to automotive company Tofas Turk Otomobil Fabrikasi A.S.	USD 200 million	Turkey
5-Jan	Allen & Overy (Gedik & Eraksoy); Cakmak Gokce Law Offices; Clifford Chance; White & Case	Gedik & Eraksoy – the Turkish arm of Allen & Overy – acting along with Allen & Overy's Singapore office, advised Malaysia's state electricity utility, Tenaga Nasional Bhd., on its acquisition of a 30% stake in Turkey's Gama Enerji A.S. from Gama Holding A.S., the International Finance Corporation, and GIF Holding I Cooperatief U.A. (a fund managed by the IFC Asset Management Company), in the amounts of 22.5%, 5.75%, and 1.75%, respectively. The IFC and GIF were advised by Clifford Chance, while Gama Holding was advised by White & Case and Cakmak Gokce Law Offices.	USD 243 million.	Turkey
6-Jan	Dentons (BASEAK)	The BASEAK law firm – the Turkish arm of Dentons – successfully represented China North Industries Corporation in the course of ultimately-successful settlement negotiations with the Istanbul Water and Sewerage Administration regarding a litigation dispute between the parties ongoing since 1998.	n/a	Turkey
7-Jan	Moral Law Firm	The Moral Law Firm in Turkey advised the Kavuklar Gayrimenkul Yatirim real estate and construction company on matters related to its Point Bornova Shopping Mall and Residences project in Izmir.	EUR 60 million	Turkey
8-Jan	Chadbourne & Parke (Bilgic Attorney Partnership)	Chadbourne & Parke and its Turkish arm, the Bilgic Attorney Partnership, advised the International Finance Corporation and ICF Debt Pool LLP on the financing provided to Hexagon Solid Waste for the construction and operation of waste management, fertilizer manufacturing, and electricity generation facilities located in Pamukova and Bilecik, Turkey.	n/a	Turkey
13-Jan	Yondem Yigi Uclertopragi Attorneys at Law	Yondem Yigit Uclertopragi Attorneys at Law advised the Turkish energy company Bereket Enerji A.S on its EPC Contract with Alstom-GE for the renewal of the turbines of Yatagan Thermal Power Plant, located in Yatagan, Mugla, in western Turkey.	n/a	Turkey
15-Jan	Unsal Gunduz	The Unsal Gunduz law firm in Turkey announced that it and Nestor Advisors (a specialist corporate governance consultancy based in London) were retained by the Capital Markets Board of Turkey and the EBRD for a 12-month project aiming to foster corporate governance of the companies whose shares are admitted to trading on the stock exchange.	n/a	Turkey

‘The silliest rule would be if there were no rules

Niki, 8

Schoenherr advises its clients on how laws impact their interests and activities. Our annual roadmap publication reflects that focus by providing insightful analyses of the legal developments occurring in our home region, Central and Eastern Europe.

roadmap16 continues that tradition, but adds additional perspective to its theme of „Conservations“ by also presenting children‘s views on the role of rules and laws as key building blocks in their lives.

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Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
3-Feb	Baker & McKenzie (Esin Attorney Partnership)	The Esin Attorney Partnership – the Turkish arm of Baker & McKenzie International – advised the EBRD on its investment in bonds issued by Ronesans Holding A.S., one of Turkey's largest construction and infrastructure companies.	TRY 300 million	Turkey
9-Feb	Aleinkov & Partners	Aleinikov & Partners represented the Turkish company KOCA Insaat Sanayi ve Inracat Anonim Sirketi (the KOCA Construction Industry and Export Incorporation) on the recognition and enforcement of an arbitral award of the Arbitration Institute of the Stockholm Chamber of Commerce in the Republic of Belarus.	USD 9 million	Turkey
11-Dec	Arnld & Porter; Avellum Partners; Sayenko Kharenko; White & Case	Avellum Partners advised the Ministry of Finance of Ukraine on the December 8, 2015 issue of 1.847% guaranteed notes due 2020 fully guaranteed as to principal and interest by the United States of America, acting by and through the United States Agency for International Development. White & Case acted as the foreign law counsel of the Ministry of Finance of Ukraine. Arnold & Porter and Sayenko Kharenko acted as legal counsels to lead managers Citigroup, J.P. Morgan, and Morgan Stanley.	USD 1 billion	Ukraine
16-Dec	Avellum Partners; Clifford Chance; Redcliffe	Avellum Partners advised Raiffeisen Bank International AG and PJSC Raiffeisen Bank Aval in connection with the EBRD's acquisition of 30 per cent of shares in PJSC Raiffeisen Bank Aval. Clifford Chance – and Redcliffe Partners, once the latter took over Clifford Chance's Kyiv office from Clifford Chance in early December, advised the EBRD.	EUR 122 million	Ukraine
17-Dec	Avellum Partners	Avellum Partners acted as Ukrainian counsel for the Ministry of Finance of Ukraine on the restructuring of thirteen sovereign and sovereign-guaranteed Eurobonds.	USD 15 billion	Ukraine
22-Dec	Integrites	Integrites acted for VTB Bank Ukraine on a share capital increase.	EUR 563.7 million	Ukraine
23-Dec	Aequo	Aequo advised Mosquito Mobile on the acquisition of TRANS-CON LLC, a company operating the telecom infrastructure in Kyiv city's underground.	n/a	Ukraine
23-Dec	Asters	Asters advised the China Development Bank in connection with a number of agreements related to a long-term strategic partnership with Ukraine's Ukrtelecom and Huawei Technologies (one of the largest Chinese networking and telecommunications equipment and services companies).	USD 50 million	Ukraine
24-Dec	Wolf Theiss	Wolf Theiss advised and represented Vienna Insurance Group (VIG) in its acquisition of the remaining 20% shareholding in Ukraine's Globus insurance company, giving VIG full ownership of the company.	n/a	Ukraine
29-Dec	DLA Piper; Jeantet	Jeantet advised Dior on the prolongation of its lease of a 500-square-meter historic building for the company's boutique in the Kyiv city center. DLA Piper advised the unnamed landlord on the deal, which allowed Dior to re-open its boutique in Kyiv after an interruption of over six months.	n/a	Ukraine
4-Jan	Avellum Partners; Linklaters; White & Case	Avellum Partners acted as Ukrainian counsel to the City of Kyiv on the restructuring of its Loan Participation Notes due 2015 and Loan Participation Notes due 2016. White & Case advised the City of Kyiv and Linklaters advised Goldman Sachs International, the Dealer Manager on English law matters.	USD 550 million	Ukraine
6-Jan	Ilyashev & Partners	Lawyers from the Dnipropetrovsk office of Ukraine's Ilyashev & Partners Law Firm provided pro bono legal assistance to Jadwiga Lozinska in connection with what the firm describes as "inactivity of government agencies [in] searching and establishing [the] location of her son."	n/a	Ukraine
7-Jan	Gestors	Ukraine's Gestors law firm provided Gomelglass-Ukraine and PJSC Gomelglass with legal support during the government's review and revision of antidumping measures regarding the import of "float-glass" originating in Russia, Poland, and Belorussia into Ukraine.	n/a	Ukraine
15-Jan	Alexandrov & Partners	Ukraine's Alexandrov & Partners law firm reports that it worked pro bono in "accompanying the registration" of the "VDNG" trademark for the National Complex "Expocenter of Ukraine".	n/a	Ukraine
19-Jan	Avellum Partners; Linklaters; Skadden, Arps, Slate, Meagher & Flom	Linklaters and Avellum Partners assisted UniCredit Group in connection with its agreement to sell its Ukrainian unit, Ukrsotsbank, to Alfa Group's Luxembourg-based ABH Holdings SA. Skadden, Arps, Slate, Meagher & Flom advised ABH Holdings.	n/a	Ukraine
22-Jan	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners Ukraine advised 2XU Pty Ltd on overcoming the Ukrainian Patent office's refusal to grant 2XU Pty's key brands' trademark protection in Ukraine due to alleged lack of distinctiveness.	n/a	Ukraine
26-Jan	Spenser & Kauffmann	Spenser & Kauffmann successfully represented PJSC Zhytomyr Furniture Factory in proceedings against the Zhytomyr United State Tax Inspectorate of Center Department of the State Fiscal Service of Ukraine regarding an alleged tax debt of UAH 26.3 million.	UAH 26.3 million	Ukraine
26-Jan	Asters	Asters advised the EBRD on its financing to V.V. Kischenzi LTD, a privately-owned diversified agricultural producer based in the Cherkassy region of central Ukraine.	USD 5 million	Ukraine
28-Jan	CMS	CMS in Kyiv advised the EBRD on a project in Lviv and a EUR 10 million project in Chernivtsi aimed at developing and renewing the critical fast tram system and district heating utilities in those cities. Both loans are subject to the issuance of city council guarantees.	EUR 16 million	Ukraine
28-Jan	Aequo	Aequo successfully advised the Ukrainian Redevelopment Fund on Ukrainian merger control issues related to its acquisition of a significant equity stake in Ciklum Holding Limited, including obtaining merger clearance and concerted actions approvals from the Antimonopoly Committee of Ukraine.	n/a	Ukraine
29-Jan	Aequo	Aequo advised the Ukrainian subsidiary of Russia's Sberbank on the restructuring of a loan facility granted to the Smila Electromechanical Plant Research and Development Enterprise OJSC.	n/a	Ukraine
1-Feb	Sayenko Kharenko	Sayenko Kharenko advised the Dniepropetrovsk Tube Works PJSC on the potential initiation of an interim review of anti-dumping duties applied to imports into the Eurasian Economic Union of casing pipe, oilwell tubing, oil and gas piping, and hot finished conventional pipes originating in Ukraine.	n/a	Ukraine

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
1-Feb	Ilyashev & Partners	Ilyashev & Partners successfully defended BTA Bank (Kazakhstan) in the International Commercial Arbitration Court at the Ukrainian Chamber of Commerce and Industry in six arbitrations regarding its enforcement on pledged items for loans granted by the Bank to Hendy Assets Limited.	USD 120 million	Ukraine
2-Feb	Doubinsky & Osharova	Doubinsky & Osharova reported that the Economic Court of Kiev ruled on behalf of firm client BASF SE in the cancellation action it filed against the State Intellectual Property Service of Ukraine (SIPS) for granting a Trademark Certificate for the Cyrillic spelling of "PULS".	n/a	Ukraine
3-Feb	KPD Consulting	KPD Consulting supported Ciklum on securing a lease/sublease agreement for office space in Kyiv's Gulliver Office Center.	n/a	Ukraine
3-Feb	Spenser & Kauffmann	Ukraine's Spenser & Kauffmann successfully represented Klub ZhZh LLC in two disputes.	n/a	Ukraine
4-Feb	Sayenko Kharenko	Sayenko Kharenko successfully represented the interests of the DF Group companies, including JSC Azot, JSC Rivne Azot, PJSC Severodonetsk Azot Association, and JSC Concern Stirol, in court proceedings initiated by EuroChem, one of the world's leading mineral fertilizer producers, in order to abolish anti-dumping measures imposed on imports of ammonium nitrate originating in Russia into Ukraine.	n/a	Ukraine
4-Feb	Vasil Kisil and Partners	Vasil Kisil and Partners successfully represented Intertrans LLC in a dispute with the National Bank of Ukraine and Department of the State Enforcement Service of Ukraine.	n/a	Ukraine
8-Feb	Vasil Kisil and Partners	Vasil Kisil & Partners announced that, for the second consecutive year, the firm is acting as legal advisor to the Mystetskyi Arsenal National Art and Culture Museum Complex in Kyiv.	n/a	Ukraine
9-Feb	Sayenko Kharenko	Sayenko Kharenko advised AerSale on the lease of an aircraft engine to Ukraine International Airlines, Ukraine's leading airline.	n/a	Ukraine
12-Feb	Aequo	Aequo has secured a victory in the Superior Commercial Court of Ukraine for Dr. Reddy's Laboratories Limited in a case involving biosimilar medicinal products registered in Ukraine.	n/a	Ukraine
16-Feb	AstapovLawyers	AstapovLawyers International Law Group agreed to act as legal advisor for the Kyiv Chess Federation in 2016.	n/a	Ukraine
16-Feb	Internation Legal Center EUCON	The International Legal Center EUCON defended the interests of JSC Ukrrichflot shipping company before the Supreme Administrative Court of Ukraine.	UAH 2.5 million	Ukraine

Full information available at: www.ceelegalmatters.com

Period Covered: December 10, 2015 - February 16, 2016

On the Move: New Homes and Friends

K&L Gates Moves On From Moscow

K&L Gates has closed its Moscow office, leaving Warsaw the firm's only remaining office in CEE. The Pittsburgh law firm opened in Moscow in 2010.

Although the economic downturn in Russia and significant effect of sanctions imposed by the West on the country following its 2014 annexation of Crimea have led most US and UK-based international firms in Moscow to downsize, K&L Gates is the first since the crises in Crimea to shut its doors completely.

K&L Gates announced that: "Following a lengthy evaluation of economic and geopolitical conditions and projected client needs and related business conditions in the region, K&L Gates LLP has closed its four-lawyer Moscow office, effective early December 2015. One lawyer from the office has relocated to another office within K&L Gates' extensive global platform; specifically, corporate/M&A partner William Reichert has moved to the firm's Dubai office to augment the firm's Middle East practice."

While Reichert moved to sunnier climes, his colleague Georgy Borisov stayed in Moscow, moving 4 km closer to the city center to Squire Patton Boggs, where he joined the Cleveland firm as a Partner in its Global Corporate Practice.

Pavelka Private Client Boutique Open for Business in Czech Republic

"It's like an oxymoron to try and offer personal service for private clients in a giant law firm," Jan Pavelka says, explaining why, after helping launch and manage the Private Clients department at Havel, Holasek & Partners, he left that firm last summer to start the Pavelka boutique.

Pavelka, who graduated from Pilsen University in 2005, joined Havel & Holasek as a trainee in 2008, and he became a Czech attorney in 2009. He was promoted to Managing Associate in 2014, but when his expectations for future advancement failed to realize, he started to consider alternatives. In the summer of 2015 he ran into Banking/Finance lawyer Ondrej Planecka of PWC – the two had first met when Havel & Holasek tried to recruit Plenecka several years earlier – and an innocent conversation about Pavelka's plans led, eventually, to the two deciding to work together. They subsequently hired junior lawyers Karel Rada and Lucia Polackova and moved into impressive offices overlooking Namesti Miru in the second district of Prague.

With the first generation of business owners after communism now considering retirement, inheritances, trusts, and (he says) often divorce, Pavelka believes single-shop practices covering all their needs is going to be especially hot for the next decade or so. As a result, Pavelka says, his team is dedicated to providing "complete care to the client, from A to Z."

And, indeed, Pavelka is proud to note that his team offers complimentary skills. Pavelka himself comes with a Corporate/M&A background, while Planecka – who spent some time at Salans in Prague before moving to PWC in October 2011 – comes with a Banking/Finance focus. Junior lawyer Karel Rada specializes in Insolvency, while Lucia Polackova has a mixed corporate/employment/IP background.

Finding clients seems not to be a concern at the moment. Pavelka claims that the network of contacts and clients he developed while at Havel & Holasek – he co-managed the well-known Havel & Holasek "Gentleman's Club" social evenings for clients with Managing Partner Marek Losan, along with other business development activities – is more than enough to keep his office busy for the time being. Nonetheless, he made a point of finding premises with available space, as he expects to grow in future years – though he insists Pavelka will stay a Private Clients boutique.

Pavelka smiles. "This is the best thing that ever happened to us. Because we can take it somewhere. Sometimes good things happen in life."

The Vienna Waltz: Former Head of Dispute Resolution at Wolf Theiss Takes Team to Launch New Firm

Bettina Knoetzl, the former Head of Wolf Theiss's Austrian Dispute Resolution practice, has left that firm to start her own. The Knoetzl law firm opened in early January.

At Knoetzl, Bettina Knoetzl is joined by five partners – four of whom came with her from Wolf Theiss: Florian Haugeneder, former Partner and Head of Wolf Theiss's International Arbitration practice; Katrin Hanschitz, former Counsel with Wolf Theiss who specializes in corporate litigation and life sciences; Axel Thoss, former Counsel with Wolf Theiss who specializes in international civil law disputes, white collar crime, and compliance; and Emmanuel Kaufman, former Senior Associate with Wolf Theiss, whose arbitration experience has a particular focus on South America. The sixth Partner at Knoetzl is Patrizia Netal, former Partner with Platte Rechtsanwalte in Vienna and former Head of Arbitration at Siemer-Siegl-Fureder & Partner.

"Bettina Knotzl is one of the top dispute resolution lawyers in Austria and has an outstanding reputation abroad. We regret but respect her decision and wish her all the best."

Bettina Knoetzl told CEE Legal Matters that the team "started building a real, dedicated dispute resolution practice a long time ago [with Wolf Theiss]. With a select group of individuals specializing in litigation, arbitration, and international arbitration, [and] also in business crime, compliance, and crisis management, we aim to become the go-to firm in these fields." And the market is ready for such a specialized firm, according to Haugeneder: "The arbitration market and specialization in Austria has been growing over the past years considerably, and I believe it will continue to grow, so we saw a real opportunity for a specialized firm. We think this is something that does not exist in the model we are proposing, and we expect a lot of success, as we believe we'll be well received not only in Austria but in the region as a whole." That view was shared by Kaufman, who pointed out that the team has experience not only in Austria but across Eastern Europe and "is looking forward to going a step forward in quality, with the new structure allowing for just that."

Speaking of Knoetzl's departure, Erik Steger, the Managing Partner of Wolf Theiss, was complimentary. "Bettina Knotzl is one of the top dispute resolution lawyers in Austria and has an outstanding reputation abroad. We regret but respect her decision and wish her all the best."

Knoetzl said the team (which currently consists of 18 fee earners) is looking to grow in the near future, likely in the same specialization fields – with the firm aiming to become a litigation and arbitration powerhouse in the market – but hiring in complimentary practices is a possibility as well. The question of who the Managing Partner of the new firm will be is yet to be announced, and it is possible that a seventh Partner or Managing Director will join the firm in the near future in that capacity. The team did not want to disclose further information on that at this point.

Knoetzl represents another notable split-off from a traditional Austrian firm and is another member of a growing tribe of boutiques in Austria. This phenomenon was considered in the August 2015 issue of the CEE Legal Matters magazine.

Romanian TSAA Splits Into Stratulat Albulescu Attorneys at Law and TAMC Attorneys at Law

The Romanian TSAA law firm, founded by Partners Doru Traila, Silviu Stratulat, Adriana Almasan, and Andrei Albulescu, has split up, with Silviu Stratulat and Andrei Albulescu launching Stratulat Albulescu Attorneys at Law, and Doru Traila and Adriana Almasan establishing TAMC Attorneys at Law.

"Starting with January 2016, Stratulat Albulescu Attorneys at Law, led by Stratulat, Managing Partner, and Albulescu, Senior Partner, will continue practicing under this name, after withdrawing from the practice known as 'TSAA,' which will be discontinued." With this message, transmitted on January 13, 2016, Silviu Stratulat, one of four founders of TSAA, announced the dissolution of his old firm, and the creation of his new one. Stratulat and Albulescu are joined in the new Stratulat Albulescu Attorneys at Law by Partners Delia Belciu and Alexandra Radu (who was made Partner at TSAA in December 2015, only three months after joining the firm in the first place). Stratulat is enthusiastic about his new team, saying: "We consider this to be an important step forward. Stratulat Albulescu Attorneys at Law has a very strong international dimension, maintained through close collaboration with major international law firms and through membership in important international law firm networks."

Meanwhile, erstwhile TSAA colleagues Traila and Almasan, have – along with laywers Alexandru Moise and Eugen Chivu – established TAMC Attorneys at Law. When contacted by CEE Legal Matters, the partners of TAMC explained that their new firm "continues the tradition of alignment with the principle of triple commitment: full commitment to resolving the legal challenges of its clients, commitment to the team members, and commitment to the core values that define being a lawyer." Traila and Almasan also welcomed the addition of Moise, who is heading the public procurement and administrative and fiscal law practices, and Chivu, who coordinates the corporate law and insolvency proceedings departments, as Named Partners, with Traila commenting: "The recognition of Moise and Chivu's value came from both ourselves and from our clients, and their promotion was the natural step forward." Almasan added that the two "have the maturity of experienced lawyers, but have never lost their enthusiasm and creativity." The four partners at TAMC are joined by a fifth, Dragos Danau, although his initial is not in the acronymic brand.

Big Changes in Hungary's Jalsovszky and HP Legal Law Firms

In two interrelated stories, Hungary's Jalsovszky Law Firm introduced a new Banking & Finance practice group, headed by former Hajdu & Pazsitka Partner Gabor Pazsitka, while Hajdu & Pazsitka reformed after Pazsitka's departure as HP Legal | Hajdu & Partners.

Jalsovszky's new three-person Banking & Finance team is headed by Pazsitka, who has 20 years of professional experience, including ten years at the finance practice groups of Clifford Chance and Linklaters. Pazsitka spent the past nine years at Hajdu & Pazsitka Law Office, which he launched in 2007

Speaking about the addition of Pazsitka and the simultaneously-announced promotion of new tax Partner Istvan Csovari, Jalsovszky Managing Partner Pal Jalsovszky was enthusiastic. "Reaching our tenth anniversary has brought us to a significant milestone, with the firm moving to the partnership model that is used successfully at international law firms," said Jalsovszky. "The launch of the banking group means we can depart from the 'boutique law firm' concept, successfully used over the past ten years, and cover the full range of business law services. I am particularly pleased that the new partners of the firm can represent our values both professionally and personally. Gabor has unrivalled professional experience and market recognition in the financial law sector, while his mentality fits very well with the spirit of the firm. Istvan's contribution to our success to date is beyond all praise."

For its part, Hajdu & Pazsitka announced that it has changed its name to HP Legal | Hajdu & Partners in order to reflect "the re-structuring of the firm with the addition of Hanna Batki as a Partner and the departure of Gabor Pazsitka."

The new Partner, Batki, has been with the firm for over six years and specializes in banking and finance transactions as well as corporate matters. The firm also announced that English commercial solicitor Steven Conyweare will remain HP Legal's EU counsel.

Laszlo Hajdu, Managing Partner of HP Legal, commented on the changes: "As the re-structuring of the firm had been planned for some time, I am pleased that there has been no adverse impact on the firm's ability to service clients, nor on its day-to-day operation and strategy. I firmly believe that Hanna's promotion and Steven's continuing support will help ensure the continued success of HP Legal built up over the past eight years. There is a growing need for strong, independent firms in the Hungarian legal market, and I am pleased that our firm remains well placed to meet such demand. The firm's strategy is to continue to build on its past success and to further enhance its reputation amongst the leading business law firms in Budapest. I am confident that with our team's first-class services, hard work, talent, and persistence, we will succeed and ensure that HP Legal continues to be held in the highest regard by both clients and competitors."

New Private Client Boutique in Warsaw

The PATH Augustyniak, Hatylak & Partners law firm has announced its launch in Warsaw. According to a statement released by the new firm, it "specializes in providing services to high net worth Individuals – private entrepreneurs and their families, in the fields including legal aspects of wealth management, tax planning, succession regulation, and conducting investment transactions in Poland and abroad."

Founding Partners and tax experts Piotr Augustyniak and Tomasz Hatylak describe their firm as a "prestigious boutique law office", which "provides comprehensive legal consulting dedicated to individuals with stable financial status and their families, as well as institutions. The company's offer includes: legal and tax advisory in the area of wealth and asset management, maintaining relationships with banks, succession regulation, and investment transactions, as well as managing family matters and organizing life in Poland and abroad, including change of tax residence."

Augustyniak says, "looking at the legal services market, where we have been present for several years, we can clearly see that the range of the entrepreneurs' needs is constantly growing. "Company owners, members of management and supervisory boards, top managers, artists, sportsmen, and public figures require tailor-made solutions, which are suited to their domestic and international business activity and ever-changing legal regulations; the ones that take all aspects of a family's life into account."

Augustyniak was a Partner at K&L Gates in Warsaw from 2010 until this past December, and before that spent four years as a Counsel at Hogan & Hartson, two years as a Partner at Kochanski, Brudkowski & Partners, and two years as a Tax Advisor at White & Case.

Tomasz Hatylak comes to PATH after working independently for the past year and a half. Before that he was a Senior Associate in charge of the Warsaw Taxation & Benefits Tax Practice at Squire Sanders Swiecicki Krzesniak for six years and a Senior Associate at the Tokarczuk, Jedrzejczyk i Wspolnicy law firm for the six years before that. He began his career as a Junior Associate at Dewey Ballantine for one year in 2001.

Augustyniak explains that, "the name of our company refers to the fact that we aim at straightening intricate pathways of international law which our clients are obliged to follow."

Radonjic/Associates Launched in Podgorica

Vladimir Radonjic, the former head of the Montenegro office of Harrisons, has established a new firm in Podgorica: Radonjic/Associates.

Radonjic joined Harrisons in July 2011, having previously spent over four years with the Prelevic Law Firm. He told CEE Legal Matters that his new firm's team consists of three qualified lawyers, one trainee lawyer, a Business Development Manager, and an Office Manager, supplemented by what he described as "signed agreements with a number of consultants having a great professional experience in various sectors such as energy, banking and finance, telecommunications, EU competition law, etc."

Radonjic commented: "As a Founder and Managing Partner I can confirm that our new firm will continue to be fully committed to its clients and to helping them resolve their legal challenges and navigate through all aspects of their investments and operations in Montenegro. Our young but experienced team of lawyers will be looking to provide more efficient services and to offer innovative ways to meet the demands of our clients."

KIAP Announces New Administrative and Insurance Practices

Russia's KIAP law firm has announced the creation of Administrative and Insurances practices.

The new Administrative practice was designed, the firm announced, to accommodate a reported "increase in the number of projects involving clients representation in relations with the state and municipal authorities."

According to a statement released by KIAP, "the new division offers to the clients protection in cases on administrative offences, resolution of disputes with the state and municipal authorities, advice on administrative law and procedure, [and] support in inspections carried out within the framework of state and municipal control.

The new Administrative practice is headed by Attorney Alexey Sizov and supervised by Partner Ilya Ischuk.

According to KIAP, the firm's new Insurance practice "will be headed by new Partner Dmitry Shnaydman, a lawyer with 18 years' experience in insurance business."

The firm explained that, "having analyzed the competitive environment we came to the conclusion that the involvement of legal firms in the insurance law market is limited only to rendering services for legal support of disputes primarily on the side of insured persons. Whereas we are focused on rendering legal consulting services in on a wider range of issues related to insurance and reinsurance, tariffs and policies, legal examination of internal procedures, scoring and insurance products in the interests of insurers, professional associations of insurers, as well as insured persons, companies, and state institutions."

Shnaydman – a 1998 graduate of the Law Faculty at Bashkir State University – said: "I'm happy to head a new promising direction and become a part of KIAP's professional team. I'm grateful to my colleagues for their trust and appreciation of my work. And I am sure that this will be an interesting cooperation!"

Large Team Leaves Musat to Establish Suciu, Popa & Asociatii in Romania

A 20-person-strong team has left Musat & Asociatii in Romania to establish Suciu, Popa & Asociatii as an integrated full-service law firm.

The new firm has 5 Equity Partners with Miruna Suciu and Luminita Popa (acting as Managing Partners), Madalina Berechet, Cleopatra Leahu, and Dan Ciobanu. Suciu, Popa, Berechet, and Leahu were all Partners with Musat, while Ciobanu was a Managing Associate.

Suciu focuses on mergers & acquisitions/privatization, banking & finance, capital markets & securities, energy & natural resources, and corporate & commercial law. Popa works in the international arbitration, infrastructure & PPP/public procurement, energy & natural resources, and mergers & acquisitions/privatization fields. Berechet covers litigation & arbitration, infrastructure & PPP/public procurement, corporate & commercial law, taxation, and European law & human rights law. Lastly, Leahu works on energy & natural resources, infrastructure & PPP/public procurement, mergers & acquisitions/privatization, and environment.

Suciu told CEE Legal Matters that "the firm is up and running, and the team works at full speed in several significant projects in oil, gas, and in the infrastructure sector." She added: "While the current team size we started with is adequately calibrated and enables us to handle complex and sophisticated projects from the beginning, we believe the firm's growth should be a natural one, in line with firm's business and client portfolio expansion. Our concept is 40-50 lawyers, smoothly run, flexible, and efficient down the whole chain of seniority.

If you have any information about major acquisitions, lateral moves, office closings, or other developments of significance in a CEE legal market, please contact us at press@ceelm.com.

Confidentiality is guaranteed.

Summary Of New Partner Appointments

Date Covered	Name	Practice(s)	Firm	Country
5-Jan	Helmut Kinczel	Public Law	Fellner Wratzfeld & Partner	Austria
5-Jan	Desislava Krusteva	IP/TMT	Dimitrov, Petrov & Co.	Bulgaria
19-Jan	Darina Baltadjieva	Corporate/M&A; Real Estate	CMS	Bulgaria
11-Jan	Libor Nemec	Banking/Finance	Glatzova & Co.	Czech Republic
15-Feb	Daniel Hurych	Banking/Finance	Dentons	Czech Republic
25-Jan	Ioanna Kyriazi	Labor	Kyriakides Georgopoulos	Greece
28-Jan	Hanna Batki	Banking/Finance	HP Legal | Hajdu & Partners	Hungary
2-Feb	Pekka Puolakka	Real Estate	Sorainen	Latvia
12-Jan	Simona Oliskeviciute-Ciceniene	Real Estate; PPP/Infrastructure	Cobalt	Lithuania
12-Jan	Juozas Rimas	Corporate/M&A	Cobalt	Lithuania
12-Jan	Lukasz Jankowski	Energy	Eversheds	Poland
12-Jan	Pawel Borowski	Life Sciences	Kochanski Zieba & Partners	Poland
15-Jan	Aleksandra Wedrychowska-Karpinska	IP/TMT	WKB Wiercinski, Kwiecinski, Baehr	Poland
15-Jan	Maciej Szambelanczyk	Energy	WKB Wiercinski, Kwiecinski, Baehr	Poland
3-Feb	Tomasz Rysiak	Insolvency/Restructuring; Tax	Magnusson	Poland
15-Feb	Aleksandra Minkowicz-Flanek	Labor	Dentons	Poland
15-Feb	Tomasz Janas	Energy	Dentons	Poland
15-Feb	Michal Jochemczak	Dispute Resolution	Dentons	Poland
18-Feb	Rafal Morek	Dispute Resolution; Real Estate	K&L Gates	Poland
18-Feb	Patrycja Zawirska	Labor	K&L Gates	Poland
13-Jan	Oana Badarau	Real Estate; PPP/Infrastructure	PeliFilip	Romania
14-Jan	Cristian Popescu	Agribusiness	Popovici Nitu Stoica & Asociatii	Romania
1-Feb	Angela Mare	Dispute Resolution	Musat & Asociatii	Romania
1-Feb	Paul Buta	Dispute Resolution	Musat & Asociatii	Romania
3-Feb	Adina Jivan	Dispute Resolution	Schoenherr	Romania
3-Feb	Emeric Domokos-Hancu	Dispute Resolution; Insolvency/Restructuring	Schoenherr	Romania
29-Dec	Roman Cherlenyak	Labor; Competition; PPP/Infrastructure; Corporate/M&A	Yust Law Firm	Russia
29-Dec	Vasiliy Raudin	Insolvency/Restructuring	Yust Law Firm	Russia
8-Jan	Fredrik Ringquist	Dispute Resolution	Mannheimer Swartling	Russia
12-Jan	Anna Numerova	Competition	Egorov Puginsky Afanasiev & Partners	Russia
3-Feb	Dmitry Shnaydman	Banking/Finance	KIAP	Russia
18-Jan	Ana Jankov	Labor	BDK Attorneys at Law	Serbia
19-Jan	Rasko Radovanovic	Competition	CMS	Serbia
19-Jan	Bogdan Ivanisevic	IP/TMT	BDK Attorneys at Law	Serbia
21-Dec	Oznur Inanilir	Competition	Elig, Attorneys at Law	Turkey
11-Jan	Gokhan Bozkurt	Dispute Resolution	Paksoy	Turkey
5-Feb	Tuna Colgar	Corporate/M&A	Erdem & Erdem	Turkey
30-Dec	Dmitry Taranyk	Competition	Sayenko Kharenko	Ukraine
18-Jan	Oleksandr Voznyuk	Competition	Asters	Ukraine
27-Jan	Oleg Boichuk	Corporate/M&A; Real Estate	Egorov Puginsky Afanasiev & Partners	Ukraine
27-Jan	Sergiy Grebenyuk	Criminal Law	Egorov Puginsky Afanasiev & Partners	Ukraine

Summary Of Partner Lateral Moves

Date covered	Name	Practice(s)	Joining	Moving From	Country
7-Jan	Bettina Knoetzl	Dispute Resolution	Knoetzl	Wolf Theiss	Austria
7-Jan	Florian Haugeneder	Dispute Resolution	Knoetzl	Wolf Theiss	Austria
7-Jan	Axel Thoss	Dispute Resolution	Knoetzl	Wolf Theiss	Austria
7-Jan	Emmanuel Kaufman	Dispute Resolution	Knoetzl	Wolf Theiss	Austria
7-Jan	Patrizia Netal	Dispute Resolution	Knoetzl	Platte Rechtsanwalte	Austria
12-Jan	Jan Pavelka	Private Clients	Pavelka	Havel, Holasek & Partners	Czech Republic
3-Feb	Miroslav Dubovsky	Corporate/M&A; Private Equity; Real Estate	DLA Piper	Weinhold Legal	Czech Republic
16-Feb	Jan Andrusko	Corporate/M&A	White & Case	Kotrlik Bourgeault Andrusko	Czech Republic
11-Jan	Elvira Tulvik	Administrative Law; Tax; Gambling	Magnusson	KPMG	Estonia
25-Jan	Gabor Pazsitka	Banking/Finance	Jalsovszky Law Firm	Hajdu & Pazsitka Law Office	Hungary
9-Feb	Reka Berekmeri-Varro	Life Sciences	Deloitte	Jeantet	Hungary
1-Feb	Vladimir Radonjic	Corporate/M&A	Radonjic/Associates	Harrisons	Montenegro
5-Jan	Patryk Galicki	Real Estate	Eversheds	K&L Gates	Poland
21-Jan	Ireneusz Piecuch	IP/TMT	CMS	Poczta Polska	Poland
25-Jan	Piotr Augustyniak	Tax	PATH Augustyniak, Hatylak & Partners	K&L Gates	Poland
18-Feb	Ewa Kurowska-Tober	IP/TMT	DLA Piper	Linklaters	Poland
15-Jan	Doru Traila	Dispute Resolution	TAMC – Attorneys at Law	TSAA	Romania
15-Jan	Silviu Stratulat	Corporate/M&A; Real Estate; Banking/Finance	Stratulat Albulescu Attorneys at Law	TSAA	Romania
15-Jan	Adriana Almasan	Corporate/M&A; Competition	TAMC – Attorneys at Law	TSAA	Romania
15-Jan	Andrei Albulescu	Corporate/M&A; Labor; PPP/Infrastructure	Stratulat Albulescu Attorneys at Law	TSAA	Romania
15-Jan	Delia Belciu	IP/TMT	Stratulat Albulescu Attorneys at Law	TSAA	Romania
15-Jan	Alexandra Radu	Corporate/M&A; Competition	Stratulat Albulescu Attorneys at Law	TSAA	Romania
15-Jan	Alexandru Moise	PPP/Infrastructure; Dispute Resolution	TAMC – Attorneys at Law	TSAA	Romania
15-Jan	Eugen Chivu	Dispute Resolution	TAMC – Attorneys at Law	TSAA	Romania
15-Jan	Dragos Danau	Dispute Resolution	TAMC – Attorneys at Law	TSAA	Romania
18-Feb	Miruna Suciu	Corporate/M&A; Banking/Finance; Capital Markets	Suciu, Popa & Asociatii	Musat & Asociatii	Romania
18-Feb	Luminita Popa	Dispute Resolution; Infrastructure/PPP	Suciu, Popa & Asociatii	Musat & Asociatii	Romania
18-Feb	Madalina Berechet	Dispute Resolution; Infrastructure/PPP	Suciu, Popa & Asociatii	Musat & Asociatii	Romania
18-Feb	Cleopatra Leahu	Energy; Infrastructure/PPP	Suciu, Popa & Asociatii	Musat & Asociatii	Romania
18-Feb	Dan Ciobanu	Corporate/M&A	Suciu, Popa & Asociatii	Musat & Asociatii	Romania
7-Jan	Georgy Borisov	Corporate/M&A	Squire Patton Boggs	K&L Gates	Russia
12-Feb	Andrey Ryabinin	Dispute Resolution	Integrites	Muranov, Chernyakov and Partners	Russia
3-Feb	Onur Kucuk	Corporate/M&A; Banking/Finance; Private Equity	KPMG	Bener Law Firm	Turkey
19-Jan	Oleg Mazur	Banking/Finance; Capital Markets	Chadbourne & Parke	Wolf Theiss	Ukraine

Summary Of In-House Appointments And Moves

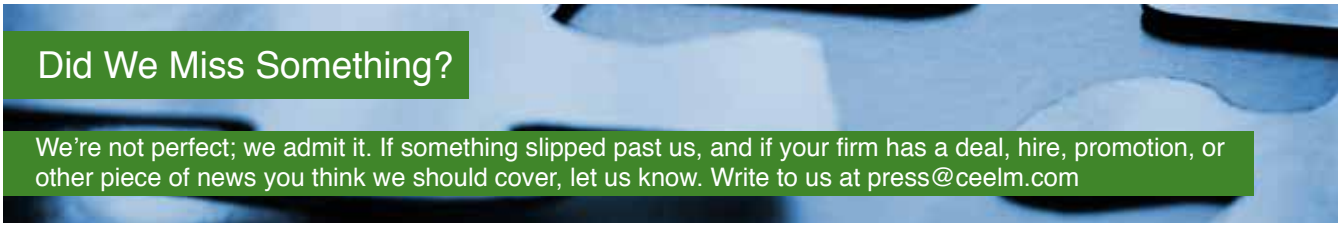
Date covered	Name	Company	Moving From	Country
2-Feb	Tereza Rychtarikova	UPC (General Counsel & Director Public Policy)	(promoted)	Czech Republic
11-Feb	Pavel Kvicala	Genesis Private Equity Funds and Genesis Capital (Senior Counsel)	Havel, Holasek & Partners	Czech Republic
8-Jan	Eva Nikolic	BAT (Head of Legal Adria Cluster)	(promoted)	Hungary
8-Feb	Vytis Leonavicius	Freight Transportation Directorate of JSC Lithuanian Railways (Chief Lawyer)	(promoted)	Lithuania
15-Dec	Grzegorz Skowronski	Wolf Theiss	Hochtief Development Poland (Head of Legal)	Poland
21-Jan	Ireneusz Piecuch	Poczta Polska (Senior Vice President)	CMS	Poland
9-Feb	Radoslaw Radowski	Enea (Legal Advisor to the Management Board)	Bank BPH	Poland
21-Jan	Anna Kravtsova	Parallels (Legal Director)	Podolsky & Klein	Russia
4-Feb	Elena Gabdulkhaeva	E.ON (Corporate Policy Director)	Metro Cash & Carry	Russia
8-Feb	Ozlem Atak Cebeci	Eczacibasi-Baxalta (Head of Legal)	(promoted)	Turkey
18-Feb	Simon J. Cox	ThomasLloyd (General Counsel and Head of Legal and Compliance)	McGuireWoods	United Kingdom

Other Appointments

Date Covered	Name	Firm	Appointed to	Country
11-Jan	David Christian Bauer	DLA Piper	Country Managing Partner	Austria
9-Feb	Roman Perner	Schoenherr	Equity Partner	Austria
27-Oct	Iva Basaric	Babic & Partners	Equity Partner	Croatia
3-Feb	Miroslav Dubovsky	DLA Piper	Managing Partner	Czech Republic
21-Dec	Ants Nomper	Raidla Ellex	Managing Partner	Estonia
30-Oct	Marcin Studniarek	White & Case	Office Executive Partner at White & Case (Warsaw)	Poland
30-Oct	Michal Subocz	White & Case	Head of Warsaw Dispute Practice	Poland
15-Jan	Jakub Jedrzejak	WKB Wiercinski, Kwiecinski, Baehr	Equity Partner	Poland
15-Jan	Jakub Pokrzywniak	WKB Wiercinski, Kwiecinski, Baehr	Equity Partner	Poland
15-Jan	Aleksandra Faderews-ka-Waszkiewicz	Laszczuk & Partners	Equity Partner	Poland
15-Jan	Michal Chodkowski	Laszczuk & Partners	Equity Partner	Poland
16-Feb	Izabella Dudek-Urbano-wicz	Patpol	Managing Director	Poland
3-Dec	Anton Zhdanov	AstapovLawyers	Head of Moscow Office	Russia
6-Jan	Funda Ozsel	Bener Law Firm	Managing Partner	Turkey

Full information available at: www.ceelegalmatters.com

Period Covered: December 10, 2015 - February 18, 2016



Did We Miss Something?

We're not perfect; we admit it. If something slipped past us, and if your firm has a deal, hire, promotion, or other piece of news you think we should cover, let us know. Write to us at press@ceelm.com

Legal Matters: The Buzz

Austria

HETA still dominating talks

The ongoing HETA crisis continues to dominate conversations between lawyers, according to Christoph Wildmoser, Partner at Herbst Kinsky. The aspect most frequently discussed in recent days is whether and to what extent investors in the EUR 10 billion worth of outstanding bonds – among them German banks and insurance companies, and several US and UK-based hedge funds – are willing to accept a haircut. At the moment, they have been offered a buy-back of 75 percent of the bond value, an offer which has been refused by investors' groups. Wildmoser explains that many law firms are involved in some form or another in advising either HETA, the federal state, or one or more of the investors.

The Austrian real estate tax discussed in the Buzz in the December 2015 issue remains a hot topic as well, with relevant legislation having come into effect in January 2016. The new act "represents a fundamental change in the way in which the tax value is calculated" (which results in a significantly higher value), Wildmoser said, and unfortunately it lacks clarity. Wildmoser mentioned that there are intense discussions among practitioners over how to calculate the actual tax burden – which almost every lawyer working on a real estate deal is obliged to do.

Looking at the market as a whole, Wildmoser mentioned that probably the most notable movement in the last couple of months is the departure from Wolf Theiss of a team of lawyers led by Bettina Knoetzl to set up their own firm [see page 18] – a move in line with a trend of spin-offs in the market but more noteworthy than most due to the number of lawyers and their supposed revenue potential. Finally, Wildmoser – in a nicely collegial manner – mentioned Binder Groesswang and Schoenherr as firms that seem to be doing well in recent months, with both involved in a number of big deals.

Bulgaria

Busy period for legislators in Bulgaria

The Sofia Bar Association elected a new Chairman on February 7, according to George Dimitrov, Managing Partner at Dimitrov, Petrov & Co., who notes that Bogdan Petrov, one of his firm's Managing Partners, was appointed to the Bar Association's Attorney Council.

The recent period has been a busy one in terms of legislative updates, and Dimitrov points out that the National Assembly adopted on second reading a new Public Procurement Act early this February. He explains: "Though it has a lot of deficiencies, the new law governs all matters relating to the establishment of national public procurement rules. The rules cover both the low value procurements and the powers of the bodies for preliminary and follow-up control, including the main national body – the Public Procurement Agency." A Draft Act for Amendment and Supplement to the Registered Pledges Act is also to be submitted to the National Assembly. According to Dimitrov, the amendments cover several aspects and "are aimed at ensuring legal certainty and turnover efficiency, eliminating certain inconsistencies and gaps in the existing legal framework and making administrative services more accessible."

In other developments, Bulgaria's organized power exchange started on January 19, 2016. Dimitrov reports that the amendments to the Energy Act and the Renewable Energy Act from July 2015, "explicitly provide producers of energy from renewable energy sources the opportunity to sell at freely negotiated prices and/or on the balancing market energy quantities which exceed the net specific production, based on which preferential prices are defined in the relevant decisions of the Energy and Water Regulatory Commission."

Lastly, and directly impacting the lives of lawyers in the market, Dimitrov sais that "a five-member panel in the Supreme Administrative Court has upheld the decision of the three-member panel of the same court, which declared void §2 of the Additional Provisions of Ordinance No. 1 for the minimum size of attorney fees."

Croatia

Ironing out the coalition

According to Aleksej Miskovic, Partner at Glinska & Miskovic, there is ongoing discussion in Croatia around the blockage resulting from the recent elections in which, while the coalition of parties led by the Croatian Democratic Union party secured a relative majority of seats in the Parliament, it did not

win enough to secure a government without creating a coalition. In order to achieve this, it created a coalition with a grouping – according to Miskovic it is not a formal political party – called "Most" (which translates to "bridge"). With the two political groups' political platforms "not fully aligned," there have been a few hiccups in setting up the new government, in particular at the level of appointing the officers operating under the different ministers, which has led to a number of projects being put on hold – an issue still affecting the country three months after the elections. A number of aspects are not yet clear as a result, including what the fiscal policy will be, with the country (and the EU Commissioner for Economic and Financial Affairs, Taxation, and Customs) eager to see the new budget for the country. Miskovic explains that, as a result of the political setting, most law firm matters connected to the government are quite slow these days.

The corporate/M&A market registered quite a few important moves last year, and that is likely to continue, while the financing market, although generally vibrant, tends to revolve primarily around refinancing of existing deals or distressed real estate projects, which, Miskovic reports, "is not really creating new value per se but is keeping lawyers in the country busy."

Question marks around the Constitutional Court and increased M&A and regulatory workload

Aside from the question marks related to the new and – in his words – "fairly unstable" coalition, Boris Babic, Senior Partner at Babic & Partners, points to the Constitutional Court as one of the most common sources of debate among lawyers in Croatia. He explains that there are empty slots within the court that need to be filled by May 7, 2016, or the court will be left with only six judges out of the normal 13, and unablee to adjudicate important matters such as those related to repeals of laws and control of elections. The problem is that the current coalition does not have the two-thirds of the parliament required to make the appointments over the objection of an opposition which "seems opposed to the constitutional court, as it is set up currently, overall." According to Babic, the court is seen as the "fourth pillar of power in the country," beyond the traditional three of executive, parliamentary, and judiciary, since it "holds a special role beyond standard judiciary," including even the power to impeach the president.

On the business side, M&A deals seem to be driven in particular by the tourism sector in terms of volume. Babic also points to last summer's EUR 505 million BAT/Adris deal as one of the largest in the country in terms of value.

Regulatory work is also keeping lawyers in the country busy, with competition law related work on the rise. This is led both by the increasing M&A activity but also by what Babic describes as a more aggressive competition agency, which is using dawn raids for matters beyond the usual cartel cases. The manner in which some of these raids are carried out is somewhat controversial, according to Babic, and "gives rise to some questions from the perspective of human and constitutional rights."

Czech Republic

New Civil Code continues to bedevil Czech lawyers

Partner Jiri Buchvaldek of the Czech Republic's Hruby & Buchvaldek law firm says that the Czech Republic's new (in 2014) Civil Code remains a significant problem, and Buchvaldek says, simply, that "it's not as straightforward and clear as you'd expect a new law to be." Although a draft amendment is currently being considered, none has as yet been enacted – and, surprisingly, Buchvaldek himself opposes it, saying that while "I was praying for a quick amendment" when the new Code was introduced in 2014, "after two years I'm thinking the opposite: let the law live, and let the courts settle it and develop case law regarding its interpretation." As a related problem, he notes that a number of government ministries try to construe and interpret the Code in improper and self-serving ways, often directly contrary to the written opinions of Professor Karel Elias, the "Father" of the Code, who was primarily responsible for creating it.

Buchvaldek also describes an ever-increasing amount of regulation as a source of frustration for lawyers and clients alike. One recently passed law on electronic payments requires every business that accepts payments by credit or bank cards to be connected to the tax authority and to report every payment within two seconds. This attempt to minimize fraud and VAT evasion imposes additional costs on entrepreneurs. In Buchvaldek's view the increased regulation, particularly in the tax sphere, is "getting crazy," and he says that "everybody is complaining." He concedes that it may also mean more business for tax advisors, and perhaps on the margins for firms handling disputes over tax penalties, "but not that much."

Buchvaldek also sighs at the backlogs, lack of predictability, and occasional incompetence of judges in the Czech courts. Even simple eviction actions, he said, can take years, imposing significant burdens on landlords unable to clear out undesirable and often delinquent tenants. The system is disorganized, he says, and too often judges are simply not prepared, sometimes even asking counsel for assistance on matters within their own presumed competence. As a result, even matters that should be straightforward are sometimes decided in counterintuitive and perplexing ways, making judgments almost impossible to predict, and making it difficult to know how to advise clients. As a small hopeful note, Buchvaldek said that the younger generation of judges seems better equipped than their predecessors.

In general, Buchvaldek says, business is continuing to revive in the Czech Republic, and although he hesitates to compare it to the freshly-concluded 2015, he says that "compared to 2014 it's much better," and that "you can see it everywhere in Prague."

Estonia

E-residency – a drive for foreign investments, if done right

While e-residency is not a new topic in Estonia, according to Annika Vait, Partner and Attorney-at-Law at Law Firm Alterna, the topic has resurfaced as controversial with the government considering changes to Estonian law to allow for the establishment of companies in Estonia using the e-residency card which carry out business in a different country. Vait explains that, if this happens, several problematic legal issues are likely to arise: "For example, it is unclear what law applies if this Estonian company, established here but running in another country, should have disputes with an Estonian company. Which country should you pay taxes in – or should you sometimes have to pay taxes to both countries – are also question marks."

As things stand, a business address is required in Estonia, but Vait reports that many entities are asking firms that are counseling them to use their address to establish companies in Estonia. In fact, Vait says that, among the planned updates, the government is considering allowing only law firms to provide what she called a "post-receivement" service.

The ultimate end goal of the e-residency initiative is to enhance investments in the country, but, in light of the above, Vait feels the plan is not fully thought through. "In my personal opinion, if you lose the Estonian address demand, you will not help investments much because we'll have companies registered in Estonia that are not really making their business here, and I am unsure to what extent that'd amount to 'real' investments." Nonetheless, it does make certain things easier, according to the Alterna Partner, who points to the ease of working digitally these days in Estonia using the e-residency card as an undeniably business-friendly aspect.

Macedonia

Macedonia too good to ignore

Last year was slow in terms of M&A in Macedonia, according to Gjorgji Georgievski, Partner and Regional Head of TMT at the ODI Law Firm, and the pattern will probably stay the same this year. Last year's largest deal was the merger between Telekom Slovenije's "One Telecommunications" and Telekom Austria's "VIP Operator" entities, but most of the activity was registered in projects related to the construction of public infrastructure such as administrative buildings, roads, hospitals, and schools.

With 2016 an election year in the country, Georgievski expects this activity to continue. TMT is also expected to continue registering movement, and the TMT Regional Head at ODI Law reports that a number of companies have announced that they will be acquiring some smaller players in the country. In fact, Georgievski expects the market to be dominated by two or three companies in the mid-term, since, although many of the deals have not yet been confirmed, "the market is simply not large enough to accommodate more than two/three players."

The promise of FDI is also a common subject of conversation among lawyers in the market, with the Government taking active steps to drive it up via technological industrial development zones by providing infrastructure, substantial help in terms of securing financing for construction costs, subsidies for salaries, and VAT exceptions, as well as allowing foreign investors the ability to purchase property at preferable prices, among other things. Simply put, "the benefits are simply too good to ignore," says Georgievski, who looks at Johnson Controls' new plant set up in the country as a sign of things to come.

Under the principle of, "in Macedonia, one thing is certain: that there is nothing that is certain," Georgievski is also optimistic about potential work coming from potential privatizations announced in the mining, manufacturing, and pharmaceutical sectors, "but these things tend to move slowly, and it is uncertain if we'll see any of them pan out in this year, 2017, or 2018."

Montenegro

FDI drive and Montenegrin firms picking up

Infrastructure and energy seem to be the name of the game in Montenegro, according to Vladimir Radonjic, Managing Partner at the recently established Radonjic/Associates. This is primarily led by foreign investor interest, with solar energy and small hydro power plants an extremely popular attraction point for FDI, along with two wind power plant projects currently under development in the country. Infrastructure is primarily driven by the massive EUR 800 million investment in the highway connecting Podgorica and Kolasin in the north of Montenegro as well as projects developed at municipal levels.

Real estate is also registering a "renewed interest," with projects such as the largest super yacht marina in the Adriatic being a spearhead for what Radonjic describes as a set of luxury projects geared towards drawing in high-net-worth individuals from around the world. Projects such as a number of hotels and other residential projects currently under development are generating a lot of interest from investors and "breathes new life into the Montenegro real estate market."

Radonjic observes that Montenegrin law firms are increasingly becoming involved in commercial/corporate matters, including on the governmental side, a sphere that was traditionally dominated by Serbian/regional law firms.

Poland

Don't get lost in the static

According to Ron Given, Partner at Wolf Theiss, among lawyers and the population in general, the buzz in Warsaw these days relates to the new Polish government and potential consequences that it could have with respect to business. As an expat, Given finds the current discussions in the country quite interesting, with most people – particularly Polish lawyers – "coming out of the gate extremely negative with messages along the lines of 'this is the end of life as we know it'." While he concedes that there are some red flags related to the country's first non-coalition government, combined with its nationalistic agenda, Given said: "I tend to push back a little bit on whether this is really an indication that the lawyering business is due to take a turn for the worse. There might be some social implications, sure, but what I see as potentially influencing the market considerably more these days is, for example, the lower valuations on the Warsaw stock exchange which have an influence over private transactions as well. A longstanding buyer/seller valuation gap has narrowed."

Following up on that thought, Given explains that the market recently registered a downgrade in credit ratings, which lowered the value of its currency, but, from a transactional perspective, that's not an entirely bad thing, especially for a country like Poland that is so heavily exports-oriented. This lowering of the currency and generally lower market valuations are, for Given, signs of transactions on the horizon. This might be curved a bit by the new asset taxes on financial services, and Given believes that banks will no doubt take a hit (especially when combined with the potential Swiss franc loan conversions), but he also believes that this can be comfortably outbalanced by strategic buyers and private equity firms that "seem strong and in no real need for further financing." The proposed taxes on retail business are also something that may facilitate transactions, as, Given explains, these new taxes will provide incentive for consolidation in the sector, with companies "needing to get bigger and better to carry the burden." Consolidation talks are also taking place around some of the state companies, especially in the energy sector, further expanding the pool of potential transactions.

"If you listen closely," Given explains, you will also notice how the new government is pushing for Poland to "move away from being simply a cheap labor country to a more innovation-focused economy," and people are looking forward to seeing specific proposals, which will likely be geared towards tax incentives on the R&D and IT/IP side. Given says positive signs are already visible, with one US company recently purchasing an operation in Poland.

"If you get lost on the dispute on the constitutional court only," Given explains, "you miss out on a lot of other important signs of things to come. Yes, the prior government seems to have had its own political shenanigans going on, and the new one is replying in kind, but I find it important to not get lost in the static and focus on all the potential I see in the market. I am certainly not selling Poland short."

Romania

Clearing the way to sustainable growth and getting back to fundamentals

"These last few months have represented an interesting period in Romania," starts Valentin Voinescu, Partner at Nestor Nestor Diculescu Kingston Petersen, "but I think there are a couple of fundamental things constantly discussed."

Voinescu starts by discussing the Romanian market in general, a market that "is essentially trying to find a point of growth and a way forward out of a period marked by recession and constant changes." One of the prerequisites for this growth, in his view, is dealing with the massive amount of non-per-

forming debt on the market. Indeed, he points out, "huge efforts" were invested into selling these portfolios last year and the NNDKP Partner expects this trend to continue into 2016. While "things are moving in the direction of cleaning up this debt," there are several factors working against it. First, there's a populist movement element when it comes to debt review in general, reflected in the enactment of the individual insolvency law and the mortgage release law currently being debated, which would allow a debtor to simply forego the mortgage and be released of the entire debt. Voinescu worried this stands a good chance of backfiring, since banks will be tempted to increase costs of financing to balance the risk, making less financing available to begin with. "It is also not necessarily conducive towards cleaning up the NPL side, since potential investors would have to take on increased risk with these portfolios now," he adds. The second barrier he identifies is what he describes as a "mismatch between funding abilities and needs in Europe." He explains that while the feedback of peers in other jurisdictions is that some markets and some financial institutions "are sitting on a pile of liquidity" and while emerging markets are "thirsty for funding," the connection between the two simply does not seem to be taking place. "But this has to happen," says Voinescu. "The fundamental truth is that we need healthy banks funding high growth and potential where this truly exists in Europe, and until this happens, we cannot 'wish away' stagnation, no matter how much liquidity is generated by institutional means."

The second overarching discussion in the country is the care with which clients are looking at their budgets in recent years. "I believe this ignores a reality of our market," Voinescu explains, adding: "yes, competition is useful and healthy if there is quality work available, but the Romanian market simply does not have enough quality work to create 20 truly top law firms. The number of players might give a feeling of enough competition to drive down fees, but I fear we are kidding ourselves by looking only at the lower costs with no judgment as to the quality of the service." He argues that "what is happening with this whole race to generate the lowest cost is that clients are slowly amassing risks. It is something we'll see to a full effect when the market is re-adjusted and slowly, but surely, we'll see a return to quality as the main concern, as one of the fundamentals for hiring lawyers in the first place."

Slovenia

Focus falls on the legal profession itself

Talks about the legal profession seem to be at the top of the agenda in Slovenia, according to Nina Selih, Partner at Selih & partnerji. The issues of ethics, corruption, how to handle issues related to conflicts, and professional insurance – in terms of what is mandatory and what is not – are all frequently discussed. The last of these, in particular, is linked to new developments, as Selih – who is also a member of the executive board of the Slovenian Bar – explains that the Bar has been approached by the insurance company providing mandatory professional insurance with a request to increase its fees considerably, resulting in a lot of negotiations between the two organizations.

A new draft law is in the works related to attorneys' advertising, Selih reports. While the draft has not yet been circulated, the existing law was missing regulations that would cover law firms as entities, as opposed to individual lawyers. "There will be new solutions provided in the new law that will allow law firms to be more clear and benefit from a more transparent framework," she explains. To Selih's knowledge, the new law will not change the advertising regime of the profession.

In terms of legal work, there are a few potential projects in the market, but the one most likely to come to fruition is the sale of the largest Slovenian bank, which, as a result of a EU Commission decision, needs to be sold by the end of 2017. A second notable deal is that of a railway track that needs to be built from the port of Koper to Ljubljana, with a tender already being published to carry out the work.

Turkey

Turkey stable despite challenges

Kerem Turunc, Partner at the Turunc law firm, starts out by referring to the hope heading into the country's elections last fall that the results would provide some stability for the economy. He reports that, indeed, despite worrying macro-economic numbers – including high unemployment and inflation – and geopolitical challenges involving Syria, Iraq, and recent problems with Russia, foreign interest in the Turkish market is continuing. Foreign investors are continuing to look for M&As and good investment opportunities, and, Turunc reports, "Private Equity funds are still heavily looking into the market – even global funds are still looking." The economy, he notes, is large and diverse and able to withstand a number of challenges that might pose greater problems for smaller countries. Indeed, when asked about the fallout of the recent terrorist attack in the Sultahnamet district of Istanbul, Turunc reported that while some cruise ships have altered their routes or taken Turkey out of their itineraries altogether, and tourism – including Real Estate in the tourism industry – has been somewhat affected, the attack otherwise has had few obvious direct effects on the economy. He points to the expected IPOs of Turkish national gas company Igdas and the Borsa Istanbul as

signs of a still-vibrant economy.

On the legislative front, Turunc refers to the proposed new draft Tax law – designed to consolidate the currently-separate Personal Income Tax Law and Corporate Tax Law – expected to be enacted sometime this year. He expects the law to bring clarity to certain transactions, by – among other things – changing the Capital Gains tax for Share Transfers. Turunc personally isn't sure that the two laws need to be consolidated – he prefers amendment and enforcement over full-on replacement – but says that the biggest problem Turkey has had for many years with regard to Tax is enforcement, "which puts companies that play by the rules at a disadvantage compared to those who don't," so as long as it's fairly and consistently enforced it should be a step forward.

Finally, Turunc refers to a new Draft Attorneyship Law in Parliament that may change the structure of law firms to create a more flexible model that replicates the Joint Stock Company model, though he's not sure exactly when – or if – it's going to become law.

Ukraine

Temporary crisis but positive signs driven by reforms and privatization hopes

Talks amongst lawyers in Ukraine are "overshadowed by the ongoing political crisis," explains Mykola Stetsenko, Managing Partner of Avellum. According to Stetsenko, the crisis was partially caused by discussions related to a potential kick-off of large-scale privatizations and generally about influence over some of the state companies. If these come to life, a lot of legal work will float to the players in the market, and Stetsenko notes the possibility of a strong influx of investment into the country to accompany it. Stetsenko points to the previous wave to back up his expectation, noting that it brought considerable momentum to the state budget while improving the market overall.

In terms of reforms– a recurring theme in the Ukrainian Buzz – the Parliament is "pretty much dysfunctional, again as a result of the temporary crisis, and not as many pieces of legislation are being adopted as needed," according to Stetsenko. However, several important aspects did make it through, with Ukraine's new tax system already having a positive effect on the market. Globally speaking, Stetsenko points out, the reforms taking place in the last six to nine months are also making themselves felt, including "a lot of press on state officials being charged with corruption." While it is still relatively early in the investigation processes, Stetsenko believes this will represent both a positive signal for potential investors as well as a deterrent for other corrupt officials.

In his own industry, "law firms are continuing to focus on servicing their core base clients, with dispute work still keeping many firms afloat." Stetsenko points out there is some transaction work going around, as well as some activity in the banking and agricultural sectors but "at a terribly low level." Finance teams are also kept busy primarily by restructuring work, but, at the end of the day, many firms that "do not have the privilege of working on the little transactional work available" are forced to focus on bread and butter matters.

As to the law firm landscape, Redcliffe & Partners and Everlegal's launches were the only notable developments in recent months that Stetsenko can point to – both primarily resulting from Clifford Chance's retreat from the market. Stetsenko refers to unconfirmed rumors that a regional player is contemplating a potential entry into the market, before warning, "then again, these kinds of rumors are always floating around."

We'd like to thank the following for sharing their opinions and analysis:

- Mykola Stetsenko, Managing Partner; Avellum
- Boris Babic, Senior Partner; Babic & Partners
- George Dimitrov, Managing Partner; Dimitrov, Petrov & Co.
- Aleksej Miskovic, Partner; Glinska & Miskovic
- Christoph Wildmoser, Partner; Herbst Kinsky
- Jiri Buchvaldek, Partner; Hruby & Buchvaldek
- Annika Vait, Partner; Law Firm Alterna
- Valentin Voinescu, Partner; Nestor Nestor Diculescu Kingston Petersen
- Gjorgji Georgievsk, Partner | Regional Head of TMT Group; ODI Law Firm
- Vladimir Radonjic, Managing Partner; Radonjic/Associates
- Nina Selih, Partner; Selih & partnerji
- Kerem Turunc, Partner; Turunc
- Ron Given, Partner; Wolf Theiss

Inside Insight: Interview with Alexander Litvinov, Former Head of Legal at the Kira Plastinina Group

Alexander Litvinov was, at the time we spoke to him, Head of Legal at the Kira Plastinina Group in Moscow. Since then he has started transitioning towards a new role with an international retail chain. Prior to joining Kira Plastinina, he worked for the Clarins Group, Inditex (CJSC ZARA CIS), and Solvay.

CEELM: Please describe your career leading up to your role at Kira Plastinina.

A.L.: While still at university, I started my career as a paralegal and interpreter at Solvay, a well-known Belgian chemistry, plastics, and then medicine producer. Thanks to amicable management I managed to combine my studies and working at Solvay. This gave a massive boost to my professional knowledge and understanding of the vast abyss between legal education and legal practice in Russia (which I keep in mind when hiring fresh graduates). Having emerged from this process a corporate lawyer in Solvay, I decided to shift to a different sector, so I joined a Spanish-born retail giant. This was a pivotal point for my career. For me and for many of my colleagues in different fields Inditex was a cradle of retail, where we all learned much and where lots of high-skilled specialists were born. This was for sure the most instructive part of my professional path. However, Inditex didn't provide much freedom of choice or opportunities for growth due to its enormous vertical structure and well-developed system of obligatory guidelines from the headquarters, and somewhere in 2014 I realized that I'd learned as much as I could from Inditex and opted for Clarins, a French luxury cosmetics and perfumery brand. I was appointed General Counsel and had one paralegal as my subordinate. This position provided much more freedom in making legal decisions, which I had craved. However, this was a dramatic deviation from my previous retail experience, because Clarins in Russia was practically 100% wholesale. Finally, in mid-2015 I was lured to Kira Plastinina Group, which was a return-to-the-roots and very ambitious project. At the moment I'm gently switching to another project which is a Russian start-up for a famous international retailer.

CEELM: What one thing about your role at the Kira Plastinina Group would you say is most unusual, or most unexpected, compared to other companies?

A.L.: For sure, the most unusual part of my experience at Kira Plastinina Group was that, since the Group originated in Russia, we were the headquarters – the ones who made decisions and commu-

nicated them to Belarus, Kazakhstan, Ukraine, and China, whereas throughout my previous experience I was employed by local branches of international companies which, in their turn, had been the following instructions of their mother companies and had been backed by them. This time it was me and my team who had to double-check all the legal decisions before communicating them to our branches and seeing to how our guidelines were implemented. This status leads to greater responsibility and wider legal overview.

CEELM: Your in-house career has revolved – in some capacity or another – around the retail sector. What gets you most excited about working as a General Counsel in the industry?

A.L.: For me, the retail sector provides a unique opportunity to witness an immediate response to my decisions, instead of a protracted one. Retail is a very fast-moving industry where there is only a split second between the birth of a project and its implementation. Retail managers are like The Flash – better think twice before voicing your thoughts because they won't ask you to repeat or give you a chance to correct your memoranda.

CEELM: If you were to switch to a different sector tomorrow, what would it be, and why?

A.L.: For sure, it would be legal consulting. I was always fascinated by the opportunity to focus on pure, concentrated law. Another goal which I would pursue with great pleasure is legal education. As a matter of fact, I'm still nurturing a dream to contribute to the beginning of a new system of Russian legal education – based on modern and practical skills and competence-based, directly connected to and permanently communicating with the end beneficiaries of legal education: companies and law firms.

CEELM: The Kira Plastinina Group consists of ten different legal entities. Do you have dedicated local support provided to each, or is the legal support function centralized within the group? Why did you prefer this set-up?

A.L.: Personally, I'm an advocate of dedicated local legal support because I've witnessed many times the errors of centralized support, often made only because of the headquarters' exclusion from Russian legal reality and the relevant markets. However, in Kira we had everything centralized in Moscow, except for one lawyer in Kazakhstan. Due to financial difficulties and the order of priorities, I was not able to rebuild this structure and had to cope with what I had.

CEELM: Since the legal entities are spread geographically amongst seven jurisdictions, did you prefer building local in-house teams to provide legal assistance, or did you rely primarily on external counsel?

A.L.: My dream would be to build a local in-house team in every jurisdiction instead of managing everything centrally from Moscow, because even with the best efforts made sitting here in Moscow you're not always able to communicate duly with external counsel in some jurisdictions – for instance China and Hong Kong – without being fooled in regards of quality of local services or having important communications lost in translation.

CEELM: As a retailer originally from Russia, how are the current geopolitical affairs affecting your work as an in-house counsel?

A.L.: For Inditex stores in Crimea, the issue was a great diplomatic and political difficulty as I remember, while for Kira Plastinina it was not, because the Group didn't have to fear for its international business outside of CIS. I expect that some problems for textile retailers are still to come in connection with the Turkey issue, as we already witnessed the unwillingness of Russian customs authorities to import goods from Turkey at the end of last year.

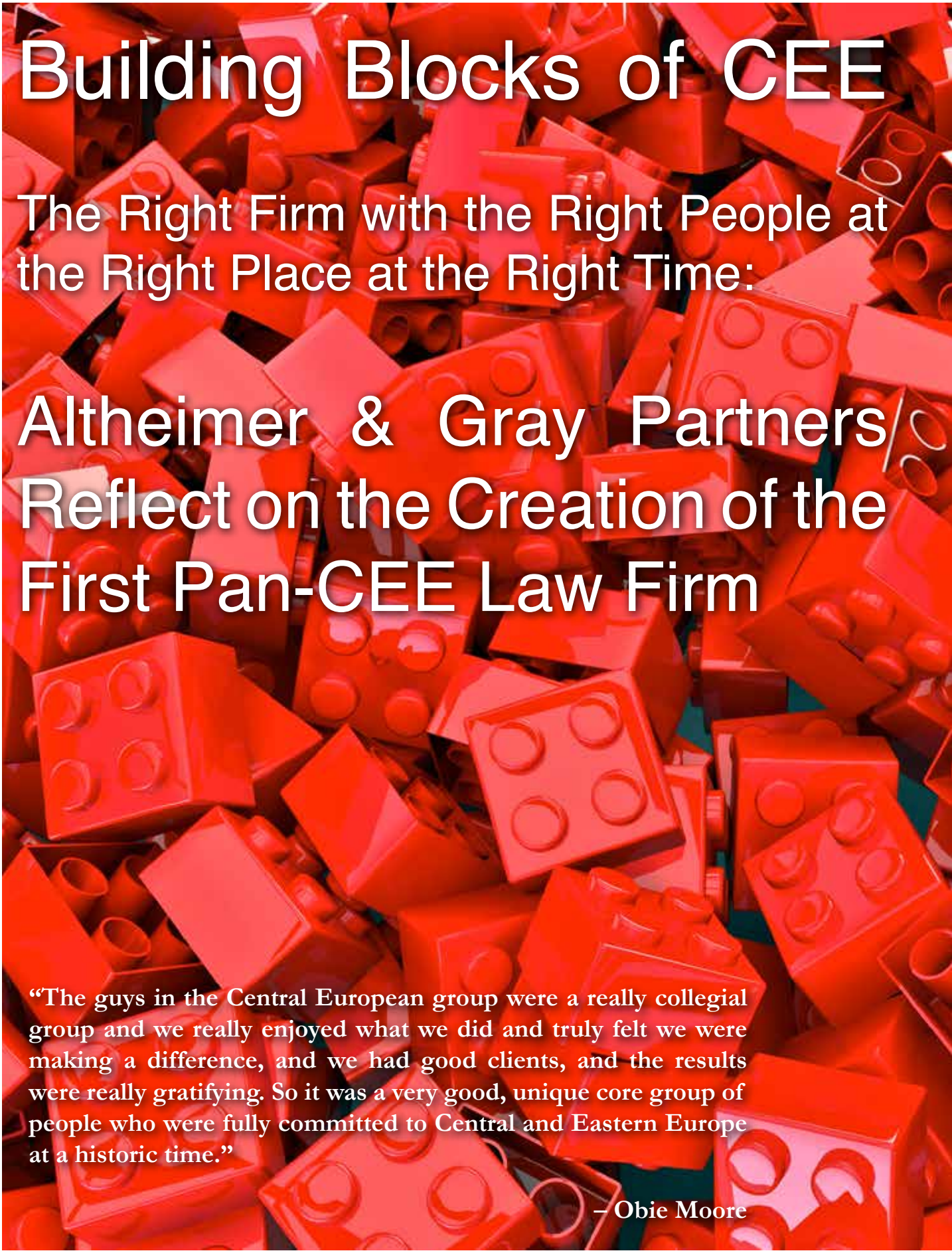
CEELM: What one mistake have you seen repeated most commonly by external counsel that you think could be avoided?

A.L.: For me it was always the assumption by external consultants that in-house lawyers would not double-check their memoranda due to inexperience or unwillingness and would not find their mistakes. Personally, I'm always biased regarding such legal papers and examine them with much scrutiny.

CEELM: On the lighter side, what is your all-time favorite holiday and why?

A.L.: For sure, it is the New Year holidays, the most prolonged holiday period in Russia, which I hope will never be cut short despite many efforts. This is the time for my family.

Radu Cotarcea



Building Blocks of CEE

The Right Firm with the Right People at the Right Place at the Right Time:

Altheimer & Gray Partners Reflect on the Creation of the First Pan-CEE Law Firm

"The guys in the Central European group were a really collegial group and we really enjoyed what we did and truly felt we were making a difference, and we had good clients, and the results were really gratifying. So it was a very good, unique core group of people who were fully committed to Central and Eastern Europe at a historic time."

– Obie Moore

Altheimer & Gray was one of the first international law firms to establish a significant presence in Central and Eastern Europe, a somewhat surprising achievement, as the firm had, for most of its life, only one office. Nonetheless, despite its relatively modest profile in the United States, by the time the firm dissolved in 2003, it had seven offices in CEE, plus one in London, one in Paris, and one in Shanghai.

But dissolve it did, and although significant traces of this once proud network remain in other firms, A&G itself is increasingly forgotten.

We reached out to many of the individuals who played key roles in initiating, developing, and managing A&G's CEE presence, now almost 15 years after the firm itself closed its doors.

Sweet Home Chicago

Jim Carroll: Altheimer as a law firm I understand started in 1915, though I was not part of that (laughs). Altheimer was – and I believe this was true – the largest firm anywhere in the United States with only one office. It was utterly parochial. I was co-chairman of the international practice group of Altheimer. The other co-chairmen were Vic Pollak and Louis Goldman.

Louis Goldman: Yeah, I created this in the beginning. Jim Carroll was heavily involved for the first four-five years until he left the firm. So it was the two of us running it. We were the Co-Chairs – there was actually a third guy involved in the first year or two, but he left the firm and wasn't involved after that.

Jim Carroll: Altheimer & Gray hadn't been planning to expand internationally. It was coincidental. It was not part of a plan. The sun and the moon and the stars lined up. The Polish government fell, the new government came in, and they said they were going to become more Westernized. They were clearly looking to the West. Chicago is supposed to be the second-biggest Polish city in the world. It made sense for a Chicago firm to be ground-breaking there. We were able over time to find Polish corporate lawyers who wanted to be involved with us. And then we had a client that was encouraging

us. So that's the sun and the moon and the stars.

I came into the firm by way of a sort-of merger – a small firm that was absorbed in large measure into Altheimer, just after I had become a partner in my first firm. We brought with us a client called A. Epstein and Sons International. Epstein started out in the Chicago stockyards, and they were architects and engineers that developed meat-packing plants, before branching off into lots of other things, including office buildings and airport design, etc. They were in Poland for years (they were doing significant turn-key meat packing plant projects for the state pork entity, whatever that was) and they were successful before us, but when the government changed, they really blossomed, and that was the basis for our opening an office.

"Altheimer & Gray hadn't been planning to expand internationally. It was coincidental. It was not part of a plan. The sun and the moon and the stars lined up."

In 1990, I got a call from Mac Raczkiewicz, the CEO of the Polish subsidiary of Epstein, who said, "Jim, we're going to expand our operations a lot in Poland, and we're going to need lawyers, and we would prefer it was you." I remember that vividly: "We would prefer it was you." Then there was a subtle, "but if it's not, we'll figure out what Baker & McKenzie can do." So Louis and I got on an airplane and went to Poland. We were looking at, I think, three things: We were looking at the marketplace for lawyers. We were looking at lawyers. And we were trying to find out whether we had any existing clients besides Epstein.

We decided we would recommend that the firm open an office in Poland and that it be staffed with Polish lawyers. The firm was remarkably supportive. We recruited a wonderful lawyer with great linguistic skills and commercial experience named Gabriel Wujek. We were profitable our first day.

Louis Goldman: In the late 1970s I had spent almost 3 years in Paris working for Cleary Gottlieb, and I saw how they developed their international network, and then when the Berlin Wall fell I realized that we could do the same thing and we'd be a first mover. And I basically followed their model, which was, I realized that to succeed, in each of these markets we entered, you couldn't just send American lawyers. You had to find the most talented local business lawyers. And in Poland – because we'd had this experience with Epstein and they knew a lot of people – when I went out there that summer they helped me identify four or five people to interview and vet, and I found a guy who was really the best business lawyer in Poland. Gabriel Wujek. And he had been a senior lawyer with the Ministry of Foreign Economic Relations. Brilliant guy. He had spent a handful of years in the 80s working for the Polish government in New York. He spoke five or six languages. He was a brilliant business lawyer. If I had to look at all the lawyers I've met over the years – U.S. and otherwise – I'd put him in the top five. And we got along very well, and he was ready to make a move, because he had a vision of what was going to happen in Poland. So I hired him, and I hired his number two at the Ministry, Wlodek Radzikowski. We operated out of an unused apartment that Epstein had had for the first month or two, but then the neighbors didn't like that, and we basically were told we had to leave, and Wujek helped us find our initial real estate in Warsaw. That was at 54 Malagrawska – about a block from the Marriott Hotel, which at that point was the only real Western business hotel there.

We were the first international firm to open in Poland, when we opened in the summer of 1990. And I told Wujek that if this went well, we'd hire another lawyer. It went so well that five months later we had eight lawyers.

Jim Carroll: Then the question was, could Epstein provide enough work to sustain us. I had a very strong feeling that we not use the "Field of Dreams" model. I kept saying, "let's not build it and see if they come. Let's have them and build around them." Make it grow, but have something that supports overhead from Day One. That was Epstein. And in fact

Altheimer & Gray

Key Players

Rob Bata
Then: Senior Resident Partner, Altheimer & Gray Prague, Bratislava, Bucharest, and Budapest
Now: Principal, WarwickPlace Legal, LLC, New York

Jim Carroll
Then: Partner, Co- chair International Practice Group, Altheimer & Gray
Now: Partner, Perkins Coie, Chicago

Louis Goldman
Then: Co-Chairman of the Firm and Chairman of the International Practice, Altheimer & Gray
Now: Founding and Managing Partner, Navigator Law Group LLC, Chicago

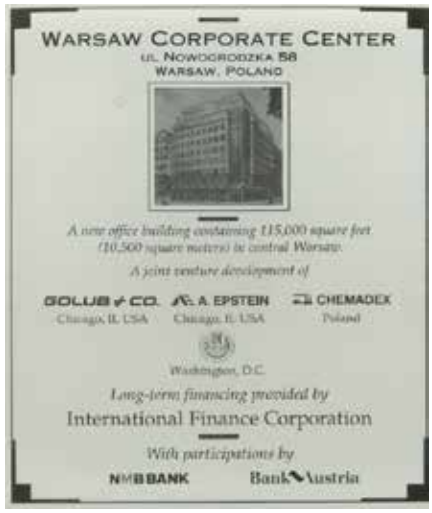
Jaroslawa Johnson
Then: Managing Partner, Altheimer & Gray Kyiv
Now: President and Chief Executive Officer, Western NIS Enterprise Fund, Kyiv

Obie Moore
Then: Managing Partner, Altheimer & Gray Bucharest
Now: Senior Counsel, Dentons, Washington D.C.

Adam Mycyk
Then: Associate, Altheimer & Gray Kyiv
Now: Partner, Dentons, Kyiv

Haluk Can Ozel
Then: Managing Partner Altheimer & Gray Istanbul
Now: Managing Partner Ozel & Ozel, Istanbul

Epstein was a very significant client for a long time in Warsaw. The primary initial project for Epstein was to build a building called the Warsaw Corporate Center, and if you walk across the street from the Marriott, there is a small modern office building that's always had a tremendous list of tenants. It was the IFC's first Warsaw location, for instance. It was the first modern commercial developer-driven, privately owned, first-class office building in Poland. We were the lawyers for it. Alexandra Cole led that legal work.



Beloit was the second big client that we got in Poland. Apparently the General Counsel saw one of our announcements in the paper that we had just opened our office, and he called just a few days after the announcement. He got hold of me, we talked, and we ended up representing a company called the Beloit Corporation – a subsidiary of a Fortune 200 company called Harnischfeger, in Milwaukee – that made paper mills. There were three companies that made paper mills at the time: there was a Scandinavian company, there was Beloit, and there was a communist company, called FAMPA – which was a licensee of Beloit. They were using Beloit's technology to make paper mills for the Eastern Bloc. FAMPA turned out to be the first privatization with foreign investment in Poland. We represented the buyer. It was fascinating. Among other things there was no banking system, so there was no place to send the wire. We were told that if we sent the wire it would probably be credited within three months of sending it (laughs). So we took cashiers checks. But we didn't know what the actual purchase price would be due to adjustments. So we took one big check and then a stack of USD 100,000 checks to make change.

We had to set up an escrow. We had to escrow documents, and we really didn't have any safe place for them. So I made a reservation for two weeks later at the Marriott, and put stuff in the Marriott safe. Including the checks (laughs).

Expanding Across CEE

After opening the Warsaw office in August 1990, Goldman and Carroll started looking for other markets to move into. Its next destination: Prague.

Louis Goldman: The initial plan was to see how successful we would be in Poland, but I could tell almost immediately that we were getting clients that the firm didn't have in the US, and I realized that every major US and European multinational company was going to go there, because there were so many opportunities, and I knew that if we had an office with the right personnel, that we could capture a big market share. I could see immediately in Poland that that was happening, and I could see that in Prague we could do the same thing. And so we thought, Central and Eastern Europe over the next ten years would be a gold mine for us.

So the next year I went to Prague to check it out, and although there had been a lot of press about what had been going on there, I realized when I got there that nothing had happened. There had been a lot of talk about how they were going to open up the market, but they hadn't actually done anything. So I knew that even though we weren't the first there – White & Case had gotten there before us – that we in effect were getting in on the ground floor. And I checked out a bunch of lawyers, and I found a very small firm that had young lawyers that were doing very good work, and I realized we could start with them, and we got them to join us. We had a guy there named Petr Kotab – terrific lawyer, one of the best lawyers in the Czech Republic, also on the faculty of the Charles University School of Law – and then, just after we opened, a US headhunter introduced me to a woman named Alena Banyaiova, and I could tell she was going to be great. She had just returned to the Czech Republic – she had

spent six months in the US – and then she joined us. The two of them were tremendous.

"The initial plan was to see how successful we would be in Poland, but I could tell almost immediately that we were getting clients that the firm didn't have in the US, and I realized that every major US and European multinational company was going to go there, because there were so many opportunities, and I knew that if we had an office with the right personnel, that we could capture a big market share. I could see immediately in Poland that that was happening, and I could see that in Prague we could do the same thing. And so we thought, Central and Eastern Europe over the next ten years would be a gold mine for us."

We opened in Prague in 1991. The thing that happened that really got us going there was I went and met with the Ministry of Privatization. They were about to do their privatizations, and they couldn't handle the work. And I said, "we'll send one of our guys for three-four months, and he'll only work on your projects, and he won't work for us." And what we found was, they were just letting these companies come with their own purchase agreements, and they were all different, and they couldn't manage that. We said, "what you need to do is have a form you've approved, and tell Western companies they don't have to use it, but if they start with that document their deal will get done quicker." And we prepared a draft – we had a great M&A practice in Chicago – and we prepared a purchase agreement for them, and adapted it to their market, and we were afraid that other people would claim credit for that form. So what I had my guys do was, on every page of the form, in bold type, I had them write, "Altheimer & Gray Draft." And when there was finally a form that the government was going to use, they never took that off. So we got tremendous publicity from that.

And we did that work for them for free for three-four months, and then once we left we began representing a lot of buyers.

So for example, in Poland, we handled the acquisition by Gillette of the biggest razor company in Poland. So that was a sale from the government to Gillette. Then Gillette wanted to buy the biggest razor company in the Czech Republic, so they hired us to handle that. That was more like a tender offer as in the Czech Republic the razor company was owned by voucher holders.

In November 1993 the firm opened an office in Bratislava (also managed by Czech Partners Petr Kotab and Alena Banyaiova) – and, that same month, found the right person to open a Kyiv office.

Jim Carroll: I was happily involved in bringing Jaroslawa Johnson on board. She's spectacular. It was just sort of the perfect circumstance. To have a prominent Chicago lawyer who wanted to develop her Ukrainian background – she's Ukrainian born, with quite a life story. In any event, I think the world of Slawa, and we were very lucky to attract her. She was a perfect fit for us.

Jaroslawa Johnson: In 1993 Louis Goldman and Jim Carroll asked if I'd help them in Ukraine. At the time, I was a partner at Hinshaw & Culbertson, a Chicago insurance defense firm, but I was doing international work, because Poland had started to open, and I spoke some Polish. My parents come from the part of Ukraine where people speak Polish and Ukrainian, and I spoke both kitchen Polish and fluent Ukrainian. Eventually, with one Polish client, I developed my first Eastern European experience in Poland. Louis Goldman and Jim Carroll heard of my work there and sought me out in Chicago. I was going back and forth to Poland with my Polish clients. At that time you couldn't even have an office in Poland. Most of us worked out of the Marriott in downtown Warsaw. I would come in for a week or ten days, and then I would go back home.

These two partners courted me for a while and convinced me to leave Hinshaw and join them to open an office in Kyiv, Ukraine. The opportunity seemed exciting, and I asked my husband if he minded if I did this, and he said "no, you'll kick yourself if you don't do this – it's a historic opportunity for you and Ukraine. Go for it." And so we developed a family routine. Once the school year was over, my husband, daughter, and I would move to Kyiv and live there for the summer. My daughter would take classes in Kyiv. My husband, a professor, would write. Then we would return in August in time for both of them to go back to school.

The Kyiv office was a green field creation. I established the office – a two-room office – in a school, because foreigners could not lease space at the time, and I hired a couple Ukrainian lawyers, a few secretaries/translators, installed several computers myself, and schlepped office supplies back and forth, but it was an optimistic, entrepreneurial, and exciting time to be in Ukraine.

A&G knew little about working in Ukraine. I think Louis Goldman and Jim Carroll had only visited Ukraine once before I opened the office. But I spoke the language and was able to assemble a good team. Eventually A&G provided me with a native English speaking senior associate from the Prague office who would periodically supervise the office when I was in the States. Brad Haskins was very supportive and developed an excellent working relationship with Ukrainians. Later, a senior partner from Chicago, David Lester – who has since passed away – also worked in Kyiv. David was a great old–fashioned corporate lawyer who knew how to do everything and was a great teacher. David taught the Ukrainian lawyers how to draft Western-style documents. For example, the first opinion letters in Ukraine were developed by David, Brad, and me. And now when I see an opinion letter from any firm in Kyiv, I see language that we in fact crafted.

I was much younger and more aggressive then. I developed business for the Kyiv office by attending domestic and interna-

tional meetings. There was great interest in the former Soviet economies, so there were many opportunities to speak and participate in forums and trade shows. I met representatives of companies [that were] interested in investing in Ukraine but didn't know how to start. It was new territory to most western businesses. So I was able to bridge that gap, to work with their in-house lawyers, to identify issues, to deal with the state property fund, if they wanted to privatize a company. Philip Morris was investing in a state-owned cigarette company which needed to be privatized. Kraft bought a chocolate factory, also from the state, which was actually the first privatization in Ukraine. We were working on comparable matters for many clients. This was in 1993-1995 when major international companies started to come into Ukraine.

This issue of the CEE Legal Matters magazine introduces a new feature, The Building Blocks of CEE, which will focus on the people and institutions that played a significant role in creating the modern legal markets of Central & Eastern Europe.

Adam Mycyk: I joined A&G's Kyiv office in 1995. I was already in Kyiv with a small firm. [Working in Ukraine] kind of made sense for me, because my parents are from Ukraine, so I grew up in a Ukrainian-speaking household. It was always something that we dreamt about, seeing an independent Ukraine, and then in college, my major was international relations, with a concentration in Soviet and Eastern European Studies, and then a Russian language and literature minor. Sort of all the signs were there. And so when this opportunity came up to come over, I thought, "you know, what the hell." It just kind of made sense. I was there about seven or eight months, and I was thinking maybe even about moving back, but then I figured let me just send my resume into some headhunters, and basically Altheimer was at the point where they were looking for an American associate to work in their Kyiv office.

All of our clients at that time were foreign companies coming in. So we would basically do whatever they wanted us to do. A lot of it at that point was just setting up a presence. Many big names. Sometimes there were joint-venture type projects, particularly with state-owned companies, so there was a lot of that work, too, where people were looking to get into a particular area, but the only way they could really do it was to partner up with a Ukrainian company that was already in it.

Jim Carroll: It was wonderful! It was exciting and wonderful. Slawa led the first privatization with foreign investment in Ukraine. I got a chance to work on that – the purchase of a chocolate factory. We also did the first one in Slovakia. That one's a little harder to describe, because at that time the Slovakian government was so corrupt. It was the first real privatization deal, with real money. That's a better way of putting it.

Now picking up steam, the firm saw opportunities everywhere. Next stop: Istanbul.

Haluk Can Ozel: My firm was a boutique. A small law firm. Just four lawyers, and one or two assistants. One of the Altheimer & Gray Partners, George Cowell, who was running the Real Estate department of A&G at that time, had a Turkish project for Hilton Hotels. He'd been promoting the Conrad Hotel in Istanbul, and we were introduced by a mutual friend. And then we started working together on that project, and that project led to this partnership, with me merging my practice with A&G's practice. Altheimer & Gray was the second international law firm established in Turkey, after White & Case. It was mid-1993 when we started negotiating, and we officially opened in 1994, though unofficially we were working out of my offices from November or October 1993. Although I established my first contacts with George Cowell (who was quite a lawyer, really), then I met with the international chairs of A&G: Louis and at that time Jim Carroll. Louis Goldman is a very well-constructed lawyer. He is a great thinker, and had a very large dimension. People like him made me feel that, "ok, they're from Chicago, but they are

international."

After opening an office in Beijing, in 1995 the firm hired Rob Bata to help it expand into Budapest and Bucharest as well.

Louis Goldman: I realized it would be quite useful to have an American in Prague. Rob's role was threefold. He was a talented lawyer who could play a key role on certain types of transactions, he was good at business development, and he would be a solid addition to the Prague Management team of Petr Kotab and Alena Banyaiova (which then became a three-person Management Committee). Over time, in effect, he was the Senior Partner in that office. He also was in a great position to let us look at the Budapest market.

Rob Bata: Louis Goldman was the one who found me to begin with, and he's the one who persuaded me to join the firm. I had become involved in Eastern Europe as early as 1989. I had a perfectly nice and successful standard Wall Street M&A practice, with Mayer Brown & Platt. In fact, I was one of the seven partners that started the New York office of Mayer Brown & Platt. But when the Berlin Wall came down, I immediately felt that there was going to be extraordinary business opportunity in Eastern Europe, with privatizations and so forth. And I was a Russian & East European Studies major at Yale; I had a lot of background in Eastern Europe. I sort of knew the area, in any event, from an academic perspective, and my family was of an East European background, and I got on airplane immediately, and I began to develop business in Budapest. I did that for a while, and my firm was quite interested in what I was doing, but they weren't ready to open an office. But another firm approached me, and said "we're too small to go to London, but we'd love to get into Europe, and we see Eastern Europe as the way to get into it. And we'd like you to come and run that practice for us." And so I joined that firm. And that was Strook & Strook and Lavan.

But the more work I did for Strook & Strook, the more I kept running into Altheimer & Gray – which I had never heard of, even though I had been with another Chicago firm with Mayer Brown! But I kept seeing their name everywhere. And at some point, maybe in 1993 or 1994, I was approached by one of the Altheimer & Gray partners from Chicago, who had come to hear about me, because I had already built up a pretty substantial business, mostly in Hungary, but also a little but in Romania and the Czech Republic and Poland. And he said, "why don't you come work with us, and you can stop commuting back and forth from New York," which is really what I was doing. "And just pick a place to be, and we will support you and do all these interesting things and we have big plans in the emerging markets." And it took me a little while to make that decision, but, ultimately, I discussed it with my wife, and we had young children, and we thought it would be a fantastic opportunity, and we picked Prague, and that's how I joined Altheimer & Gray.

And I joined them really based on the strength of their reputation in Central and Eastern Europe, because it was clear that they were doing very interesting things, and very high end work, and it seemed almost to have nothing to do with what they were doing in the States. It was this great group. And then when I started to meet people, I could see why. It was still small at that stage, but the people I met were very collaborative, [and had formed a] very good partnership. There was an affection between the partners – and there weren't so many of them – and they respected each other, and there was this sense that they weren't trying to hog business, or credit, or any of those things. That they wanted to make a go of it. So that's what attracted me to it.

I headed up Prague, Bratislava, and Budapest, and later on I was responsible for Bucharest too. But I started out as the head of the Prague office, and I just expanded. Prague, and even Bratislava in an embryonic form, existed when I came on board, with Petr and Alena running the day-to-day. Bratislava, as I say, was embryonic, in that we had an office manager and space and a young associate there, and it became my job to build it out and grow it.

Obie Moore: I was the Managing Director and Executive Vice President and Country Head of the Romanian American Enterprise Fund–a US government private equity fund. Louis Goldman, David Dixon [who had been brought on board to work with Wujek in Poland] and Rob Bata came to Bucharest and recruited me in 1997 to leave the Fund and join Altheimer & Gray as Managing Partner of the Bucharest office, and that all went very well. When I opened Bucharest, I started off with one secretary, one driver, one lawyer, and no clients. (laughs).

Cooking with Gas

The late 1990s were, for Altheimer & Gray in CEE, the glory days. With offices in Warsaw, Prague, Bratislava, Kyiv, Istanbul, and Bucharest, its lawyers were everywhere, and doing well.

Louis Goldman: I would say, certainly in the first ten years, everyone was on board, [and] the leadership in Chicago was extremely supportive. If anything they were saying, "go faster." I never had an issue with spending money or anything like that. The key was, in each office, finding a strong leader. I had Kotab and Baniyova, I had Wujek and Radzikowski. In Kyiv we had Slawa Johnson. In Istanbul we had Haluk Ozel. In Bucharest we had Obie Moore.

Obie Moore: All the CEE offices were very successful each year, and grew quickly. We reported back to Louis, as he was the head of the international practice, and he was based in Chicago. Louis made the compensation decisions. Louis was the international practice group head.

Louis Goldman: I was going outside of the country about once a month – and I did that for about 15 years. So I've probably been to Warsaw 100 times. I was commuting, although my wife thought I had moved there (laughs).

Jim Carroll: My practice became entirely European. I was in every office almost every month. My family remained in Chicago, so I commuted. I was in Warsaw for some of virtually every month as long as I was at Altheimer & Gray, so probably from end of 1989 through whenever it was I left – 1998 or something like that. I was on a plane back and forth all the time. I had an apartment there, which was pretty uncomfortable. I mostly stayed in the Warsaw Marriott. In the very early days

the joke was, that, in Poland, if you could get a chair or a spot on one of those sofas in the lobby of the Marriott, you could practice law. That's where it was all happening, and that's where people went to look for people who knew what they were doing.

We were real cutting edge, all over the region. It was very exciting stuff! Most exciting work I've done in the law. And it was new. We were fortunate enough in most cases to retain the help of colleagues who were absolutely fabulous lawyers, and who had been unable to show just how good they were, in most instances, because there weren't deals going on. As you well know, the legal systems that were in place had a large divorce component, and a big criminal law component of some sort, but finding a corporate lawyer was pretty challenging. There just weren't many.

Rob Bata: I noticed that every firm of any consequence wanted to be in the emerging markets, but we kept doing better than the rest of them! I mean, we really had very few competitors in any of our markets that we rated as really substantial competitors, and that includes the Magic Circle firms, it includes some of the Wall Street firms. A lot of it had to do with the fact that we saw ourselves as a cohesive unit in Europe, and ultimately in Asia. I think there was the fact that we were really such early starters. Other than Baker & McKenzie there really weren't a lot of players in CEE until we showed up, maybe White & Case, Weil Gotshal, some of those. And then others just fell out. For example, Fried Frank tried in Eastern Europe, and they just disappeared because they couldn't make a go of it. Three, we were very keen to make sure that we had the best – the absolute best – local people. And we didn't treat them like locals. We treated them like regular, global partners. And so, if you look at the Czech Republic, we had one of the best legal scholars, Petr Kotab, who was incredibly well respected, and then we had Alena Banyaiova, who was a judge; she was a very prominent lawyer, knew the ins and outs of the system, and the ins and outs of the law. In Romania, you know, Obie was sort of a semi-local himself, because he had spent a lot of time with the Romanian American Enterprise Fund, and

Altheimer & Gray Office Chronology & Managing Partners

- 1990: Warsaw – Gabriel Wujek and Wlodek Radzikowski
- 1991: Prague – Petr Kotab and Alena Banyaiova, then also Rob Bata from 1995
- 1993: Bratislava – Managed from Prague By Kotab and Banyaiova, then also Rob Bata from 1995
- 1993: Kyiv – Slava Johnson
- 1993: Istanbul – Haluk Can Ozel
- 1994: Beijing – Louis Goldman
- 1996: Shanghai – Louis Goldman (initially) followed by Edward Epstein
- 1997: Bucharest – Obie Moore
- 1999: London – Robert Bata
- 2000: Budapest (as a Cooperative Office: Ban, Szabo & Partners) – Chrysta Ban, Peter Szabo, and Rob Bata
- 2002: Paris – Stephane Cournot

Altheimer & Gray Kyiv Office in 1998: Louis Goldman on far left, Adam Mycyk and Jaroslawa Johnson on far right

we brought him in on the strength of that, and he was a good leader there. We just had the sense that, we weren't going to have too many expats, we would have people who had unique skills, as expats. So there was Obie, there was me – I had so much background both in terms of culture and language, and I had an early start, so it was sort of logical. But we had the support of really great local people.

"We were real cutting edge, all over the region. It was very exciting stuff! Most exciting work I've done in the law. And it was new. We were fortunate enough in most cases to retain the help of colleagues who were absolutely fabulous lawyers."

Louis Goldman: I'd say the main competitors were White & Case, Weil Gotshal, and Baker in a smaller way. And then each market had someone, like Hogan Hartson was in Warsaw ... and we also ran into a lot of the British firms. And then eventually Linklaters came in a bigger way, and Clifford Chance in a bigger way. But we were the first with a pan-European practice.

Rob Bata: We had a disproportionately high impact. And a great client base. We worked across offices, in many instances, and I just think we had a good formula – not that you could reduce that formula to a piece of paper, but … we also were quite closely integrated in terms of talking to each other on a regular basis. And once a year we had an international partners meeting, where we got together in a particular city in Europe, and planned very extensively what our business was going to look like, and what our recruiting needs were, and all these things that … people now seem to be doing a lot more. But we were doing this kind of planning and strategizing long before it became the sort of thing that is now more routine. It's not to say that we were perfect by any means, or to say that we were the most profitable firm in Eastern Europe either! If there was one aspect of our practice in Central and Eastern Europe that did resemble Chicago a little bit – a very tiny bit – it's that we didn't fall prey to the idea that you had to compensate partners at such a high level that it would be deleterious to the bottom line of the firm. We did well – we all made a nice living – but.…

Jim Carroll: When I left there were about 100 Altheimer lawyers in Eastern Europe. On the whole they were absolutely terrific lawyers. I would be happy to work with any of them today. They were just first-rate.

Rob Bata: The last office in Central and Eastern Europe was actually Budapest, when I brought the former Shearman & Sterling office on line.

Louis Goldman: When Shearman & Sterling exited Budapest, we began to work with Ban, Szabo (due to Rob's efforts) and then in 2000 formally made them a cooperative office. They were not partners of Altheimer & Gray or employed

by us but rather we worked in an official way together and did joint marketing, branding, and projects. Rob was in charge of that office.

Adam Mycyk: One of things I always remember was the idea of opening in Moscow. It was something that they didn't try to do early enough, I think. And when they started looking at it, it was just really expensive. And by 1996 or 1997, unless you really had clients who were guaranteeing you work to go there, or a good team you could pick up there, it just didn't make sense. And I think that was one of the things we felt, in Ukraine, that we kind of suffered from a bit, was that we didn't have a Moscow office. At that point, if people were coming into the region, and the former Soviet Union, a company would go to Moscow first, and then Kyiv would be the next place they looked at. So Kyiv was kind of an afterthought to Moscow. And I think the firms that had an office in Moscow had a bit of a competitive advantage because if somebody came to Russia and went to your firm, and then you had an office in Kyiv, that was an advantage.

"When I left there were about 100 Altheimer lawyers in Eastern Europe. On the whole they were absolutely terrific lawyers. I would be happy to work with any of them today. They were just first-rate."

Rob Bata: We wanted to have a Russian practice, but the thinking was that it was too big, too hard, and too expensive, and we came late to the game. Ukraine was lucky that we could jump into it when we could.

Discord and Discontent in Chicago

Unfortunately, the firm's success in Europe – including the opening of offices in London (in 1999) and Paris (in 2002) – wasn't enough to stop it from coming apart back in Chicago.

Jim Carroll: I signed the lease for Bucharest in 1997, and that was pretty close to my last activity at Altheimer. I left within a week or two of that. Two things were going on. One was I was living on airplanes and I had small children at home. It was time to either refocus on Chicago or move my family to Europe. The other issue was that I was very disturbed with the management in Chicago at the firm. The firm had been wonderfully supportive of allowing us to do what we wanted to do in Eastern Europe, but its own management had serious flaws. It was evolving, and it was not evolving well.

Obie Moore: We eventually did open a London office, but it was a bit too late, because we opened it just at the time problems in Chicago began appearing. The Managing Partner of London was Rob Bata, who left Prague and moved to London to run the Altheimer & Gray London office. It didn't catch the momentum wave of growth experienced by our other offices. We had Central and Eastern Europe covered, and we felt London was the place that we needed to connect with and grow further Central and Eastern Europe. Unfortunately, that opening was about 18 months before our Chicago headquarters started to break-up.

"We felt it was something unique that we were doing. These countries needed foreign direct investment, and foreign investment required good lawyers that knew how to do deals, and so on. It was good."

Rob Bata: The way it worked was that we didn't have local partners or non-local partners. Everybody was part of the global partnership. Then at some point the partnership in Chicago decided that they wanted to go to an equity/non-equity two-tiered partnership model. And that had to be around 2001 or 2, and that in many ways probably was a negative, because there were partners who felt they should have remained part of the equity. In terms of some of the negativity that began to take place which tended to be generated from the Chicago side, it had to do with that whole business of splitting the partnership into equity and non-equity.

Jaroslawa Johnson: Unfortunately, A&G was too small to sustain an international practice. It did not have the resources in Chicago to support a far-flung office operation. By this time, the management committee in Chicago was filled with people unsympathetic to the foreign offices. Other members of the executive committee, besides Louis Goldman, were not certain of the value of A&G's varied international practices. Most of their clients were in the same building as our Chicago office, maybe one or two floors below, and they couldn't understand why we were always flying all over the world. They thought these were more boondoggles than investment opportunities.

The firm fell apart in 2003. They borrowed too much on revolving loan and weren't able to collect enough revenue within the year – typical financial issues that caused many firms to fail. When I first started at the firm, Named Partners Alan Altheimer and Milton Gray were still alive, but no longer managing the firm. The next generation partners Mort Lieberman and Nathan Gold were then transitioning power to an even younger generation. This younger generation was much more aggressive and wanted to make a lot more money, so they raised their compensations to over a million dollars each which was economically untenable considering the firm's revenue. They didn't understand the limits of their own operation. As a result, the firm became over-extended and declared bankruptcy. While A&G was bankrupt in its domestic operations, the foreign offices were not bankrupt. They were in fact the only income-producing group at the very end.

Louis Goldman: I was probably the only person there from the beginning to the end.

Near the end we had 200 lawyers in Chicago, and I had 165 lawyers outside the United States. I left three-four months before it closed its doors. There was beginning to be a fair amount of tension between the international side and the domestic side. I don't want to get into the gory details, but there were a couple of issues. One was, they didn't like the idea of the international part being almost the

same size [as] the domestic piece. I was on the management. They said, "We really need to be much bigger in the US." We had a merger initiative in that last year, but at some point I realized it was not going to happen. Late in the game they opened a small office in San Francisco, and at one point we had a tiny little convenience office in Washington, D.C., but those never went anywhere.

The King is Dead, Long Live the King

Of course, the end of Altheimer & Gray didn't mean the end of its various offices in CEE, which quickly tied up with either Salans and Chadbourne & Parke.

Louis Goldman: What happened was, I left in the early spring of 2003, and then the people who remained in the management in the early summer decided to dissolve the firm – I believe because they had a firm they thought they could merge with, if they went through a dissolution. And at that point everyone scrambled. And I ended up taking five of these offices and 60 of these lawyers to Salans. I had known Salans for 15 years. And they were strong in Russia, and in some of the Russian Republics, and they also had a decent-sized office in Poland. And we thought it would be a good fit. At the end of the day, five of the offices went with me to Salans; two of the offices – Warsaw and Kyiv – went to Chadbourne because Salans already had offices in those two places, and it would have been too complicated to do a deal there.

Obie Moore: After the break-up, our goal was to keep together as many of our Central and East European offices as possible. The reason Altheimer & Gray lawyers ended up at Chadbourne & Parke was because when Salans acquired the Central European offices from Altheimer & Gray, the two locations with overlap were Warsaw and Kyiv. So had the combination included those cities it would have been far too large a law office for the local environment.

Louis Goldman: A lot of people said that. I didn't agree with that. The bigger problem was, Wujek said, "You know, they have really good lawyers; I like their people, but right now I manage this office and it does not take me much time, and if we merge the firms it will become a more complicated job, and it's just too much trouble."

Jaroslawa Johnson: Two of our offices – Warsaw and Kyiv – didn't want to join to Salans. Salans had weak offices in our jurisdictions. Chadbourne provided a much better alternative. The announcement of the dissolution of Altheimer & Gray came in June 2003. By end of 2003 or the beginning of 2004, we had joined Chadbourne.

"I have to say, in my now-25 years focused on and working in the region, that was my most enjoyable job, and I greatly appreciated the people that I worked with. We'd get together for partners' meetings, or smaller get-togethers with colleagues and they were always a blast. The same dynamic just doesn't exist anywhere else, with other firms that I know of."

Rob Bata: I went to Salans as the person on their Executive Committee who was in charge of Central and Eastern Europe and China. I'm very fond of both of Jaroslawa and Adam, but their practice didn't interact as much with ours. They had unique practices. And that was part of the deal with Salans. They had Russia, but they didn't have Eastern Europe or China. I had Eastern Europe and China, so for us it was a perfect marriage. My goal, as the Central & Eastern European person who led this migration to find this next home, was to keep everyone together. Salans provided the most homes for the most people. They wanted to be in everyplace we were and would take all the offices. But in Warsaw and Kyiv, where there were overlapping offices, they went to Chadbourne & Park.

Looking Back

Looking back, the lawyers who played such key roles in making Altheimer & Gray the first truly pan-CEE law firm taking pride in their contributions to the firm, and to the region.

Louis Goldman: It was very satisfying. I think what we did was rather unique in that period. If you look at it now, everyone now has copied it. But you look at any firm – K&L Gates, Reed Smith, Paul Hastings, you can name a million firms – those firms never would have considered going to Europe, and then they all went.

Obie Moore: Looking back, what helped drive our success was that we believed in the markets, and the people, and we interacted very well with the locals. We built an inclusive and authentic culture, I suppose. It was a very good culture that we had, and our team believed in these countries, and believed in what we were doing. Even if we could have made more money elsewhere, that wasn't the thing that fully drove us, the scoreboard took care of itself, and I was never disappointed in my individual score. We felt it was something unique that we were doing. These countries needed foreign direct investment, and foreign investment required good lawyers that knew how to do deals, and so on. It was good.

We more or less created a myth of being an international law firm (laughs). We'd say to clients, "Oh, we're Chicago based, we've got all this help and know-how in Chicago, as an international law firm." Really what we developed was a successful learning on-the-job culture in these rapidly changing Central and Eastern European countries and we embraced the transition and the people there, and developed the know-how there, and sure, there would be times when Chicago would help, particularly in Warsaw, because there were client relations there, but … for me in Bucharest … we definitely created this myth of being an international law firm. But what we really became was a very strong, dynamic, Central and Eastern European firm that was headed by American managing partners, all of whom had intensive local experience and know-how of the operat-

ing environments, and who had already worked in Warsaw, Prague, Bucharest, or Kyiv. That's what we took advantage of. I have to say, in my now-25 years focused on and working in the region, that was my most enjoyable job, and I greatly appreciated the people that I worked with. We'd get together for partners' meetings, or smaller get-togethers with colleagues and they were always a blast. The same dynamic just doesn't exist anywhere else, with other firms that I know of.

Rob Bata: We were quite small, and the international offices were disproportionately better known. And I'll give you an example, because the year that Salans and my Central and East European Group and the China office merged, Salans won East European Firm of the Year. But of course it was entirely on the strength of the Altheimer & Gray offices. In many ways it was the happiest period of my professional life.

Jaroslawa Johnson: I was sad that A&G dissolved. We had established an excellent reputation. Business people in Ukraine and in Europe knew who we were. Other law firms respected us, and clients were pleased with A&G. It was hard to explain to people why a law firm considered by Europeans as very successful was unable to survive in the United States.

"In many ways it was the happiest period of my professional life."

Haluk Can Ozel: Looking back to those days … initially I thought, this is a better atmosphere, as Salans had a more European approach, but then I started to consider, and leaving all those guys, and seeing A&G collapse down, was kind of sad. Watching it fall apart was not a good feeling.

Adam Mycyk: I still have sweatshirts and baseball caps in my closet. Grim reminders.

Rob Bata: And now Chadbourne has closed its Ukraine office, so all that's left is the Polish office.

Louis Goldman: For many years we stayed in touch with each other, and saw each other regularly. We started this in 1990, so it was 25 years ago. Some people are effectively retired, some have left the big firms and moved into smaller practices, because that's what they want to do.

It must have been disappointing when it ended. Louis Goldman: Yes, it was (sighs).

David Stuckey

A Refreshing Feel: New Counsels at Debevoise & Plimpton Share an Optimistic Outlook on The Russian Market

At the beginning of this year, Debevoise & Plimpton announced the promotion of two new International Counsels in its Moscow office – Maxim Kuleshov, in the firm's corporate practice, and Dmitry Karamyslov, in its finance and aviation practices. With many international firms in Russia in retrenchment mode due to the geopolitical landscape (and at least one which shut its doors entirely (see page 18)), CEE Legal Matters took the opportunity to sit down with the two new International Counsels and discuss their appointments, what they meant for the firm, and the status of the market as a whole.

An Opportunity to Develop Towards Becoming a Partner

We were curious to learn what the title of International Counsel signifies within Debevoise. Karamyslov explained, first, that there is no real difference between the title of International Counsel and that of Counsel – rather that the former simply relates to those outside of the US – and that it is the only position in the firm between Associate and Partner. Karamyslov explained that he and Kuleshov will be charged with an increased set of managerial responsibilities, and, while not the heads of their respective practices, Kuleshov explained that they are still "responsible for the development of their practices."

Kuleshov also pointed out that two Debevoise Partners in Moscow moved to that position from the International Counsel step, but he said that he does not believe there is any special training on how to become a partner, which is based on various targets rather than skills that can be taught. Nonetheless, Kuleshov claimed, both he and Karamyslov have received significant trainings throughout their time with the firm, relating to both hard and soft skills, such as how to give feedback to junior lawyers and "how to actually be a member of the firm – which promotes a collegial culture." The firm's emphasis on the latter is greatly responsible for the firm's retention rates, Kuleshov reported, pointing to numerous lawyers, including himself, who have been with the firm for more than ten years.

"all are tired of the sanctions and everyone is eager to start working on financings again. My prediction is that, unless something extraordinary happens, we'll see more and more financing work and, if we are lucky enough to see the sanctions lifted, really, everyone will be overworked, since the demand is enormous at this point."

– Dmitry Karamyslov

Nonetheless, while agreeing that a formal training on how to become a partner is difficult to envision, Karamyslov explained that the firm has always invested a great deal of time and effort into helping its young lawyers develop in that direction. He said the firm encourages younger lawyers to develop relationships with clients and engage in their own BD efforts, and while there is definitely increased pressure to gain client exposure at a senior level, it's facilitated at mid-level as well. He cited as an example the six months he spent last year in the firm's London office, where he worked closely with both New York and London partners, and he will return to London for a short period to be closer to the international clients driving the firm's aviation projects.

Finance: Calculated Optimism

Speaking both about their respective practices and their outlook within the Russian market, both Karamyslov and Kuleshov displayed an obvious optimism. Karamyslov explained that the finance market work has been picking up since the second quarter of last year. Even though the overall market still is rather slow, he was pleased that Debevoise had secured a considerable share of that work and was proud to report very high utilization rates within the practice. "For example," he said, "in 2015 we closed 2 big ticket pre-export finance facilities which were among only a few international financings on the Russian market in 2015: up to USD 800 million for Uralkali and USD 400 million for NLMK. We also assisted Norilsk Nickel in its USD 1 billion Eurobond issue which was more than four times oversubscribed and is again among only a handful of capital markets deals in 2014-2015."

"At the end of the day, Karamyslov said, "all are tired of the sanctions and everyone is eager to start working on financings again. My prediction is that, unless something extraordinary happens, we'll see more and more financing work and, if we are lucky enough to see the sanc-

"People have gotten used to the new normal, and we're seeing a good deal of work coming from divestment of non-core assets as well as some potential acquisitions on the horizon as well."

– Maxim Kuleshov

tions lifted, really, everyone will be overworked, since the demand is enormous at this point."

And, Karamyslov explained "the US market, the EU one, are both extremely active – in fact, last year was one of the largest in the EU for IPOs. Unfortunately, Russia could not keep up with the rest of the world because of the context but, if things change … I really don't want to be overly optimistic, but because demand is so high, I can't help it."

Corporate: Betting On the Right Clients

Kuleshov reported that Debevoise is quite busy because its Moscow office is focused on representing Russian clients. "Despite the turmoil, our Russian clients are alive and considering new deals and we are constantly helping them on acquisitions or divestitures," he said, while also pointing to what he described as "other corporate opportunities" such as a number of clients considering going private or deciding to delist from the London Stock Exchange.

"People have gotten used to the new normal," Kuleshov said, "and we're seeing a good deal of work coming from divestment of non-core assets as well as some potential acquisitions on the horizon as well." Another potential source of business that he mentioned was privatizations, with the Russian government planning to sell a number of state-owned companies to private investors. "With Mr. Putin mentioning that the priority would be to sell to Russian private clients, I can only hope that will include some of our clients."

"I can't say that all these transactions are signs of good economic conditions, but they still represent economic activity and work for lawyers as a result – I'm quite optimistic because of our investment in our Russian clients," Kuleshov concluded.

Radu Cotarcea

A Drive Through The Automotive Sector in CEE

Contributing to this article

Daniel Anghel, Partner, PwC

Martin Wodraschke, Partner, CMS

Matija Testen, Partner, RPPR

Veronika Odrobinova, Partner, Dvorak Hager & Partners

Lukasz Berak, Partner, Soltysinski Kawecki & Szlezak

Uros Ilic, Managing Partner, ODI Law Firm

Akos Eros, Partner, Squire Patton Boggs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TOFFEE
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The importance of the automotive sector for Europe's emerging markets can hardly be overstated. The automotive sector is the largest contributor to GDP in Hungary, Akos Eros, Partner at Squire Patton Boggs (SPB) in Budapest, points out, and Uros Ilic, the Managing Partner of the ODI Law Firm, describes a similar prominence in Slovenia: "The automotive sector represents as much as 20% of Slovenian exports, making it a particularly important component of the country's economy."

Across the region, "every country is doing all it can to draw in these production plants, a competition in which every country is trying to put forward better infrastructure and supporting through different facilities," according to Martin Wodraschke, Partner and Head of CEE German Desk and CEE Automotive team at CMS.

We reached out to leading lawyers in this sector across Central and Eastern Europe to learn more about the amount and kinds of work being generated and the particular challenges the sector imposes on those lawyers working within it.

A Look at the Market

Slovakia, the Czech Republic, Hungary, and Poland are among the CEE countries most commonly identified as heavy manufacturers.

"...every country is doing all it can to draw in these production plants, a competition in which every country is trying to put forward better infrastructure and supporting through different facilities..."

In Hungary, CMS's Wodraschke reports that the manufacturing side of the industry is still growing, encouraged by large suppliers such as Bosch and Continental. According to Lukasz Berak, Partner at Soltysinski Kawecki & Szlezak (SK&S), although Poland claims fewer production facilities for passenger cars than Slovakia, sales and distribution remain strong.

While "there is no real automotive production industry in [Slovenia]," according to Matija Testen, Partner at Rojs, Peljhan, Prelesnik & Partners (RPPP), "there are some strong producers on the supplier side, such as Johnson Controls and CIMOS." Ilic at ODI Law explains that, in Slovenia, "there are over 16,000 people employed in automotive in the country between some 250 companies that create a regular stream of legal work on daily commercial, labor, and regulatory matters. This cluster ranges in products from decorative components to engines and engine parts, to gearing equipment, to electronic components. Many leading automotive players have Slovenian firms as partners: Audi, BMW, Daimler, VW, as well as MAN and Ford in Germany account for some 40% of car component exports from Slovenia followed by buyers in France, Italy, Austria, the UK, and the USA. The vehicles that roll off the assembly lines of Renault, PS, Skoda, and Fiat also incorporate components from Slovenia that comply with all EU green and safety requirements. In figures, it means that Slovenia's automotive industry generates roughly one tenth of the country's GPD and accounts for 14% of its exports of goods."

Daniel Anghel, Partner at PwC in Romania, explains that Romania hosts "a lot of spare parts suppliers, most of them held by foreign groups but some locally-owned as well, located especially in the west of the country but increasingly towards the center as well." And in Macedonia Gjorgji Georgievski, Partner and Regional Head of TMT Group at the ODI Law Firm, refers to the recent establishment of a large Johnson Controls plant in Macedonia (see Buzz on page 28).

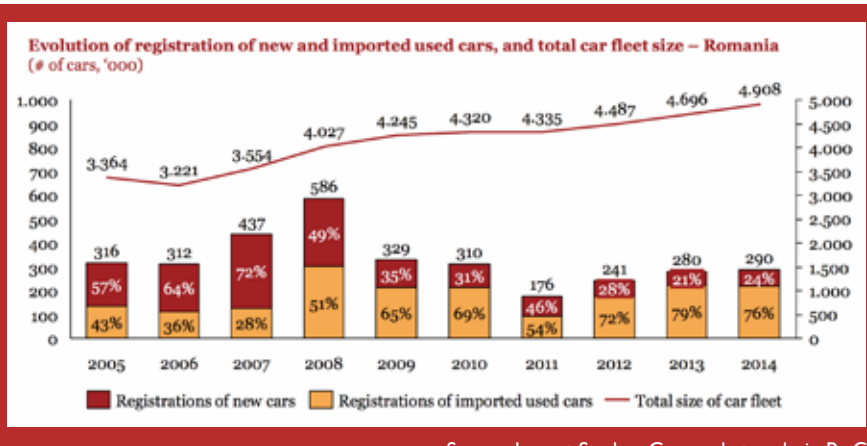
"Slovenia's automotive industry generates roughly one tenth of the country's GPD and accounts for 14% of its exports of goods."

Most CEE countries reported steady automotive sales in 2015, with SK&S's Berak pointing to Poland's constant sales growth as an exception, "which makes both networks and manufacturers quite happy." Of course, buying a new car is not the only option on the table for consumers, and manufacturing of new cars is impacted by an apparent increase in used car sales, mentioned as a factor both by Berak in Poland and Anghel in Romania. Anghel reports that, "starting with 2007/2008 especially, Romania developed into a second-hand market, unfortunately," and points to a recent PwC study showing that second-hand cars were outselling new cars 4-1 in the country (see Graphs for more details).

Keeping Lawyers Busy

With all this activity, there is plenty of work for lawyers specializing in the automotive sector across the region. CMS's Wodraschke explains: "The huge original equipment manufacturers present in the country generate work for lawyers in pretty much all areas, with a lot of work coming from commercial and employment areas in particular, complemented with some M&A activity as well, since some clients are also looking at smaller targets they'd like to acquire."

In Russia, Daria Shagabutdinova, Head of the Legal and Corporate Affairs De-



Source: Impact Study – Car market analysis, PwC

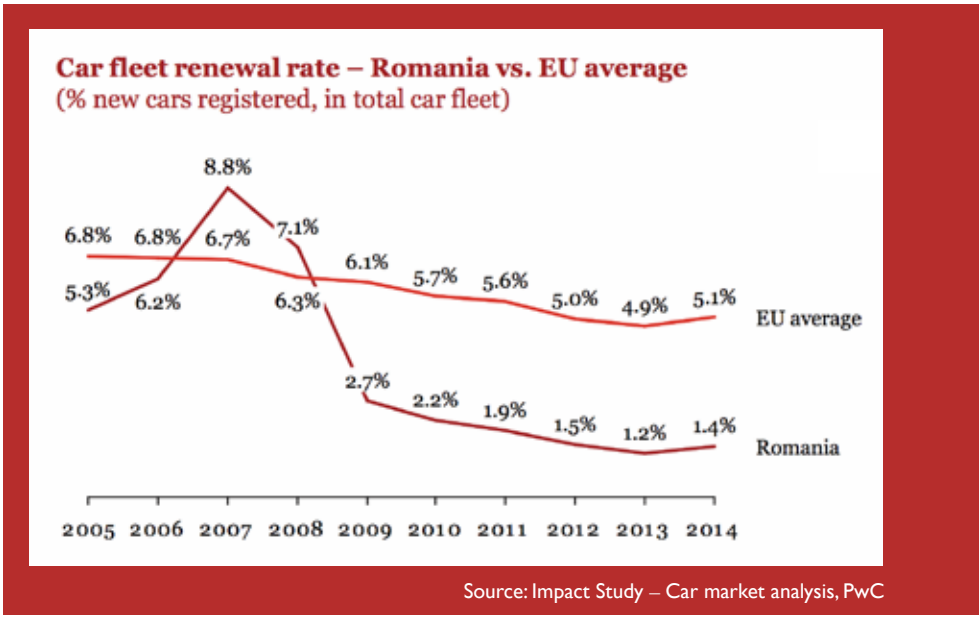
partment of Cordiant, has noticed quite a bit of M&A activity as well, with "boards aiming to incorporate start-ups when possible or selling off less-performing assets." Veronika Odrobinova, Partner at Dvorak Hager & Partners (DH&P), also reports a lot of M&A activity in the Czech Republic, and she says that she has noticed a "push from the larger producers who are seeking to get more efficient and relocate their businesses or are getting rid of different parts that are not efficient." She adds that this is complemented by investors coming from outside the country and consolidation in the sector within the country, with a number of new plants also being developed.

While these types of projects tend to be one-offs, there appears to be a significant amount of recurring work as well, with real estate and employment matters being most common, according to Odrobinova, though she reports that the considerable amount of financing work that existed two or three years ago seems to have dried up.

"The beginning … involves a lot of work to set up the greenfield investments, secure the real estate purchases, assist in the subsidies negotiations, set up the employee base, set up financing, and so on."

Eros at SPB identifies labor law matters as a common form of ongoing work after the initial set-up stage is completed – inevitable, he says, in a "sector that is very employee-intensive." His team makes "some additional regular check-ins … on the contracts in place to make sure that the templates are still compliant in case a regulator update happens, but nothing as intensive as the original set-up stage."

Of course, the very nature of the sector limits the amount of ongoing assistance clients require after set-up. Eros notes that although the set-up stage is work-intensive for lawyers, once manufacturing facilities are up and running there's less to do. "The beginning … involves a lot of work to set up the greenfield investments, secure the real estate purchases, assist in the subsidies negotiations, set up the employee base, set up financing, and so on." Even real estate matters are challenging, as "it's not a simple matter of purchasing a plot of land. It involves considerable negotiations with municipalities, infrastructure work, and so on." By contrast, "after the plant is set up there are not so many legal projects, at least hopefully."



Source: Impact Study – Car market analysis, PwC

Indeed, contract work is fairly limited in the region, according to Prague-based DH&P Partner Odrobinova, "since, most of the time, cars are produced for a mother company abroad." CMS's Wodraschke elaborates: "on paper, these companies don't really sell anything to end users, meaning that consumer rights are not really within the scope of concerns of the local manufacturing plants. Even in terms of suppliers, Audi Hungary for example does not really purchase spare parts from Delfi Hungary, Look Hungary, or Hilite Hungary – rather, a global or European deal is in place. There are exceptions, of course, [and] one of our clients, for example, has its European HQ in Hungary, but such instances are very rare."

Of course, some lawyers in the automotive sector – particularly, perhaps, those working in-house – deal more with contractual matters than others. For example, Nikolay Khaybulaev, Director for Legal Affairs and Government Relations at Mazda Motor Russia, explained that his team's activities revolve primarily around contract law, "as part of your team's role in supporting the business side is retaining contractual relationships primarily." According to Khaybulaev, this is complemented by regulatory work and "some work on trademark-related issues and some litigation" (though he notes that his company "really tries to solve most issues in an amicable way").

On the Horizon

Several lawyers in the automotive sector in CEE note the affect of significant anti-monopoly developments in their jurisdictions. In Russia, Khaybulaev says, a new Code of Conduct for Members of Automobile Manufacturers, developed in cooperation with the country's Federal Antimonopoly Service, has been put in place to ensure that the industry follows certain rules regarding dealerships. Dealers who believe those rules are being violated, Khaybulaev explains, "can apply to the anti-monopoly service, a development which has seen many companies in the sector invest a lot of effort to review existing systems/contracts and make sure they are compliant to the full letter of the law."

In Slovenia, Testen at RPPP refers to a recent decision against the Hyundai group – a general importer – related to warranty clauses linked to authorized repair shops deemed to be in breach of competition regulations. SK&S's Berak described antimonopoly issues connected with dealership networks as "a recurring theme" – particularly related to pricing, with producers only allowed to recommend

rather than specify the prices offered by the dealer. According to Berak, this is a matter that is "stringently controlled by the Polish anti-monopoly watchdog."

At the same time, both Poland and Romania are taking active steps to address an aging car fleet. In Poland, Berak points to a new consumer protection law that entered into force at the end of 2014, as well as legislation addressing end-of-life vehicles, increasing various requirements on distributors and dealers as creating new work for lawyers in that country. For its part, Romania is pursuing initiatives related to environmental stamps and other pieces of legislation meant to address the aging car pool in the country, according to PwC's Anghel – "initiatives that despite being changed around several times proved to have a positive impact in the past."

the decision by many manufacturers to locate their plants in the region is driven by "some opportunities generally valid for CEE as a whole – cheap labor costs and good infrastructure and access within CEE."

Relevant labor law is being updated as well, according to CMS's Wodraschke, who says that the 2012 labor code in Hungary has already been changed several times in the last few years to "give more flexibility and implement many [changes] relevant to the industry, which overall made the life of companies much easier in the country." Less positive news on the subject comes from Romania, where Anghel points to "recent heated talks" related to a raise of the minimum wage in the country, which would, "of course, make the manufacturing industry in the country less competitive on the cost side." A more positive development, he says, is the initiative to remove the so-called "pole tax" – a tax on special equipment that was hurting the industry: "We ran a study and noticed that companies would have to repay up to 60% of the value of special constructions, which represented a block [against] purchasing new technologies. We expect the development will have a positive effect towards this end as the pole tax would be eliminated next year."

An update in Russia last year required that companies holding individuals' personal data collect, store, modify, and host this data within Russia. Khaybulaev describes this, however, as more of a financial and infrastructure burden than one requiring significant legal advice. The ongoing Western sanctions on Russia, Khaybulaev explains, have a relatively insignificant impact on his legal team (as distinct from their effect on the country as a whole, of course), and he claims they have had only a minor impact on the company itself.

Finally, SK&S's Berak reports that while consumer protection legislation in Poland in the main mirrors European standards and requirements, the overlap between the product warranties extended by car makers when selling to customers and the Polish statutory warranty (governed by civil law provisions) creates a problematic "dual system of protection." According to Berek, "in practical terms, [this] means that Polish consumers are able to choose between the two, which poses some complications when in need of solving disputes with consumers."

Chasing the Plants

CEE does have an advantage in enticing many automotive manufacturers. As SPB's Eros explains, the decision by many manufacturers to locate their plants in the region is driven by "some opportunities generally valid for CEE as a whole – cheap labor costs and good infrastructure and access within CEE."

This is not to say that all CEE markets are identical. Speaking about Romania, Anghel comments, "The potential is great. I see a lot of room for growth, both in terms of suppliers of components but also in the producers' space especially, [although] that seems to be impeded by people's concern over underdeveloped infrastructure." He points to Daimler Chrysler which, considered the Romanian market, then – because of this concern – decided ultimately to invest in Hungary and simply hire from Romania. Anghel notes, however, that "we are seeing a few good things in the area of infrastructure but, unfortunately, progress on this front is slow."

And it is not just infrastructure that affects this competition. According to ODI's Uros Ilic, "Slovenia cannot really compete on the lower value-added production side in terms of cost of labor, with the country being very well positioned comparatively when it comes to skilled or highly-skilled workforce." Not everyone is so lucky. CMS's Wodraschke says that, "it is difficult to get good skilled workforce in the big industrial zones of Hungary and in the region as a whole. In the north of the country, there are some production plants that are trying to get employees from Slovakia, but even there they have the same challenge."

Efforts are being made to meet this demand, and Wodraschke reports that many supplies manufacturers are setting up strategic collaborations with technical schools in Hungary. Establishing such projects can provide interesting work for lawyers, both on the level of obtaining available European aid and in structuring the actual agreements between the companies and the educational institutions. Similar efforts are reported in Romania by Anghel, who says that there is a drive towards switching from a simple assembly and low value-added production to a more complex approach. He gives as an example the so-called "Centrul Tehnic de la Titu" from Dacia, which hosts 2,000 engineers focused on R&D, as a positive sign towards this goal. Anghel sees progress being made, "not only in the automotive sector, but [in] manufacturing in general, with such co-operations between manufacturers and technical universities being set up in the cities of Timisoara, Cluj, and Oradea."

Attracting Investors and Manufacturers

Ultimately, the incentives to develop the necessary infrastructure, provide enticing tax breaks, and create workforce development programs all make sense, as Wodraschke's observation about Hungary seems to apply to most of the CEE markets as well: "Hungary is a manufacturing place. Therefore, it is not surprising that state bodies are in regular contact with the large manufacturers and have a very proactive economic policy towards them and are eager to establish favorable circumstances for investors and manufacturers."

Radu Cotarcea

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Market Spotlight Bulgaria

In this section:

Guest Editorial: Bulgaria – 2016

Bulgaria, a land with over 7,000 years of cultural history and an important geographical location, continues to face its traditional challenges. Here we will list just some of the international political and economic factors which influence the country's development. There are various conflicts and disputes in and among Bulgaria's neighbors affecting its interests. Since 2014, for instance, the war in Ukraine (which is located only 300 km from Bulgaria) and the resulting global tension, including the EU sanctions imposed on Russia, have had significant economic and social impact on the country, as has the friction between Bulgaria's "Traditional Big Brother" (Russia) and its "Good Neighbor" (Turkey). It is to be remembered that Bulgaria has about nine percent Muslim population – and at the same time Bulgarians report some of the highest amount of pro-EU support (over 72 percent) of all EU members. These macro political factors are relevant particularly to transnational projects and the business developments guided by geopolitical interests.

The economic situation with another neighbor, Greece, including the strikes which regularly block the Greek-Bulgarian border, also has a negative effect on local companies and, of course, on the image of the whole region. The fact that 22 percent of the banking sector in Bulgaria is controlled by Greek banks is of less concern due to the policy of the Bulgarian National Bank and the changes in the ownership and management of the banks in Greece. It is reported that about 6,000 Greek small and medium companies recently moved to Bulgaria.

On the economic side, a number of foreign investors have left Bulgaria in the last few years and the level of annual FDI has dramatically decreased. A few strong local groups continue to develop their presence in important sectors, replacing the departing foreign entities. At the same time, in the last few years there have appeared a number of good, clean, and prosperous Bulgarian companies which work regionally and even globally, mainly in the IT, energy infrastructure, construction, and niche services and products sectors. Bulgaria also retains its leading position in Europe in outsourcing. Many global players have established presences here, and the country is continually growing as a regional or global hub for shared services. Traditionally, Bulgaria is active as an exporter in regional energy markets, and market integration shows promise in this direction.

With the assistance of EU programs and funds, and mainly because of a high entrepreneurial spirit, the country became a regional leader and a good model for startups. There is a hope in 2016 that the IT industry will grow up to 12 percent and will contribute over 5 percent of Bulgarian GDP. There are positive signals from agriculture and the food industry. 2015 ended with 2.2 percent GDP growth mainly due to increasing exports, low oil prices, and good usage of EU funds. Preliminary figures also show that the budget deficit and the current account deficit have also significantly decreased in the last 12 months. There is a slight improvement in the number of M&A transactions, with an increasing role played by local buyers.

A well-functioning judicial system is crucial to the business climate. That is why judicial reform in this country is so important. Regrettably, it is a battlefield where various hidden interests fight and, apart from related political scandals, not much has been done in this respect. The latest EC monitoring report at the end of January, 2016 (Bulgaria and Romania are under the so-called Monitoring Regime of the EU Commission), was particularly negative because of lack of reforms in the judiciary. The Government is promising action, assistance from EU member countries has already been offered, the voice of the civil society is much stronger, and there is hope that certain progress will be made.

The political, social, and economic environment briefly described above also determines the status of the legal market. This relatively small landscape is dominated by well-established local law firms, with the presence of just a few foreign law firms (i.e., CMS, Kinstellar, Schoenherr, and Wolf Theiss). The shrinking market has led to a decrease in legal fees, which historically have been among the lowest in South-East Europe. The low number of foreign investors (although there are signs that the number will grow in 2016) makes local companies attractive targets for business development of law firms. The global economic situation makes the good local entrepreneurs and their transactions also interesting to the regional teams of the few big international firms which monitor and do not miss opportunities to provide their professional services. Due to the current business environment, many firms are active in dispute resolution, restructuring, insolvency, and debt recovery. Practice areas such as IT, IP, Cyber Security and Data Protection attract attention because of the promising future.

Borislav Boyanov, Managing Partner,
Boyanov & Co.

Outlook for the Bulgarian Legal Market: A Resigned but Resilient Hope

On Wednesday, January 27, five senior Bulgarian lawyers gathered at the elegant modern offices of the Penev Law Firm in Sofia for a Round Table conversation on the current challenges facing law firms, lawyers, and the legal industry in Bulgaria.

The Bulgarian Economy

The discussion began with a consideration of the general state of the Bulgarian economy, and there was general agreement that, while the outlook was perhaps "just a little bit" better than the year before (in the words of both Penev Partner Christopher Christov and Schoenherr Managing Partner Alexandra Doytchinova) absolute confidence was premature. Christov suggested that "it's a joyride, it's up and down, up and down. Being in the Balkans and having the political situation changing – not dramatically, but significantly from time to time, affects the market and affect the economy, and the legal market is no different. Sometimes we are full with projects. Lately they are not that much."

Reneta Petkova, Managing Partner at Deloitte Legal in Sofia, was slightly more optimistic: "I would say that definitely 2015 was better than 2014, because in 2014 we saw a lot of exits – only exits – of foreign investors from Bulgaria. In 2015, mainly because of huge absorption of EU funds and a little bit of development of export-oriented businesses, I think there was development in the economy. And we also saw the return of some of the foreign investors."

Schoenherr's Doytchinova noted that the global crisis didn't really hit home in Bulgaria until about 2012, but that the years since have been hard. Like Petkova, Doytchinova reported seeing a trickle of foreign investors coming into the country in the second half of last year. "Unfortunately," she said, "it's too early to tell if this will stay, or if it's a wave, or if it's a general development. Let's talk in six months' time or nine months' time, and then we can see." Ultimately, she said, "Bulgaria will need some time to regain trust from foreign investors. Our politicians have managed to mess a lot up over the past years. A lot."

Vladislav Nikolov, the General Counsel of Overgas, referred to the lingering affects of the global crisis. "After 2012 the environment – in particular in the energy sector – has gotten worse. We've seen bankruptcies among the biggest consumers, and some big investors have left the country. Many went to Romania, which is strange at first glance, because our tax legislation here is twice as good as theirs. However, to many, Romania is the better place for business – and in the field of energy, this is definitely the case." He concluded, smiling, "still, I tend to be optimistic."

The host of the event, Penev's Christopher Christov, pointed out that not all was bleak. "We have the IT industry here because we have the fifth fastest internet in the EU and the tenth fastest world-wide. Plus, the cost of electricity, this makes Bulgaria good for the IT sector. So this is a positive sign and a good example."

A Stable and Diverse Bulgarian Legal Market

The participants at the Round Table spoke as one in describing the current legal market as fairly stable, with few significant split-offs (beyond Kinstellar, which took a team from Wolf Theiss to open its Sofia office in the fall of 2014), consolidations, or departures (since the departure of DLA Piper at the end of 2010).

the global crisis didn't really hit home in Bulgaria until about 2012, but the years since have been hard

Unlike in neighboring Romania, where the market is dominated primarily by domestic firms, in Bulgaria it appears that neither the internationals nor the domestics have the upper hand. Schoenherr's Doytchinova said, "I think it's a mix. We have very strong local law firms. I wouldn't necessarily separate, because the domestic firms have the advantage of longer time on the market, while we [the international firms] have the advantage of the network. Everyone has a separate advantage. But I believe it is very much mixed on our market."

Deloitte Legal's Petkova agreed, but reported that she's seeing fresh law school graduates starting to lean towards the internationals: "I have interviewed a number of young people, and they have shared their experience, and they do prefer international firms. Mainly because they believe in international firms they will get more training."

Doytchinova wasn't convinced. "On the other hand, I've heard that senior associates at the domestic law firms have better prospects of equity partnership." (Christov, who in January of 2015 was promoted to Partner at Bulgaria's Penev firm, laughed. "Look at me as an example!").

Round Table Participants

Christopher Christov,
Partner, Penev

Reneta Petkova,
Managing Partner, Deloitte Legal

Ivan Markov,
Partner, Penkov - Markov

Vladislav Nikolov,
General Counsel, Overgas

Alexandra Doytchinova,
Managing Partner, Schoenherr

Stable it is … but vibrant it is not. Due presumably to the dullness of the Bulgarian economy in recent years, few firms are growing. Doytchinova reported that, at Schoenherr, "we are quite stable in size for the past two years. We have been rather replacing, but not necessarily growing much." And Ivan Markov, Senior Partner at Penkov-Markov, said his firm is in a similar situation: "No one has left, and no one has come."

The only exception was Petkova, who joined Deloitte as part of its reinvigoration of its legal practice across CEE. "We are definitely growing," she said, "but we are a different case. I joined Deloitte Legal a year ago, and the size of our team has almost doubled since I arrived."

The Rise of "Funeral Work"

Needless to say, the financial crisis has changed the kind of work available to lawyers in Bulgaria. Ivan Markov explained: "We are fully dependent on the development of the economy in the market. There is a proverb that lawyers will always survive irrespective of the crisis and the scope of work, and this is true … but the type and scope of the work have changed. In the past, when the economy was growing, the work was creative, productive, and a lot of mergers and acquisitions have been assisted by us – and this is something that we are all proud of. Then, along with the crisis, especially our law firm, we are experiencing a new type of work, which we call 'Funeral Work.' Insolvencies, bankruptcies, liquidation proceedings. These are things that, believe me, we are uncomfortable with, but we do."

The subject turned to specific practices. Markov explained that he does not believe that Real Estate, for instance, will ever really return to what it was before the crisis, and he reported that, at the moment, it is only "slightly" active.

Petkova was a little – but only a little – more hopeful. "There are projects that have to be developed somehow. They were frozen before, and now either the financing banks or the owners want to do something with them. So I would say in residential, but also in the office space, there is slight development, but it is slow in all sectors."

Christov, who started his career as a real estate lawyer, said that "now we have very speculative transactions, venture capitalists, and now the current state of the real estate market is like the opposite side of the restructuring. We had M&As – and now we have restructurings. In real estate we had large investments, and now we have 'OK, we have to figure that out and just not foreclose it.' So it's this kind of work."

When asked about the amount of Energy work available to law firms in the market, there was a pause. Christov said, "we are away from the honeymoon period. Now there is a lot of work – not immense – but the money is there." He then said, "Well, it is a strong practice, but it's a controversial practice. There are retroactive changes within the laws for accessing the grid and feed-in-tariffs, and this changes the business model of the investors in energy, so this changes the legal work. Instead of doing corporate stuff, and expansion, they try to squeeze and seek even – if not negative events – exit."

> *"We are definitely growing, but we are a different case. I joined Deloitte Legal a year ago, and the size of our team has almost doubled since I arrived."*

Vladislav Nikolov described his frustration at what he feels is the Bulgarian government's improper support for state-run entities: "I think the explanation is in the lack of political will for liberalizing the energy market. The governments are fighting to keep the status quo, i.e., to secure the status of state-owned companies as the key players on the energy market. Private investors entering the market need to compete with Bulgargaz and NEK, for example. And it turns out to be impossible."

Ivan Markov explained that his firm sees a lot of disputes against the regulatory authorities in the energy sphere. "we do pursue administrative cases against the regulator in this respect. Because a lot of investors were attracted initially into the very promising incentives that the government initially launched. Then step by step they start to cut, to cut."

For that reason, among others, dispute practices are constituting an increasingly valuable source of revenue at major Bulgarian firms. Markov said that, at his firm, "this is the biggest group. We started fifteen years ago with less than 3%. Now we are almost 20%."

Christov said, "We are more on the corporate side, like Schoenherr, but still we have the litigation team, and we try to settle more and more out of court just to have some results, otherwise it just drags on and on for ages."

Markov wished him luck, saying that while "it was possible years ago … now it's by far less possible. Somehow the disputing participants have also changed their approach. Sometimes they like to go into court just to create damage. Just to make noise."

Reneta Petkova nodded her head. "Yes, I have to agree with this. I registered as a mediator several years ago, and I have not practiced true mediation once, yet. Of course I use my knowledge and mediation skills, but otherwise, I do agree that, absolutely. It was in the past as well, the businessmen like from time to time to fight, they don't realize it's against their interest."

Fees and Fee Caps

The subject of fees brought frowns and sighs, as Christopher Christov said there was "definitely" a trend downwards on fees. Doytchinova nodded. "I fully agree that fees are going down over time. I wouldn't say that they have changed for the past one, one and a half years, but compared to 2010 there is certainly a change, and not an insignificant one."

"There are limits, you know? Definitely we all here keep our reputations. We cannot deliver the work for peanuts. We cannot manage the quality under those conditions. I fully agree this is not, any more, an hourly-rate market. Absolutely no such quotes for hourly rates. Only capped or fixed fees. And without a strictly defined scope. So you have to be a magician to put assumptions in order just to make sure you won't have to write off 100% of your time. And to provide regular fee updates and assure predictability for the clients, at the same time."

The participants at the Round Table shared outrage at the increasing – and, they agreed, unreasonable and uninformed – demand for fee caps. According to Ivan Markov: "The approach has changed. Have you received a request to send an offer to assess three or four hospitals, and maybe some other buildings, and you have to deliver it for an acquisition, and the fee has to be fixed. What is this!? This is something I can not understand, and this is only for the legal profession. We are offering a fee for a due diligence report, without knowing one line of what's involved. Completely blindly. Of course we are pressed by the expectations of the client, and the competition. We are trying to be cost efficient as much as possible, but it sometimes goes against us."

Doytchinova nodded emphatically. "The problem is really in the behavior. Lower hourly rates are not the problem. The problem is these requirements for caps that are fully unreasonable. So you have a client who only insists on a cap without being able to explain what you have to deliver for that cap. We have seen horrible examples where someone is looking – a big international company with a Bulgarian team – and they are looking for monthly advice and they want a fee cap. But they are not able to explain what the matter involves. Is it litigation, is it employment? How many hours have you worked until now? It makes a difference if it's 20 a month or 200! And they say, 'No no! We want a cap!' That's unfortunately a rather bad discipline and a lack of understanding."

Markov shook his head. "It's awful. It's awful."

Reneta Petkova added her perspective as well. "There are limits, you know? Definitely we all here keep our reputations. We cannot deliver the work for peanuts. We cannot manage the quality under those conditions. I fully agree this is not, any more, an hourly-rate market. Absolutely no such quotes for hourly rates. Only capped or fixed fees. And without a strictly defined scope. So you have to be a magician to put assumptions in order just to make sure you won't have to write off 100% of your time. And to provide regular fee updates and assure predictability for the clients, at the same time."

Doytchinova explained another aspect of the problem. "And because of the loyal clients you can't go endlessly down. You can't offer something new to someone new on the market and disadvantage your long-term clients."

Markov agreed. "Yes. The 'old loyal' clients suffer the most from this. Because they're placed in the most inadequate position compared to the new clients. So we have old clients, 25 years already with us, at a level that is 50% higher – more beneficial to us – than the newer clients. What is that?!"

And the perhaps-inevitable result is that some firms may be choosing to focus more, or first, on those clients who pay more. Doytchinova claimed, "You know, I have heard rumors – of course I have no idea if they're true – that some firms in the market are prioritizing work by looking at the fees. So as a client, you pay less, you don't have priority. Which, if this is true, is unacceptable."

Petkova said she has heard similar rumors: "Or they push the work down, to juniors, who can not deliver good quality service. But the clients don't understand this."

Doytchinova concluded with a sigh. "They don't see the difference. Until they see."

Biggest Challenges Going Forward

Finally, the conversation turned to what was agreed to be among largest challenges facing the legal industry and the market in general: the lack of predictability in the Bulgarian courts.

Ivan Markov clarified: "This is not a challenge. This is a pain."

When asked whether the lack of predictability is a function primarily of incompetence or Bulgaria's ongoing struggles with corruption, Doytchinova said, "I think it's a mixture of both, because we see incredibly incompetent decisions. We don't know if they have been influenced, or what."

Vladislav Nikolov, of Overgas, echoed the others at the table. "I agree with my colleagues. Business needs stability and predictability. Effective judicial reform will be a big step forward in removing the uncertainty which business is facing now."

Reneta Petkova cited the same three obstacles. "For me as well, predictability, corruption, and judicial reform, and I would add two more things. We mentioned already the fee pressure, and … the technology that will change our profession. And both of them can change our profession in ways we don't want, making it more commoditized. I do feel that our profession is a creative profession and we shouldn't have our services as a commodity."

With that the Round Table came to a close. We'd like to thank the Penev Law Firm for hosting the event.

**Photo of Reneta Petkova by Yulian Donov, Manager Magazine*

David Stuckey

Market Snapshot: Bulgaria

Legal Aspects of Non-Performing Loans Transactions in Bulgaria

Tsvetan Krumov, Attorney at Law, Schoenherr

This article will briefly outline some important legal aspects around non-performing loans (NPL) transactions – a Bulgarian market which is rapidly moving forward.

Structuring NPL Transactions

NPL transactions are commonly structured as assignments of receivables. This is the preferred route for sellers as it permits full risk transfer of NPL portfolios to purchasers, as parties are free to contract out of the statutory rule that assignors are liable for the existence of the receivables at the time of the sale.

By way of contrast, structuring an NPL deal as a transfer of business enterprise or demerger is associated with certain mandatory liability regimes that parties may not derogate from.

Data Protection and Banking Secrecy Limitations

Under Bulgarian law assignors are under a statutory obligation to provide assignees with all documents concerning the assigned receivables. Since such documents may contain personal data or facts and circumstances subject to banking secrecy, the interaction between this statutory disclosure requirement on the one hand and data protection and banking secrecy limitations on the other merits particular attention. As far as data protection is concerned, the selling bank's legitimate interest (e.g., to achieve regulatory capital relief by assigning loan receivables) should prevail over the interests of the debtor, especially with respect to non-performing loan receivables.

However, the Bulgarian Supreme Court of Cassation recently upheld a huge administrative penalty on a bank for transferring personal data to a collection agency (only for dunning purposes), in a scenario where there was no actual assignment of the respective loan receivables. In that case the initial consent of the bank's customers for transfers of personal data was quite narrowly worded and did not expressly cover transfers to collection agencies for dunning purposes, so it is possible, if the consent had been phrased in a broader manner, that the result would have been different.

In situations involving an actual assignment of receivables, the Bulgarian Personal Data Protection Commission has repeatedly held that mobile operators that had assigned claims for unpaid bills to third parties and in performance of the assignments were permitted to transfer personal data about the respective debtors, on the reasoning that the data transfer forms a part of the "legitimate interests" of the creditors. While this argument has not yet been tested before Bulgarian courts, we believe that the "legitimate interest" exception from personal data protection rules could be applied mutatis mutandis to bank secrecy restrictions where a bank has assigned non-performing loans to a third party. It seems a reasonable solution with respect to non-performing loans from a banking secrecy perspective to uphold the bank's interest to assign receivables under such loans, thereby enabling it to clean its balance sheet and to generate some liquidity instead of attempting to collect its claims in lengthy and cumbersome enforcement proceedings. Bank secrecy should therefore not be an obstacle to disclosing information about the debtor, but disclosure should be made only on an as-needed basis.

Regulatory Requirements

From a financial services regulatory perspective, the general rule is that the acquisition of receivables arising from credit agreements and other forms of financing (such as factoring and forfeiting) may be performed locally as a "substantial activity" (bringing 30% or more of the net revenues or corresponding to 30% or more of the balance sheet total) only by credit institutions (local or EU/EEA under EU passporting rules) or by financial institutions registered with the Bulgarian National Bank. Such registration does not imply fully fledged supervision compared to a credit institution but involves certain minimum capital requirements as well as information disclosure procedures both initially and on an on-going basis. Careful structuring of the transaction may, in certain cases, allow it to avoid the local regulatory regime. Once regulatory constraints on the purchaser are avoided, the transaction may be implemented in an unregulated environment, since the activities of collection agencies are not subject to licensing/registration requirements in Bulgaria.

By Tsvetan Krumov, Attorney at Law, Schoenherr

Corporate/M&A: Risks of a "Blank" Discharge From Liability

Georgi Tsonchev, Attorney at Law, Schoenherr

In recent years the corporate practice in Bulgaria has revealed many cases of limited liability companies ("Ltds") going after their managers and claiming compensation for losses caused by the managers' wrongful actions. A growing number of shareholders are claiming that the managers have done significant damage to the financial condition of their Ltds. In particular, they claim, the managers have: (i) concluded detrimental deals not at arm's length; (ii) interposed related companies as intermediaries to the damaged Ltds, paying them high fees for no real benefit; or (iii) used the Ltd's resources and sales network for the benefit of other companies related to the managers. After ascertaining the real amount of the losses caused by the managers the shareholders are eager to file claims

for damages. However, it often turns out that the shareholders themselves have acted in ways in the past that prevent the company from successfully litigating these claims and obtaining awards of the demanded compensation.

To claim liability for damage and losses the claimant (i.e., the Ltd) must prove: (i) damage to the Ltd; (ii) detrimental action by the manager; and (iii) a causal relationship between the two. In addition, the shareholder meeting must adopt a resolution to initiate proceedings against the manager. However, if the shareholder meeting has discharged the manager from liability for the respective financial year, the Ltd cannot seek damages for the manager's wrongful actions. Often shareholders face situations where they can establish that the managers have continuously damaged the Ltd throughout the past several years, but as they have already discharged these managers from liability for these years, damages can be sought only for the last financial year for which no discharge has been granted.

Legally, the shareholders are in a position to monitor and to supervise the manager's actions by, among other things, demanding management reporting and examining the Ltd's annual financial statements. Based on their scrutiny and conclusions they should make an informed decision whether to discharge the manager from liability or not. Thus, by examining the manager's work in detail the shareholders can ensure that the discharge from liability is well grounded.

However, in practice the situation looks quite different. Usually, a discharge from liability takes place with the shareholder resolution approving the annual financial statements for the previous financial year. In the majority of cases the agenda of the annual ordinary shareholder meeting consists, among others, of the following items: (i) adoption and approval of the annual financial statements for the previous financial year, (ii) distribution of profits (if generated by the Ltd), and (iii) discharge of the management from liability. In a vast number of cases the discharge from liability is granted without any real monitoring or examination of the manager's actions based on the annual financial statements. Thus, the manager is exonerated for his negligent actions and the company is deprived of the possibility to seek damages at a later stage when losses due to detrimental actions of the manager are apparent. The so-called "blank" discharge grants a free pass to the managers as they cannot be subjected to future civil liability.

Liability for facts not reflected in the annual financial statements, however, is possible. However, the burden of proof that such facts should have been included in the annual financial statements lies with the Ltd. Yet again, a thorough monitoring and examination of the management reports and the annual financial statements would allow the Ltd and the shareholders to detect such issues and cope with them at an early stage without having to face procedural obstacles and difficulties with providing evidence.

To avoid these unfortunate consequences, shareholders should always pay close attention to the management accounts and demand reporting whenever necessary. They should also get closely acquainted with the annual financial statements when they are made available to them before the ordinary annual shareholders meeting. Such responsible behavior will prevent situations where the Ltd cannot claim compensation from the managers for their wrongful actions. To a large extent it will also ensure quality of management and contribute to the business's integrity as a whole.

By Georgi Tsonchev, Attorney at Law, Schoenherr

Frustration Leads to Creation of a New Arbitration Court in Sofia

A Famously Unreliable Judicial System

"[T]here is not enough rule of law in Bulgaria. It is our opinion that the accumulated and unresolved problems in the judiciary are systemic and require a comprehensive approach in order to be eliminated, an approach which ought to be based on the principles of justice, the rule of law, and the reform strategy approved by the National Assembly." So began a January 25, 2016, open letter signed by representatives of multiple chambers of commerce in Bulgaria and addressed to Bulgarian Prime Minister Boyko Borissov, President Rosen Plevneliev, and others.

The letter continued: "The resulting feeling that reform is not happening leads to uncertainty among investors and the economic entities operating in the country. There is a decline in the willingness to invest in Bulgaria, to the benefit of other countries," leading to an economic scenario in which "one cannot expect a positive and sustainable development of the country. This is a price the entire society pays and will continue to pay. Ultimately, one of its most valuable resources is being depleted – trust." The letter concluded with a call for reform of the justice system, "not just in law making but also in implementation and enforcement of legal norms – [which] will increase Bulgarian society's and business's confidence in the judicial system."

The letter was sent shortly after the December 9, 2015 resignation of Bulgarian Justice Minister Hristo Ivanov, who stepped down from his role after the Bulgarian parliament watered down proposed changes to the country's constitution – an action which, he claimed, prevented genuine reform of the country's judiciary. All this happened after Bulgarian lawmakers voted in September 2015 against setting up a special agency to investigate high-level corruption, arguing that it would lead to a witch-hunt by prosecutors.

Taking Matters Into Their Own Hands

One of the chambers of commerce speaking in the January 25 letter was Confindustria Bulgaria, created in 2000 out of the Comitato Consultivo dell'Imprenditoria Italiana in Bulgaria (the Advisory Committee of Italian Entrepreneurship in Bulgaria). With more than 320 member companies, Confindustria Bulgaria is among the largest entrepreneurial associations in Bulgaria. It represents the Bulgarian branch of Confindustria, the main Italian associa-

tion of manufacturing and service companies, which counts more than 150,000 companies employing more than five million people among its members.

Acting against the backdrop of an unreliable judicial system in Bulgaria, Confindustria has decided to set up its own Arbitration Court, with Wolf Theiss Partner Frank Diemer as its President. Diemer – who moved to Sofia in Spring 2015 to, in the words of Wolf Theiss Partner Christian Hoenig, help the firm "focus on helping Italian investors and their advisors with CEE/SEE opportunities" – believes a specialized Arbitration Court within Confindustria is necessary to "try to overcome at least partially the shortcomings of the Bulgarian judicial system, very well known to Italian entrepreneurs who face similar problems at home (high costs, inefficient process, duration of the process, problems with executions, etc.), and not to wait for the always-promised but never really carried-out reform of the Bulgarian court system. Arbitration and the possible execution of awards under the New York Convention seemed to be a proper means to be of help in this case."

According to Diemer, the need for an alternative to the Bulgarian judicial system is clear. He notes that a "stable, independent, transparent, and predictable legal system where the rule of law is not only written in the textbooks and in legislative acts but can and will effectively be enforced by the judicial system," is of the utmost importance for foreign investors, especially given the Bulgarian economy's heavy dependence on foreign trade and investment.

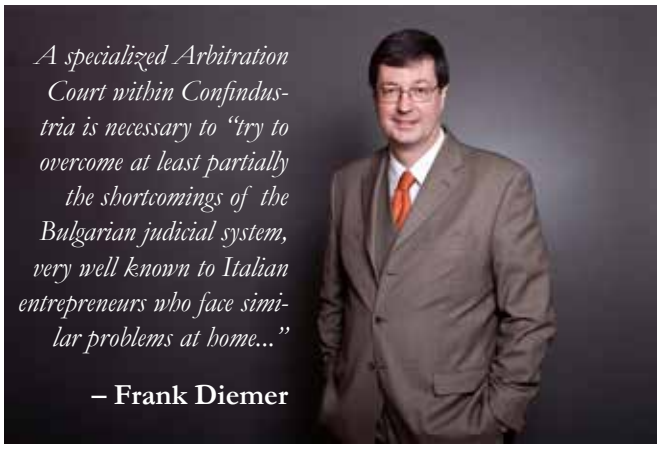
"If you cannot be sure that your commercial credits will be paid and can be enforced, if you have to struggle with your joint venture partner in front of inefficient national courts in order to have your agreements respected, if the inefficiency of the judicial system in general can be used by one of the parties to put pressure upon the other side in order to obtain certain results not contractually foreseen or not even contemplated by law, etc. – all these and other issues can to a certain extent be resolved by arbitration and alternative means of dispute resolution in general."

Thus, the Confindustria Arbitration Court is being established to ensure "trust in the fact that what has been established by law or by agreement between the parties will be respected, and if not, can be quickly enforced. In general, the timely and cost-effective enforcement of contractual agreements appears to be even more important than the underlying (residual) legal framework."

And Diemer believes the existing Arbitration Court at the Bulgarian Chamber of Commerce and Industry is not enough. The idea behind the Confindustria Arbitration Court is "to create a Court of Arbitration which would be more appropriate for Italian investors or trade partners than the already existing Bulgarian Arbitration Court run by the Bulgarian Chamber of Commerce or equivalent institutions established by other chambers of commerce. Language issues, the knowledge of the Bulgarian and the Italian legal environment, of Italian habits and commercial practices which might differ quite substantially from those of other countries, appeared to be enough reason to establish a specialized arbitration court."

What The New Arbitration Court Will Look Like – and When

While the initial plan is to focus on Bulgarian-Italian relationships, Diemer emphasizes that the Court will be open to other countries as well and "will try to offer certain innovative concepts which ... [by] combining some of the best practices of other well established international arbitration centers, will be attractive and helpful for the international business community in CEE/SEE."



Diemer believes that the Confindustria Arbitration Center will "offer a compromise between sometimes conflicting necessities, like speed, cost effectiveness, well-motivated decisions at law in more complex and important matters, and maybe decisions 'ex equo et bono' in simple collection matters. In any case, the result will be a matrix of various proceedings which the parties will be able to choose from, according to their needs." For instance, the court will offer one type of proceeding in which mediation is included within the arbitration procedure. "And in case the parties are unable to settle their dispute through the incorporated mediation, they may continue with the arbitration proceedings," he adds. "As opposed to other regulations, we try to carry out the mediation not in an external mediation center, but to keep it, for speed and cost reasons, within the same arbitration procedure. which should not suffer any delay."

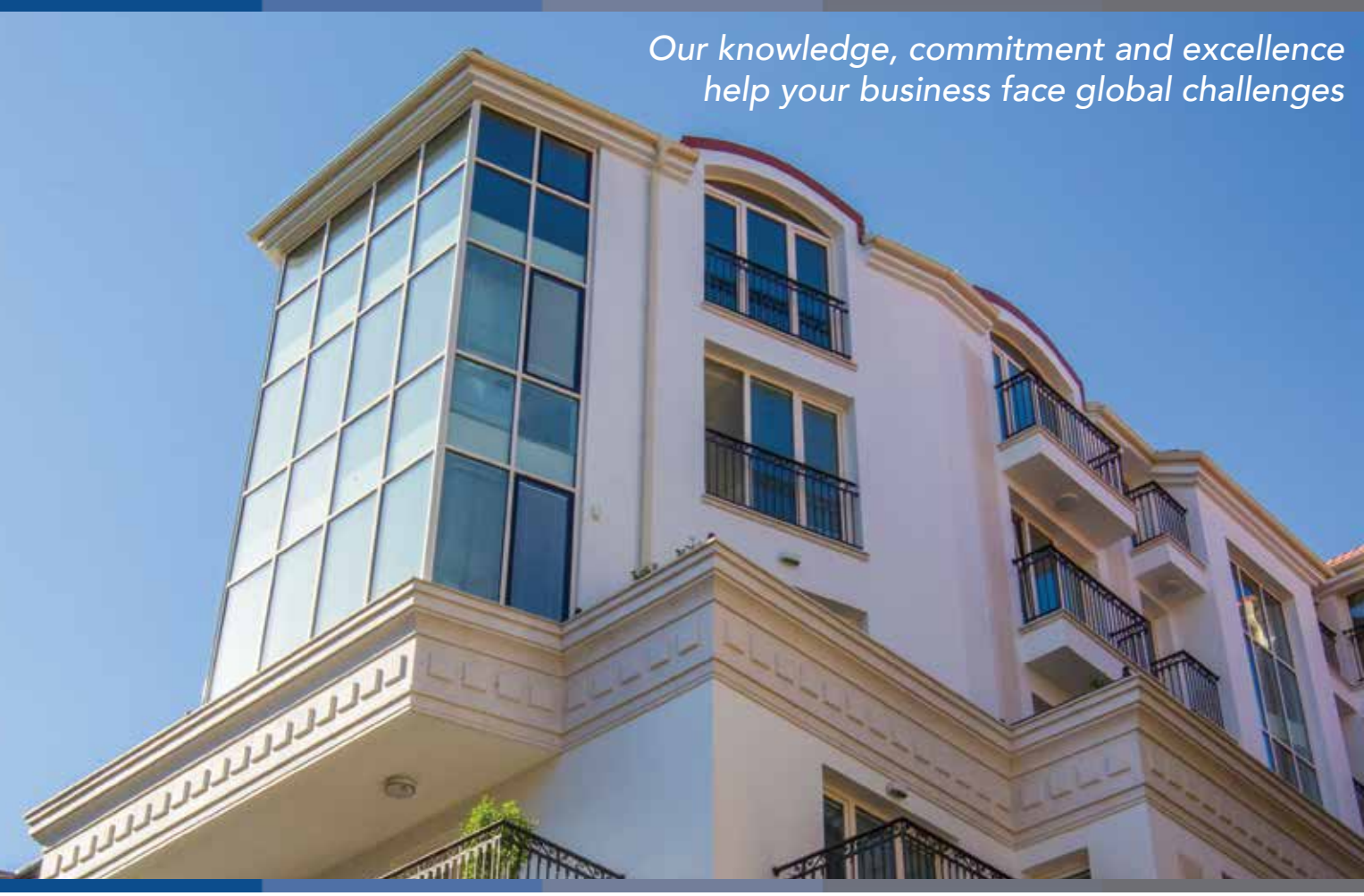
A so-called "emergency arbitrator" is another proposed feature. This emergency arbitrator, who "should be a member of the court itself designated by the President in order to avoid the sometimes time-consuming nomination procedure," would be tasked with reaching a conclusion in a very short time frame – from a few days to several weeks – and based only on the preliminary documentary evidence and one summary hearing. "Such emergency procedure will then normally be followed by a full arbitration where the emergency arbitrator will obviously not be involved, not even on the institutional side," Diemer explains.

Diemer says that, after an initial trial phase, the court is expected to be fully up and running by September or October, 2016. The plan is to start "with a reduced number of arbitrators, which might be from six to eight, in an administrated proceeding, and then extend the number of institutional arbitrators according to the needs and the acceptance of the Court and its procedures by the economic operators."

First Sofia, Then the World

Of course, Bulgaria's not the only jurisdiction dealing with a problematic and opaque judicial system, and Diemer sees no reason why this model can't be expanded beyond Bulgarian borders. The failure of judicial reform in that Balkan country "has drawn the attention also to shortcomings in other jurisdictions where Confindustria is or will be present in CEE/SEE and where change might not happen fast enough."

Radu Cotarcea



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Inside Out: Telekom Austria Group Acquires Blizoo Cable Operator

The Deal:

On July 31, 2015, the CEE Legal Matters website reported that Schoenherr's Sofia office had advised the EQT V private equity fund on its July 29, 2015 sale of Bulgaria's Blizoo cable operator to Telekom Austria Group – which was advised by CMS in Bulgaria and Austria.

The Players

- **Ilko Stoyanov, Partner, Schoenherr: External Counsel for EQT**
- **Gentscho Pavlov, Partner, CMS Cameron McKenna: External Counsel for Telekom Austria**

CEELM: How did your firms become involved in the deal? In other words, why did EQT select Ilko and Schoenherr, and why did Telekom Austria select Gentscho and CMS as external counsel for this particular deal?

Stoyanov: Schoenherr was contacted by EQT with a request to make a proposal. We were selected following a competitive process involving other law firms.

Pavlov: We have a long-lasting relationship with Telekom Austria. In 2003/4, we acted for the company when it acquired Mobiltel – one of the three largest providers of telecommunication services in Bulgaria. Also, we supported Telekom Austria three years ago when blizoo was first put up for sale (alongside its Macedonian subsidiary), but a deal was not reached.

CEELM: At what stage were you brought on board, and what, exactly, was your mandate when you were retained?

Stoyanov: At a very early, planning stage. First, we were asked to review Blizoo Macedonia and Blizoo Bulgaria for any legal issues that could be solved prior to starting the sale process. Then, we prepared vendor due diligence reports and set up data rooms. We were also involved in the negotiations with the bidders and EQT's financing banks with regard to the Macedonian and Bulgarian legal matters (Hogan Lovells advised EQT on English law aspects of the equity side of the transaction; Clifford Chance advised EQT on English law aspects of the financial side of the transaction). The scope of our mandate did not significantly change – we were retained to advise EQT on all Macedonian and Bulgarian legal aspects from the start until the end of the sales of Blizoo Macedonia (closed in 2014) and Blizoo Bulgaria (closed in 2015).

Pavlov: Together with CMS Vienna, our mandate was a broad one, covering all aspects of a typical M&A transaction. In particular, we were mandated with the due diligence of the target (an update of the report we prepared in 2013), transactional and structuring support, SPA negotiations, signing, merger control clearance, and closing.

CEELM: Who were the members of your team, and what were their individual responsibilities?

Stoyanov: At the start, Christian Herbst, Partner Vienna, was responsible for the overall coordination of the Bulgarian and Macedonian teams of Schoenherr and, in respect of Macedonia, [a team from the] Polenak Law Firm. As work progressed, I took responsibility for overall coordination and was EQT's principal point of contact from late 2014 on. I was supported by Katerina Kaloyanova, attorney in our Sofia M&A practice, and a team of specialized attorneys to assist in the vendor due diligence and a vast array of specialized legal issues.

Pavlov: I had overall responsibility for the transaction on the Bulgarian side. Our Senior Associates Valentin Savov and Dimitar Zwiatkow, and our Associates Ivan Gergov, Marin Drinov, and others, carried out due diligence of the target, provided structuring and SPA support, and assisted on closing. Associate Gabriela Edreva advised on merger control clearance. Partner Guenther Hanslik and Senior Associate Andreas Goeller, at CMS Austria, led the SPA negotiations and signing.

CEELM: Please describe the final deal and your involvement in it in as much detail as possible – in other words, how was the final deal structured, and how did you help it get there?

Stoyanov: The deal structure generally followed EQT's original design except that instead of a single sale of two companies in 2014, two separate sales took place – Blizoo Macedonia was sold in 2014 and Blizoo Bulgaria was sold in 2015.

Pavlov: We became involved in the sale process of the target relatively late, compared to other interested parties, which meant that we worked under great time pressure. Quite challenging was the due diligence of the target, which we had to finish in less than a week. Consequently, we supported Guenther and Andreas on the negotiation of the SPA with Hogan Lovells and on matters related to the structuring of the deal. Once the deal was signed (approximately one month from kick-off), we focused our efforts on acquiring merger control clearance. There were several interested parties that objected to the transaction, but in the end we were successful in getting approval from the competition authority. The closing was relatively smooth.

The transaction lasted less than three months.

CEELM: What would you describe as the most challenging or frustrating part of the process?

Stoyanov: In the 2014 deal, [that would be] the coordination between the Macedonian legal team, which was aware of and handled the local specifics of the transfer of Blizoo Macedonia, and the English legal team, which handled the transactional aspects of the sale. The most challenging part of the 2015 deal was our involvement as a sell side advisor in several simultaneously conducted due diligences by many interested buyers who asked a lot of questions. Over several weeks we had non-stop back-to-back meetings with all buyers.

Pavlov: The most challenging part of the process was the preparation of the due diligence report. We had only limited time to get it done. Although we performed a due diligence on blizoo three years ago, we were not able to use much of it at all. At the end, we successfully drafted our report in less than a week.

CEELM: Did the final result match your initial mandate, or did it change/transform somehow from what was initially anticipated?

Stoyanov: The scope of our mandate did not significantly change – we were retained to advise EQT on all Macedonian and Bulgarian legal aspects from the start until closing of both deals, including all legal and commercial issues that would come up between the signing of the sale agreements and completion of the transactions.

Signing, from L to R: Guenther Hanslik (CMS RRH), Ed Harris (Hogan Lovells), Oliver Vallee (Hogan Lovells), Katja Sima (Telekom Austria), Elvira Bertow (Telekom Austria), Roland Haidner (Telekom Austria), Ilko Stoyanov (Schoenherr), Andreas Goeller (CMS RRH)

Pavlov: Our mandate was an all-encompassing one for an M&A transaction where the successful completion of the deal is envisaged from the start.

CEELM: How would you describe the working relationship with your client?

Stoyanov: We would describe our working relationship with EQT as smooth and efficient, at times rather intense due to pressing short deadlines (especially around signing and closing), and the communication was quite straightforward – mainly by e-mail, sometimes on the phone, and at meetings in London and Sofia.

Pavlov: Although Telekom Austria should also weigh in on this, on our side we have a great relationship with them. As already discussed above, this is the third time we have worked together on an M&A deal in Bulgaria. Our colleagues in Vienna advise Telekom Austria Group on a regular basis.

CEELM: How would you describe the working relationship with your counterparts at CMS and Schoenherr on the deal?

Stoyanov: The CMS team were very responsive and it was overall easy and pleasant working with them.

Pavlov: We sincerely have a great working relationship with our colleagues at Schoenherr. I have personally known Ilko Stoyanov for more than six years and we have always worked great together. Moreover, we are currently involved on another ongoing project with Schoenherr.

CEELM: How would you describe the significance of the deal in Bulgaria, or in the region?

Stoyanov: The sale of Blizoo Bulgaria was, although not highest in value, the most prominent deal on the Bulgarian M&A market for 2015 – due to the well-recognized Blizoo brand. After the sale of the third and the second largest telecoms in Bulgaria – Vivacom in 2012 and Globul in 2013 (Schoenherr advised on the buy side in both transactions) – Blizoo was another sign of the continuously reshaping TMT market in Bulgaria. This trend is, however, now gradually coming to a halt with fewer players keeping a stake on the TMT market.

Pavlov: In terms of volume, the deal was probably the second largest for 2015 in Bulgaria. As to its impact on the TMT sector, it is also of great significance. The deal shows that there is an increasing tendency for telecommunication companies to offer full range of services to their clients (one-stop-shop).

David Stuckey

Inside Insight: Vladislav Nikolov
General Counsel at Overgas

Vladislav Nikolov is the General Counsel of Overgas, Bulgaria's largest private natural gas company. He's worked at Overgas since 2006. Before that he spent more than a year with the Bulgarian Commission on Protection of Competition, in the Antitrust sector.

CEELM: You moved from the Commission on Protection of Competition to an in-house role with Overgas. What led you to make that change?

V.N.: The work at the Commission on Protection of Competition (CPC) is very specific and very attractive at the same time. Due to the intenseness of the working process and the short period of time available CPC experts are required to dip into different business areas, which allows them to acquire skills and accumulate knowledge which elsewhere would require much more time. Still, I eventually decided that a role as state expert was not my preferred route for professional development.

The offer by Overgas some ten years ago came in parallel to an invitation to join the legal team of one of the Big Four. My strong interest in the areas of Energy and Competition law influenced my decision to choose Overgas.

On the other hand, the legal work of an in-house lawyer is not so different from that of my external colleagues. The differences are only in the perspective and the way you approach the client/employer.

CEELM: For several years with Overgas you were a Senior Legal Advisor in charge of litigation – but you had never operated as a litigator before. How were you able to oversee and manage the many litigations a company like Overgas has ongoing at any given time without first-hand experience in court?

V.N.: Actually, litigation formed an essential part of my work at the CPC. The law is so broad and diverse, and lawyers are lucky to have many choices when looking for their area of professional dedication. I started at Overgas as Senior Counsel and initially I was involved in literally every kind of legal issue. During the first couple of years there happened to be a number of legal proceedings, mainly in the field of administrative law, and I got the chance to gain substantial experience in litigation. Subsequently the management established a separate department responsible for litigation and arbitration, and I was delighted to head it.

CEELM: According to the Mission Statement of Overgas on its website, "the major priority of Overgas Inc. AD has always been to help shape a positive business environment in Bulgaria. Therefore, the company actively participates in legislative initiatives in the energy sector, adheres to good business practices in relations with partners and accepts competition as a driving force in market development." Is that unusual in Bulgaria? How is that commitment to a positive business environment reflected on your legal team?

V.N.: In fact, the targets set in the company's global mission statement are not unachievable or unusual. Unfortunately, however, their implementation in practice still faces lots of barriers in Bulgaria. In particular, the attempts to introduce measures for building a positive business environment often encounter serious resistance and remain primarily as hopes. Overgas's commitment to create a better climate for business has led to many administrative and court cases in which the legal team of course plays a direct and leading role. Legal proceedings before the Energy Regulator, Courts of Law, and the European Commission are essential to achieving application in practice of the European rules in the Energy sector.

CEELM: Tell us a little bit about your legal team. How many people are on it, in what roles?

V.N.: The size of our in-house legal team has varied over the years. Since I joined, some of the colleagues have changed their employers and areas of legal practice. However, Overgas is a school! And this is best confirmed by the fact that all of my former colleagues who have left the company are very successful in what they are doing now.

At present the team consists of six lawyers, but we plan to increase a bit in number. Our goal is to achieve better internal specialization in areas like Energy, Contract, Construction, Corporate, Competition, and Public Law. Generally, in my understanding, an internal legal team should be organized and function as a small law firm.

CEELM: How is your average day structured?

V.N.: The day begins with a short update on the development of key legal issues within the Overgas group. I try to prioritize the tasks and make a timeline for their execution. However, lately the days have been so intensively rich that often the initially set plans and schedules need to be adjusted to cover a number of unexpected meetings or appointments. Still, this is more an exception than the norm.

CEELM: What is your biggest challenge – the most regular source of frustration – in your role as General Counsel of Overgas?

V.N.: The biggest challenge is always success – in any of its shapes. The most regular source of frustration may be the illogical or sometimes predetermined actions or decisions of the state bodies. I guess this is the typical disincentive for anyone who wants to live in a world of things that happen.

CEELM: Overgas is the largest private gas company in Bulgaria. Are the legislative and regulatory regimes in the country favorable or unfavorable to your company and industry in your view? Why?

V.N.: Overgas has been a leader in its area of business over the last 25 years. That means surviving different legislation and legislative regimes. Since Bulgaria gained EU membership in 2007, the most significant obstacle before the company has been the state's continuous attempts to keep the monopoly position of the existing energy operators stable and unchanged. Liberalization remains distant and practically impossible – even though it is provided for in the national legislation.

David Stuckey

Expat on The Market: Richard Clegg
Partner at Wolf Theiss Bulgaria

Richard Clegg is a Partner at Wolf Theiss, based in Sofia, working throughout CEE/SEE. A corporate and regulatory lawyer, he has particular specialization in the telecommunications, technology, and regulated industries and advises on transaction, regulatory, and compliance matters, often in sensitive or challenging circumstances.

CEELM: How did you get to Bulgaria?

R.C.: I started working on CEE transactions in 2000 as an EU/competition lawyer in London and moved to Bulgaria in 2004 as a member of an Advent International management team to be the General Counsel of Bulgaria Telecom (now Vivacom). The post-privatization period was a time of dramatic transformation. We were privatized into a fully liberalized telecom market and launched the first NGN [Next Generation] network in Europe and Bulgaria's third mobile operator. In some instances, by leapfrogging technology generations, we were pushing the boundaries of the then-prevailing European regulatory practice.

CEELM: Was it always your goal to work abroad?

R.C.: My father worked overseas as a chemical engineer in Russia and the Middle East. Without doubt, his experience had a subconscious impact on my interest in working abroad. Saying that, living and working in London was itself, in many ways, an international experience, and one that gave me many opportunities to work on projects in other countries.

CEELM: Can you describe your practice, and how you built it up over the years?

R.C.: Upon opening the Wolf Theiss office in Bulgaria my work was naturally quite diverse, albeit mainly transactional. Now, with four partners and over thirty lawyers, the office has strong governance, compliance, regulatory, energy, projects, disputes, corporate, and financing practices. This has allowed my personal practice to refocus on providing transactional, regulatory, and strategic advice in the telecommunications, technology, and regulated industries.

CEELM: There aren't many expatriate lawyers in Bulgaria, compared to other CEE countries. Why is that?

R.C.: The Bulgarian legal market remains relatively small. Many client companies and individuals may not be aware of or may not have experienced the value that legal professionals can bring to a matter or transaction. The lead time to a mandate can therefore be quite long and involve significant deal making and effort. It is an aspect of working in Bulgaria that I enjoy, and which can develop into strong relationships of trust. It also fits with the culture of Wolf Theiss, which combines academic excellence with entrepreneurship.

CEELM: Do you find local/domestic clients enthusiastic about working with a foreign lawyer, or do Bulgarian clients prefer working with Bulgarian lawyers?

R.C.: We have always had a good number of Bulgarian clients. I always feel very privileged to be able to work closely with Bulgarian owners and executives and support them through what can be life-changing investment transactions or the expansion of their business into new areas and countries.

CEELM: There are obviously many differences between the English and the Bulgarian judicial systems and legal markets. What idiosyncrasies or differences stand out the most?

R.C.: Having practiced now in Bulgaria for over ten years, I can see idiosyncrasies both ways. In the technology sector specific challenges arise under Bulgarian law, such as the rights of an IP owner to deal with his/her property. Under Bulgarian law, ownership over IP rights (including software rights) cannot be sold. Certain IP rights can be licensed but only for a limited time period. This means that transactions need to be carefully structured, for example through corporate restructuring, to ensure acquisition of full economic ownership over targeted software rights by a venture capital investor.

CEELM: What particular value do you think an expatriate lawyer in your role adds – both to a firm and to its clients?

R.C.: Generally, as a foreigner, you are a guest in the country. It is important to listen to and understand the viewpoint or legal interpretation of a counterparty or regulatory authority. However, as a senior expatriate lawyer you have an opportunity to propose solutions or discuss experiences and alternative interpretations that may have worked in other countries, and I can think of many instances where a practical example from elsewhere has helped the parties find consensus. I also find that working throughout CEE gives the opportunity to discuss nearby practical examples, not only how liberalization took place in the UK in the late 90's, but also how the Czech Republic or Slovakia is currently dealing with a particular issue, e.g., structural separation or national roaming in telecommunications.

CEELM: Outside of Bulgaria, which CEE country do you enjoy visiting the most?

R.C.: I always enjoy visiting Belgrade & Budapest but also enjoy traveling around the region. My own regular travel is through airports of course but, several times a year, I try and drive. There are some beautiful roads. One particular favorite is the Sicevo gorge in Serbia on the road between Nis and Sofia, part of the old transcontinental route to Iran and the Middle East.

CEELM: What's your favorite place in Sofia?

R.C.: Sofia benefits from an amazing natural location and geography, surrounded by mountains. Bistritsa, a nearby village in the Vitosha Mountains, is a beautiful place for walking, and with the added benefit that it hosts one of Sofia's best restaurants, Sage Bistro.

David Stuckey

Market Spotlight Slovakia

In this section:

Guest Editorial: Quo Vadis Slovak Legal Market

This past year has exposed our practice to a number of new challenges. To some extent, this somehow mirrored the relatively more pronounced dynamics of the Slovak economy. Ours is a law office that, owing to its size and experience, has the ability to specialize in individual areas of law, and the preceding year was characterized by a higher number of industry-specific cases compared to the past. In particular, this involved attractive project applications, restructuring and financing cases, and corporate transactions, as well as immovable property and dispute cases.

The current market situation for legal services is characterized by enormous competition – in combination with a relatively small market size, where the supply greatly exceeds actual demand. Moreover, a toll is being taken by the actual dynamics of economic growth, which remains slower than it was before 2009. Market resources generating demand for legal services originate more and more from the well-established domestic business milieu rather than from the high proportion of new foreign investment opportunities, as used to be the case in the past. This trend has brought about a need for a more pronounced development of a comprehensive portfolio of services provided by law firms, and the result is tough competition among the providers of legal services. Availability of such services is much higher than the availability of a reasonable combination of universal and highly specialized services appropriately distributed among a group of providers. Moreover, it is our experience that insourcing of legal services in the corporate sphere is much more common than it used to be.

In Slovakia, we are aware that 2016 will bring about challenging new legislation, including in the Code of Civil Procedure, the Code of Out-of-Court Procedure, the Code of Administrative Procedure, and the law introducing criminal liability of legal entities. As far as the framework in which the attorney's profession is performed, it is worth mentioning the situation in the broader context of the business milieu, as this framework sets the conditions for the efficient performance of advocacy. This is a recurring problem and, if we consider the level attained elsewhere, there is considerable room for improvement; on the other hand, one should not overlook on-going legislative initiatives aimed at reforming the assorted Slovak codes of procedure.

Looking ahead, trends for 2016 are clear: Increased corporate transparency, increased shareholder engagement, highly effective boards, and gender and minority diversity in corporate governance. From a broader CEE view, effective institutions and competitive infrastructure are CEE´s main weaknesses, with efficiency enhancement as a competitive advantage and an ongoing brain drain to Western Europe and North America, while the shift towards future industries (energy, utilities, IT, Telecom, pharma, healthcare) is still very slow or pending. Many challenges, and many legal fields affected by many "too wide and flexible" phrases and words. So do we as legal professionals really think and feel that our present approach will suffice in the days to come?

As the largest law firm in Slovakia, we would not remain at the top of our profession without being open to new ideas and without adopting new measures into our practice. It is not just the new global trends and technical innovations we have to embrace, but also the changing ways our clients prefer to work with us. Not long ago, when Chambers & Partners published results from its survey among clients regarding values they search for while looking for a lawyer/attorney, not surprisingly, communication skills won for both legally qualified (42%) and non-qualified (43%) clients, leaving industry knowledge far behind as a requested lawyer skill (11% for legally qualified clients, 13% for legally non-qualified clients). Does this mean that they will not look for the best? Of course not. What these results show is that in addition to legal knowledge and skills, clients want to communicate in a manner that better fits with their internal structures and needs.

The legal problems faced by our circle of clients are becoming more and more complicated and require a legal advisor able to look at matters from a broader perspective and possessing the ability to see a few steps ahead.

Jaroslav Ruzicka, Managing Partner,
Ruzicka Csekes in association with members of CMS

Slovakia: A Tightly Wound Legal Market

Slovakia, it appears, is an unusually competitive CEE market for law firms – but one in which clients appear to be particularly satisfied with the quality of service they receive.

Keeping Work In-House

It appears that more work than ever is being kept in-house in Slovakia.

The 2015 CEE Corporate Counsel Handbook shows that while General Counsel and Heads of Legal (collectively Chief Legal Officers, or CLOs) across the region reported an increase in the amount of work they kept in-house, Slovakian CLOs reported the highest increase, with 71 percent of Slovakian survey participants reporting an increase from the previous year. Unsurprisingly, then, Slovakian CLOs reported spending an average of only seven percent of their time supervising the work of external counsel – almost half the regional average of 12 percent.

CEE Legal Matters reached out to several Slovak CLOs to reach behind the numbers. Stefan Orosi, Head of Legal and Compliance at Prima Banka Slovensko, reported a representative strategy, saying that "most of the legal work is done internally," and adding, "we outsource preparation of transaction documentation in high volume loans and litigation in delicate legal cases." Indeed, litigation is the most common work outsourced by CLOs. Mareks Simoncic, General Counsel at Atos Slovakia, explained that Atos outsources, "in general, complicated bigger cases (where the damage exposure exceeds EUR 100,000) and labor law disputes." Lucia Tandlich, Head of Legal at Markiza, also said: "we usually outsource litigation matters and occasionally issues which require specific knowledge of the subject matter and which are time-consuming, or more complex projects."

Source: CEE Legal Matters 2015 CEE Corporate Counsel Handbook

In terms of corporate/transactional work, the annual summary of deals reported by CEE law firms contained in the CEE Legal Matters Special Year-End Issue showed that Corporate/Commercial/M&A work represented 32.6 percent of the client matters firms reported – and Slovakia was right on par, with 31.4 percent of the work reported in the country being Corporate/M&A related.

"The Slovak market in legal services is very saturated. I do not see any room for new competitors."

The Importance of Relationships in a Saturated Legal Market

Competition among firms in the country is fierce. Slovakia, with a population only one-seventh that of next-door Poland, has a comparable number of ranked firms in the major listings: 24 in Corporate/M&A

Source: CEE Legal Matters 2014 CEE Corporate Counsel Handbook

in Chambers & Partners compared to Poland's 31, and 34 in Legal 500 against 37 (or 48 if "other recommended firms" are included) for Poland.

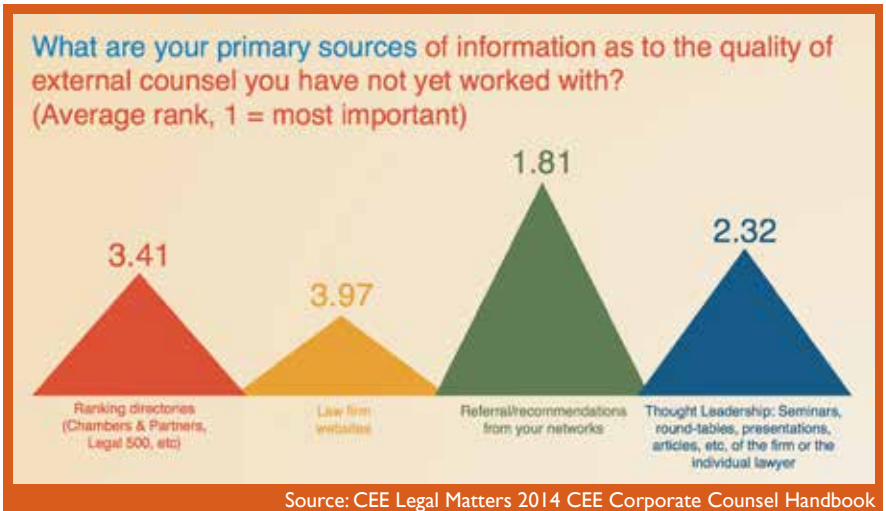
And the General Counsel we spoke with seem to feel the market is, indeed, full. Simoncic said: "In my opinion the Slovak market is more or less saturated," and Orosi said, "in my personal opinion, the Slovak market in legal services is very saturated. I do not see any room for new competitors." Although Tandlich agreed with this suggestion and said that she understands that "the fight for a client becomes even harder [in] these times," she also added that, "on the other hand, there is always place for new players, local or international; its just [a] question whether they are able to convince potential clients about quality of their services and submit a reasonable offer."

But the difficulty in securing new work may relate to more than an over-crowded market. Perhaps as the result of a considerably smaller marketplace to begin with, GCs in Slovakia seem to focus more on previous exposure with their external counsel than counterparts across the region. The 2014 CEE Corporate Counsel Handbook showed that "Trust/Track record of working with an individual lawyer" was ranked higher in Slovakia than in most CEE countries as an important criterion in picking external counsel. While the average across CEE was 2.47 (respondents were asked to rank several criteria from 1 to 5 with 1 being the most important to them), the Slovakian average for it 1.9.

This unusual focus on the value of an existing relationship was stressed, in one form or another, by all three of the General Counsel we spoke with. When asked the main source of information he uses in selecting law firms, Simoncic – who was in private practice himself before joining Atos – referred to his "personal contacts and experience from the past." Tandlich mentioned the same criteria first in her answer: "Previous experience, if available (quality and [effectiveness] of provided service); reputation in the market; price and references in specific area that is subject to outsourcing."

Evidence that Slovakian law firms depend on previous experience as a source of business even more than those in other markets is found in another set of data from the 2014 Handbook as well. Specifically, when asked about the "primary sources of information as to the quality of external counsel you have not yet worked with," GCs in Slovakia, on average, ranked referrals and recommendations from their network at 1.49 – higher in importance than the CEE average ranking of 1.81, and the highest ranking in the region.

A final set of data may provide Slovak law firms a metaphorical pat on the back. Happily, the 2014 Handbook reported that CLOs in Slovakia are more satisfied by the quality of service they receive from external counsel than the CEE average.



Source: CEE Legal Matters 2014 CEE Corporate Counsel Handbook

The 2014 CEE Corporate Counsel Handbook, supported by Edwards Wildman, CMS, Freshfields, Tuca Zbarcea & Asociatii, and Stratula Mocanu & Asociatii, included the responses of 69 CLOs responsible for Slovakia.

The 2015 CEE Corporate Counsel Handbook, supported by DLA Piper, Gide Loyrette Nouel, and Wolf Theiss, included the responses of 72 CLOs responsible for Slovakia.

Radu Cotarcea

Market Snapshot: Slovakia

Registering UBO for Public Tenders in Slovakia

Jiri Sixta, Partner, Glatzova & Co.

In order to participate in public tenders in Slovakia, a company must register its ultimate beneficial owners ("UBO"). The new rule stems from new public procurement legislation enacted at the end of last year. In all public tenders announced after November 1, 2015, a company must have its UBO registered in a publicly accessible register; otherwise, it may not enter into any contracts as a winning bidder of a public procurement.

Although the aim of the amendment to the Slovak Public Procurement Act was to bring more transparency to public procurement, it has been the subject of much political and expert discussion about its ability to fulfill its declared purpose, and it has drawn contradictory responses.

Who Should Be Registered as UBO?

Due to the broad interpretation of the wording of the new public procurement rules, bidders of public procurements have been rightly curious to learn the practical implications for their business.

In general, the definition of a UBO follows that set out in AML (anti-money laundering) legislation. In simple terms, a UBO is a natural person who in fact (not just formally), owns a company participating in public procurement. In order to define this natural person the law sets several criteria: the UBO is a person who has direct or indirect ownership interest(s) representing at least 25% of the registered capital of the company or voting rights in the company or has the right to appoint or dismiss a statutory body, a majority of the members of the statutory body, or a majority of the members of the supervisory board or similar body ("Ownership Criteria").

In practice, however, it may arise that no person meets the Ownership Criteria (e.g., in listed companies), in which case the law requires that all members of the statutory body of the shareholder – the legal entity that meets Ownership Criteria – be registered as the UBO.

However, even then, it may still be complicated to define a UBO in companies with very complex ownership structures. If several companies meet the Ownership Criteria, then the members of the statutory body of the parent company that has direct or indirect decisive influence on the applicant (e.g., majority voting rights, right to appoint or dismiss majority members of a statutory body) ("Managing Company") are registered as the UBOs. By parent company, the law generally recognizes the top parent company in the ownership structure. However, especially for multinational companies, that may not always be the case, as the top parent company is usually a holding company that does not always exercise control over a subsidiary participating in a public tender in Slovakia. In order to determine the Managing Company, corporate governance must be evaluated and it may well be the case that a company in the middle of the ownership chain meets the criteria of a Managing Company.

The Slovak Office for Public Procurement does not examine the correctness of registered data at the time of registration; however, the Office may examine its correctness if challenged by a third party, even through the Financial Intelligence Unit (Financna spravodajska jednotka).

Failure to register a UBO, or to enter correct or complete data, may be sanctioned by a penalty of up to EUR 1 million and a prohibition against participating in public tenders for three years. Moreover, any contract concluded with a bidder without a registered UBO is invalid.

For years, there has been an urgent need for an effective tool against shell companies that shed dark light over public tenders. And while registering a UBO may not be the most efficient tool to establish transparency, the sanctions for not following it are too high to be ignored.

By Jiri Sixta, Partner, Glatzova & Co.

New Code of Contentious Civil Procedure

Sarlota Stosova, Partner, Ruzicka Csekes in association with members of CMS

Three new codes of procedures will become effective in Slovakia on July 1, 2016, all of them having been passed by Parliament as early as May 21, 2015. In terms of importance and scope, the adoption of these new codes represents the largest law reform since Slovak independence.

The new codes of procedure are the Code of Civil Contentious Procedure, the Code of Civil Non-Contentious Procedure, and the Code of Administrative Procedure – all of them, together, constituting a straightforward replacement of the only code of procedures valid in Slovakia since 1963, namely the Code of Civil Procedure. During its entire 52 years of existence, the currently valid and effective Code of Civil Procedure was amended on more than 80 occasions, and this greatly contributed to a lack of clarity and inconsistencies in its contents.

The new change in the code of civil procedures aims to achieve an efficient and high quality judiciary system in Slovakia, ensuring an enforcement of law comparable to that in other member states of the European Union.

Re-codification of the existing code of procedures requires the adoption of changes to more than 170 other legal regulations, if possible by July 1, 2016, to ensure terminological unity of legal regulations affected by the new codes of procedures.

Code of Contentious Civil Procedure (Act No. 160/2015 Coll.)

The Code of Contentious Civil Procedure (CCCP) sets out the procedures for dispute resolution to be followed by the courts and parties to and other persons involved in disputes. The CCCP brings about changes to terminology which has been in use for more than 50 years; such changes relate to denomination of the parties to the dispute and the acts to be performed by both parties to the disputes and the courts which hear them.

The new CCCP introduces many changes and below we mention only a few of them. One of the major changes is the structure of the CCCP itself. Individual provisions of the law are concise, and ordered according to relevant stages of the court proceedings. The procedures prescribed by this law only delineate a certain framework, which sets out a basis for decision-making which must be adhered to by the court and the parties to the litigation.

The CCCP also introduces a preliminary hearing of disputes. In this stage, courts will be required to establish which of the statements given by the parties are deemed dubious, to provide a legal opinion on the matter under dispute, and to determine the evidence which the court shall execute. As far as is possible and useful, the court will be empowered to resolve a dispute without ordering and opening a first hearing of a case. It will be the first time that the principle of judicial concentration applies to all proceedings tried under this law (this principle requires that parties present their evidence without undue delay and at a certain stage of the proceedings; otherwise, the court will not consider the evidence).

The CCCP also introduces special proceedings involving parties holding a weaker position – i.e., consumers, employees, or persons involved in anti-discrimination disputes. The court must advise parties whose position is weaker of their rights, the evidence which may be submitted to the court, and the urgent measures that the parties are entitled to seek. Also, the court may take the initiative to execute evidence, meaning that the court is not bound by the evidence or the statements produced by a party to the proceedings as in other types of proceedings; rather, the court itself may obtain and execute evidence conducive to establishing the facts of the case. The concentration principle is thus not applied to disputes where one of the parties holds a weaker position, with the exception of a consumer dispute where the consumer is represented by a lawyer.

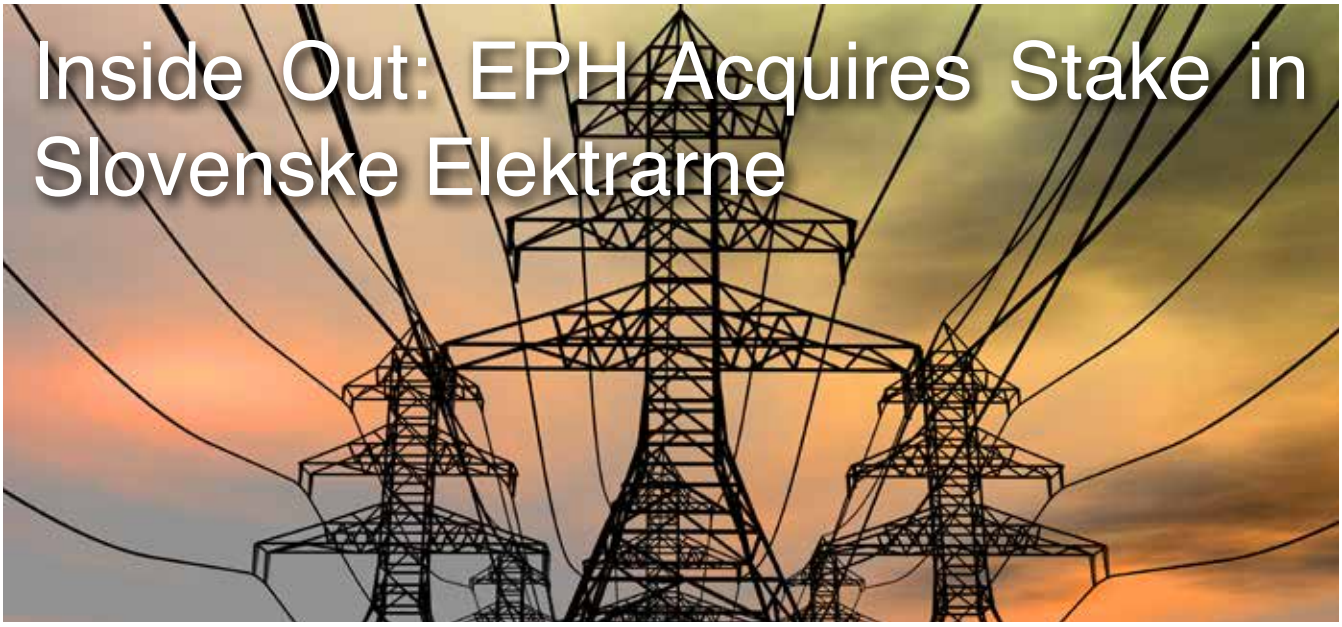
Other areas that have seen significant changes include the service of documents (written documents are deemed accepted by the addressee once the statutory period for collecting mail at the post office expires) and special jurisdiction of courts (courts have been re-organized by the types of cases they try, such as labor disputes or consumer matters where lawsuits are filed by agencies supervising consumer protection instead of the consumers proper).

The CCCP was drafted, read by the Parliament, and passed within a record time frame of two years, but only judicial practice will show whether the law sufficiently reflects the array of procedural acts of the court and the parties.

The existing situation in the Slovak justice system, especially regarding the extended duration of judicial proceedings, has called for corrective action. The Supreme Court of the Slovak Republic is permanently overburdened with proceedings for extraordinary remedies applied for by parties dissatisfied with decisions given by appellate courts. This meant that disputes that were meant to be tried at two tiers were in fact tried at three tiers. Thus, the judicial practice of the Supreme Court of the Slovak Republic has long lacked coherence and homogeny. It is hoped that re-codification of the codes of civil procedure in Slovakia will result in the consolidation of the decision-making practice of the Supreme Court of the Slovak Republic, which will bring the decisions of the appellate courts and the Supreme Court in line, enhancing the degree of legal certainty in Slovakia.

By Sarlota Stosova, Partner,
Ruzicka Csekes in association with members of CMS

Inside Out: EPH Acquires Stake in Slovenske Elektrarne



The Deal:

In December 2015, White & Case advised Energeticky a Prumyslovy Holding (EPH) – a leading Central European energy group operating mainly in the Czech Republic, Slovakia, and Germany – on its acquisition of a 66% stake in Slovenske Elektrarne from Enel Produzione S.p.A., a subsidiary of Italy's Enel S.p.A. Enel was advised by Allen & Overy on the deal.

The Players

- **Marek Staron, Partner, White & Case: External Counsel for EPH**
- **Martin Magal, Partner, Allen & Overy: External Counsel for Enel Produzione**

CEELM: How did your firms become involved in the deal? In other words, why did EPH select Marek and White & Case, and why did Enel select Martin and Allen & Overy as external counsel for this particular deal?

Staron: EPH sought to instruct external counsel with strong cross-border M&A capabilities and significant local energy market knowledge and experience. A factor clearly in our favor was our previous transactional work for EPH, with our London office recently advising on its agreement at the end of 2014 to acquire Eggborough Power Limited, an independent power producer that owns the coal-fired 2 GW Eggborough Power Station in North Yorkshire.

The established position of our Bratislava office in the Slovak legal market was also an important factor. Our Bratislava-based lawyers regularly advise on important transactions in the Slovak energy sector – on several previous occasions with EPH on the other side of the table.

Magal: We have cooperated with Slovenske elektrarne and ENEL for a long time. Given our thorough knowledge of the target's most critical legal issues and our top-ranked M&A practice in Slovakia, it was natural for ENEL to choose A&O for this deal.

CEELM: At what stage were you brought on board, and what was your mandate when you were retained?

Staron: We were instructed at the end of 2014 around the time of EPH's submission of its non-binding offer. Our original mandate included legal due diligence, financing advisory and SPA negotiation. The financing advisory services were eventually not required due to the final transaction structure (only part of the purchase price is payable on the closing of the first phase).

Magal: Right from the start of the process. We conducted a vendor's due diligence investigation, assisted the client with non-biding and binding bids, considered a change to the deal structure following bids coming in, and then spent a couple of months negotiating the final deal parameters and ancillary matters with EPH and their counsel. Our role when retained was exactly the same as finally performed, only it took approximately 12 months longer to complete.

Marek Staron, Partner, White & Case: External Counsel for EPH

CEELM: Who were the members of your team, and what were their individual responsibilities?

Staron: I led our team, which included London Partners Ian Bagshaw and John Cunningham with support from Associates Zoran Draskovic (in Bratislava) and Tom Cambidge (in London). London Associate Laura Hoyland advised on the tax aspects. The relationship with EPH that Ian and John had developed while advising on previous transactions was invaluable. I, Zoran, and Tom played key legal roles in the negotiations stage, and the due diligence process was mainly managed by the Bratislava team.

Magal: The core team consisted of me, Senior Associate Vojtech Palinkas, and Associate Tomas Demo. We also received specific competition, employment, and data protection advice from our sector specialists in the Bratislava office.

CEELM: How was the final deal structured, and how did you help it get there?

Staron: The final structure … involves a transfer of Enel Produzione's entire stake in SE to a newly established company (HoldCo), and the eventual sale to EP Slovakia of 100% of the share capital of the HoldCo. This sale of HoldCo to EP Slovakia is due to be implemented in two phases.

In the first phase, Enel Produzione will sell 50% of the HoldCo's share capital to EP Slovakia for EUR 375 million, of which EUR 150 million will be paid upon the closing of the first phase, and EUR 225 million will be paid upon the closing of the second phase. The consideration could vary subject to the application of the adjustment mechanism, as described below. Following the completion of the first phase of the transaction, SE will be deconsolidated from the accounts of the Enel Group.

In the second phase, a put or a call option can be exercised respectively by Enel Produzione or by EP Slovakia, exercisable 12 months after receiving the Trial Operation Permit of units 3 and 4 of the Mochovce nuclear power plant, which are currently under construction. On the basis of the current work plan, these options are expected to become exercisable within the first half of 2019. Upon exercise of either option, Enel Produzione would transfer the remaining 50% of the HoldCo's share capital to EP Slovakia for EUR 375 million. Payment will be due at the time of the closing of the sale and the consideration is subject to the application of the adjustment mechanism described below. The closing of the second phase is subject to obtaining the Final Operation Permit for Mochovce's units 3 and 4.

The total consideration payable over the two phases, equal to EUR 750 million, is subject to an adjustment mechanism. Any adjustment will be calculated by independent experts and applied upon completion of the second phase on the basis of a set of parameters, including the evolution of the net financial position of SE, developments in energy prices in the Slovak market, operating efficiency levels at SE as measured against benchmarks specified in the agreement, and the enterprise value of units 3 and 4 of Mochovce.

The agreement also provides that, should the options not become exercisable within the aforementioned terms, these options could be in any case exercisable starting from June 30, 2022 (or "long stop date"). In that case, the adjustment of the consideration will also take into account the effective enterprise value of the abovementioned units.

While the basic deal structure was the result of commercial negotiations, its implementation in the transactional documents required a number of negotiation rounds spread over three months, with intense involvement of lawyers workin side-by-side with financial and technical advisors. At this stage, three members of our team (I, Zoran Draskovic, and Tom Cambidge) provided constant support to the client on the gradual process of delineating the common ground for reaching the detailed agreement with ENEL.

From L to R: Tomas Demo, Martin Magal and Vojtech Palinkas,during negotiations in Rome

Magal: Here I can only refer you to our client's press release which is on their website. It's fair to say that although the commercial structure was agreed by the clients, we had to design a workable legal structure around it, especially concerning interim JV corporate governance, the interplay with the existing Shareholder's agreement between ENEL and the Slovak government, and, in particular, a very detailed and complex price determination and adjustment mechanism. A number of bespoke warranties also had to be negotiated.

CEELM: Marek, you once described the deal to us as "a highly complex transaction that required careful navigation through a number of challenging issues." What were these issues?

Staron: The deal involved the sale of not only highly regulated nuclear and other electricity generating assets, but also of uncompleted units 3 and 4 of the Mochovce nuclear power plant, in a situation where ENEL was seeking to achieve the objectives of its divestment program in a timely fashion, including the reduction of ENEL group's net debt.

The complex transaction structure was thus intended to achieve two primary goals – the timely deconsolidation of SE from ENEL's perspective and the proper allocation of risks relating to the completion of units 3 and 4 of the Mochovce nuclear power plant from EPH's perspective. These considerations led to the splitting of the sale into two phases, allowing ENEL to deconsolidate SE on the closing of the first phase but at the same time keeping ENEL's skin in the game in relation to completion of units 3 and 4 of the Mochovce nuclear power plant. The resulting shift of valuation of the nuclear units under construction into the future required setting up a very robust expert determination-based framework for such valuation. Similarly complex arrangements (many

Martin Magal, Partner, Allen & Overy: External Counsel for Enel Produzione

of them very technical and requiring an in-depth understanding of construction, commissioning, licensing, and operational aspects of a nuclear power plant project) had to be devised in respect of corporate governance issues, in order to reflect the need to adequately regulate the relationship between EPH and ENEL as joint venture partners in the interim period.

Additional complexity related to various roles of the Slovak government relevant to the deal. The Slovak government, as owner of a 34% stake in SE, had entered into shareholders' arrangements with ENEL in respect of SE's corporate governance – the related limitations had to be taken into account in structuring the joint venture stage of the transaction. Moreover, a memorandum of understanding was negotiated in connection with the transaction with the Slovak government, and the outcomes of such negotiations had to be reflected in the negotiations between ENEL and EPH. Last but not least, several high impact (both passive and active) disputes between SE and the state warranted a specific treatment within the transaction.

CEELM: What would you describe as the most challenging or difficult part of the process?

Staron: The most challenging part of the process related to negotiations on the adjustment mechanism applicable to the payment of consideration. The adjustments will be calculated by independent experts upon completion of the second phase of the transaction, based on specific guidelines which were agreed between EPH and ENEL in respect of several elements, including the evolution of the net financial position of SE, developments in energy prices in the Slovak market, operating efficiency levels at SE as measured against benchmarks specified in the agreement, and the enterprise value of units 3 and 4 of Mochovce.

Magal: The innovative and unusual structure of a two-phased project where, in the first phase, an interim JV vehicle was created to exercise management control over the target and be a counterpart to the Slovak government as the minority shareholder. This in essence meant a tri-lateral relationship which had to be documented as a hierarchy of bi-lateral relationships (the first level between ENEL and EPH for the Interim Holdco, the second level between Holdco and the Slovak government for SE). This required careful and detailed allocation between EPH and ENEL of the various management responsibilities and competencies at the SE level, although neither party would have a direct shareholding in SE following the Tranche 1 completion.

CEELM: Did the final result match your initial mandate, or did it change/transform somehow from what was initially anticipated?

Staron: Given that only a minor part of the purchase price will be payable on the closing of the first phase, the financing advisory services turned out not to be required. What has changed considerably, compared to our initial mandate, was the scope of work required in the SPA negotiations stage. From what our initial mandate originally assumed to be a rather straightforward process based on a standard transaction structure, the final deal evolved into a 'once in a lifetime' complexity, requiring on both sides of the table both considerable stamina and a great deal of creativity during protracted negotiations, in order to find a way through to a mutually acceptable agreement.

Magal: Except for the time it took to sign the deal, our mandate remained the same throughout the process.

CEELM: How would you describe the working relationship with your clients?

Staron: Generally speaking, the working relationship with EPH was very efficient. As the process involved intense bouts of negotiation, we had very close interaction with EPH, particularly during numerous negotiation sessions held in Rome and London. The legal background of senior members of EPH's negotiation team certainly contributed to the ease of mutual communication.

Magal: Intense, collegiate, and challenging are the words that come to mind. After all, between September and December our team probably spent more time with the ENEL team than with our families. We would commute to Rome for meetings on an almost weekly basis.

CEELM: How would you describe the working relationship with your counterparts at Allen & Overy and White & Case on the deal?

Staron: The working relationship with Allen & Overy was constructive, which was aided by the experience of Slovak lawyers on both sides working as counterparts in a number of past transactions.

Magal: As usual, very professional and collegiate. We know each other quite well given that both our firms tend to be involved in the major Slovak M&A deals in one role or another. I believe both clients appreciated that we were able to concentrate on the common goals and not waste time on meaningless bickering and one-upmanship. Of course, there were heated discussions and tense moments, as there are bound to be on a deal of this importance, but overall the experience with the people at W&C was very good.

CEELM: How would you describe the significance of the deal in Slovakia, or in the region?

Staron: This deal confirms the position of EPH as a rapidly growing European energy market actor, not shying away from structurally complex deals. From the perspective of the Slovak market, it marks another stage in the shift from a market structure created by privatizations of state energy companies in the early noughts and dominated by large Western European incumbents to a more layered one where the central stage is increasingly occupied by CEE players.

Magal: Including the size of SE's debt, the deal value is around EUR 4.5 billion, so easily the largest M&A deal Slovakia has seen in the last decade. Given EPH's already significant presence in the Slovak energy sector (their ownership of controlling stakes in SPP and SSE), it will very likely be closely scrutinized by local and European regulators and market participants. Overall, it seems like the right type of deal for all important stakeholders – ENEL, EPH and the Slovak government.

David Stuckey

Inside Insight: Libor Licka

Regional Legal Counsel ASE / Regional Compliance Officer Europe East, Baltics & Scandinavia at Schindler

Libor Licka holds the dual role of Regional Legal Counsel for ASE and Regional Compliance Officer for Europe East, Baltics & Scandinavia at Schindler, where he is currently responsible for the legal matters of the company in 13 jurisdictions. Slovak in origin, Licka has recently moved back to Bratislava from Schindler's Vienna headquarters, where he had been based. He talked to CEE Legal Matters about the move and its implications for his role.

CEELM: Let's walk through your career so our readers can get to know you better.

L.L.: I belong to what is called the "Husak's children generation," which is the Slovak version of what is called the "baby boomer" generation in the US, but came 15 years later in our part of the world. Husak was the president of the former Czechoslovakia from 1975 until the very end of the communist system in 1989. Surprisingly, he was a lawyer, not a worker or farmer. The over-crowded schools in my youth therefore formed my thinking differently when compared to the less populous younger and older generations.

Allow me to explain. Shortages of everything somehow led me to prefer and value doing new and unheard of things instead of just following what everyone else is doing.

But coming back to your question, because my grandfather was an advocate – you know, a member of the "bourgeoisie" or "Intelligentsia", as they were pejoratively called in those times – my father had no other choice than to become an engineer. So, obviously, after the fall of the former system, I opted to study law, what else?

I finished my five-year master studies in the first year of this millennium with an essay called European Dimensions of Software Piracy. It was during the peak of the Napster era and I remember building my first personal computer. Computers were really "in" in those times. I doubt nowadays anyone will attempt to build his own tablet.

Anyway, the newly-opened Faculty of Law of Matej Bell University was the only faculty in Slovakia specialized in European law. The docents and professors came from Bratislava and Kosice – in those times the only two other law faculties in Slovakia. So I can say that I studied in Bratislava and Kosice at the same time too. As Slovakia planned to join the EU, this specialization seemed to be a good idea, though everyone else – reasonably enough – wanted to become an advocate or public prosecutor as soon as possible. But later, when I started to work abroad, my broader knowledge of the EU legal system turned to be indeed useful.

CEELM: Earlier, you mentioned having worked in three sectors. Can you elaborate?

L.L.: Yes, I have worked in all three sectors of economy. I consider this a unique experience. Nowadays it helps me a lot in understanding specifics of public and private tenders and many other issues in business and life.

First, just after university, I worked in the public sector in the legislative body for the Slovak government. It was the period when the Slovak laws were being approximated to acquis communautaire. In those times, there was a crazy work flow, with every day seeming to bring a new regulation. Slovak lawyers can probably tell stories about the huge space on office shelves required to accommodate all those books of the official gazette of laws from those times.

So after a while I was quite happy to perform what at the time was compulsory military service in the Law Office of the Ministry of Defense. And I balanced out that eye-opening military training by working for the third sector in The Slovak Red Cross in its Bratislava HQ legal team. There I got my hands on topics such as blood donations, cross-border export of disaster relief material, immigration, and many other very specific topics. This is knowledge they do not teach in a law faculty. But to be honest a huge part of the work was also dealing with the scams around real estate owned by the Slovak Red Cross and lobbying for resources.

Motivated by a wish to finally establish my own household, I then changed my career direction and in 2003 joined the local private equity firm Penta Investments, and shortly thereafter I went to work for seven

years as an in-house legal counsel in Penta's HQ in Cyprus. Penta, and especially their owners, are nowadays quite well known in Slovakia and the Czech Republic for being amongst the richest people in both countries. My Cyprus years led me to study a lot of new things, including the common law system, the many interesting issues around international tax planning, and some niche legal topics such as regulations of toxic waste disposal from aluminum processing, which was one of the legal problems related to an acquisition project I worked on. While attending the ACC conference in Vienna I did not hesitate to take an active part in a discussion about corruption in V4 countries, which must have been appreciated by my colleagues in the auditorium – as I got a job offer immediately afterwards.

As I needed and wanted to take better care of my young family, which turned out to be very difficult in distant Cyprus, I accepted an offer from the renowned Swiss company Schindler to work in their regional office as Regional Legal Counsel for CEE, located in Vienna. Schindler manufactures elevators, escalators, and other related products and employs over 56,000 people worldwide. Schindler devices move more than 1 billion people per day. As a result, working for the company was both a challenge and a responsibility. And as we lawyers know, a huge exposure to liability too. But compared to the very diverse portfolio in my previous position, I was quite relieved to be responsible for legal matters revolving only or almost only around just one business.

I am currently in charge of Schindler's legal matters in 13 East European jurisdictions with a solid line to the Regional Manager and a dotted line to the Group General Counsel team in Switzerland. After a year in the office I was also asked to support compliance, and after four years I also added an auditing role to my responsibilities as Regional Compliance Officer for East Europe, Baltics, and Scandinavia.

CEELM: What prompted your move back to Slovakia? Was it a hard internal sell?

L.L.: Let me first point out that it is not a move back in my eyes, though I understand that your question is just a figure of speech. Because once you reach a certain geographical coverage in your job, the world will become quite small. One day I might start in a conference call done from the Vienna airport, then fly to Warsaw for an internal meeting with our sales people, then have a business lunch with our customer's lawyer, and in the evening return to Bratislava for dinner with my wife and kid – then spend the next day in the office preparing and then fly to Ljubljana for an audit. What I did was first move my household and then my office from Vienna to Bratislava.

My idea to move from Vienna to Bratislava after four years was surprising to our HR, as nobody had asked for that before, but once we ironed out our professional worries, updated ourselves on current requirements and, yes, also figured out a fair approach to remuneration, we moved on. Many people do not see it that way, but Bratislava is amongst the six richest regions in the EU in GDP according to Eurostat. What perhaps also helped was that another branch of our company moved a complete factory to Dunajska Streda, Slovakia, some time ago.

But what really prompted me to move was my family and the realization that, while I was always surrounded by professionals in my work, my wife and especially my child were unfortunately experiencing quite a different reality. In other words, being foreigners limited us much more than we were willing to accept, especially when just eighty kilometres away the most painful issues could be naturally solved. And as my son is going to school soon, it was a good moment to move forward.

CEELM: You mentioned "professional worries" related to your move. What were they, and how did you move past them?

L.L.: From an HR perspective I would be more distant from my HQ. Legal and HR also have a lot of overlap and the worry was that I would be a bit less accessible to both HQ in general and HR in particular. Being more distant, from my side, there was also a concern that I would be left out, so to speak. My position was very specific – from the beginning I was placed in the core in Vienna. Everybody was used to being able to approach me directly in Vienna. The thing that had to be clarified was that we'd be as effective in our communication as with the other members of the team ... that are not physically present in Vienna. Ironically, even though HR was sitting across from my office, we still send e-mails and call each other on plenty of occasions for quick matters for which even standing up from my desk was not worthwhile. So from my perspective nothing was really changing, and I was happy to have a constructive talk with my HR to ensure they felt the same way. My direct supervisor is not based in Vienna so nothing really changed in that dynamic, hence it was a very easy "sell." In terms of feeling left out, I guess it's more a matter of adapting a bit and taking the time to keep in touch, get on distribution lists of calls with management, and so on.

CEELM: So are you currently commuting to work between Vienna and Bratislava?

L.L.: Yes, but a daily two-hour commute between Vienna and Bratislava does not make much sense with my job description. Therefore, I discussed my options with my employer and so far it worked to our mutual benefit. I will open my office in Bratislava next month. This also fits with the good advice I received some years ago in Cyprus from a seasoned lawyer, who said, "Life only works in this order: health, family, work," and closed meetings, sometime earlier, never later. That way there is no conflict in between those values.

CEELM: We touched upon the idea of "community" when we first spoke. How is that linked to your move?

L.L.: I think the community and the culture and language you share with people directly around you started to gain in importance when we had our child. Before that we spoke with our friends in Cyprus and Austria in English and listened to music and watched movies and talk-shows and read books all in English with a few exceptions. We considered ourselves to be international business people. It was a convenient bubble. But it burst when the third member of the family arrived. Then everything became much closer and more personal, because, as a family, you should not only hover above the local community, you must and want to integrate. And that is when the particular culture and language really gets to you. Forget English. Forget your ideas. You realize that you have no – or minimal – influence.

We used to have a picture in the house saying "Home is where your heart is." Well it is not true. Home is geographically given and culturally defined by people around you, like it or not. Over the past 12 years

we lived in two countries which we called home, but for the community around us we were always foreigners. And from that came certain socio-economic consequences and status. It might not be important personally for me, but those things are very important for the future of my child. Somehow, I started to think more long-term and noticed things I did not care about before. So as you see uniting the place of my home office with the place of my household was a move forward for all of us.

CEELM: Is your team moving with you, or will it continue to be based in Austria?

L.L.: It is already an international team located around East Europe. In alphabetical order there are three Austrians who are based in Vienna, then Polish, Romanian, and Swiss lawyers who are each based in their respective countries, and then one Ukrainian who is also in Vienna. From now on there will also be one Slovak based in Slovakia. We all regularly meet personally for core team meetings and keep in touch via standard communication tools.

CEELM: The new role will entail, more than ever, working with a virtual team. How are you bracing yourself for that challenge?

L.L.: Let's first clarify the position itself. I have a 50/50 split between legal matters and compliance matters. Legal involves mostly bigger contract negotiations, group legal project implementation, my own legal projects, and consulting on various topics. I oversee 13 companies in 13 jurisdictions plus some countries where we have a distributor. So obviously I keep multiple contacts to local law offices duly updated. I also noticed this new trend for regionalization of law firms, which has been described in CEELM, but so far I have not used one regional firm for multiple jurisdictions. I either go for the local firm or for a big international firm, depending on the matter I need to discuss.

For compliance it is mostly audits and implementation of group compliance projects and my own projects. Here it is less consulting and more controlling. On the other hand, it is concentrated mostly only around anti-bribery and anti-cartel issues.

In regards to best practices, I would recommend standard measures like updating a to-do list for the next day in the evening before, which somehow keeps my mind relaxed for the time when my family needs me. One more observation would be not to forget to nurture your hobbies which will give you, in the words of Carl Honore, "a texture, shape, and meaning to your life." Also have a social life and, as frequent as possible, contacts with your friends and people you know. It all is, in my opinion, extremely beneficial for both your work and personal life.

Libor Licka and family in Cyprus

CEELM: You are also responsible for compliance across the region. How does one set up a thorough compliance system without specific knowledge of local legislation?

L.L.: Let me give you a specific example of one of my compliance projects. We call it an "Ethics Line" and it is, in essence, a whistle-blowing hot line. Whistle blowing is in my opinion an extremely important part of a compliance program in any company and in society in general, as wrongdoings must not be simply tolerated if we want progress in our companies and society. Or at least some balance. In line with that saying, "all it takes for evil to triumph is for good people to do nothing." But, as you can imagine, thanks to the abuses by the omnipresent communist state in the past, pure whistle-blowing hot lines are not so well perceived in our region.

People understandably do not like to share their knowledge about other people's wrongdoings in good faith. They are either skeptical that it will not change anything or simply scared that it will backfire against them. So what we did is to have an external local legal office subcontracted to provide us with their email address which is then distributed in the company as an email where our employees can send both their negative and positive observations. This external lawyer then receives an email in his national language and what he is asked to do is transcribe the information together with an initial legal analysis according to local laws into a form I provided in English. If the sender would like to remain anonymous, the lawyer keeps his identity and contact information hidden. If we need to communicate with the whistle-blower, we do it via the local lawyer.

In the company we also have an at-any-point accessible internal norm describing these rules in detail. On average we have six whistle-blowings in our region a year. Half are usually positive.

CEELM: On the lighter side, what is the first thing you will do once back in Bratislava?

L.L.: Well I am already starting and ending my day in Bratislava and there were many first things we did and still want to do. But among the first were a visit to Danubiana Gallery of Modern Art and establishing an aquarium with discus fish in our new home. And the first thing I will do today after work is pick my son up from the dance school he started to attend and chat with him on our way home about his day.

Thank you for this opportunity, and keep up your good work on CEELM!

Radu Cotarcea

Expat on the Market: Marcell Clark
Partner at Dentons

Marcell Clark is a Partner in Dentons' Bratislava office and is legacy Co-Chairman of the Real Estate Finance team of the firm's Global Real Estate Group. Clark has over 15 years experience in cross-border transactions and is active on major real estate finance transactions and restructurings throughout CEE. Before joining legacy Salans in 2007, he spent 7 years as Associate General Counsel with TIAA-CREF (one of the largest American pension funds), and spent the last three years of the 20th century with Jones Day.

CEELM: Run us through your background, and how you got to Slovakia.

M.C.: I'm a New York lawyer. I speak Hungarian and Germany fluently and French on an intermediate level. After working 10 years in the US, I joined Salans (now Dentons) to help build up their CEE real estate finance practice. I initially worked in Budapest but after 7 years was looking for a change of location. Bratislava was an attractive option because it is close to Vienna and my banking clients there.

CEELM: Was it always your goal to work abroad?

M.C.: No, although it was always a possibility for me. In the beginning I wanted to work at a large firm in New York and I was very happy to have that opportunity. I then moved in-house and worked for a large financial institution, which I also enjoyed immensely. It is relatively rare for a business transactional lawyer to be able to work abroad, and when the opportunity came, it seemed like the right choice. Having built up good experience and a strong understanding of my practice area in the US, I had an ambition to give it a try overseas. I felt confident that it would go well and that my life, and that of my family, would be more interesting as a result.

CEELM: Can you describe your practice, and how you built it up over the years?

M.C.: I am first and foremost a real estate lawyer and have deep experience in real estate finance and restructuring in addition to the run-of-the-mill real estate deals. After working as an associate in a large law firm, I worked in-house for a leading global investor in real estate. This experience was phenomenal, because I was able to work with some very smart people and learn the industry inside out. When I moved to Salans, I believed that my skills as a lawyer and excellent service would bring me a client following. It does, but this alone is not enough – it is critical to build relationships. I am fortunate to work with wonderful clients on interesting projects. I gained many of these clients after working for or across from them on transactions. Developing a long-term relationship with a client and helping them achieve their goals is particularly rewarding both on a professional and personal level.

CEELM: Do you find Slovakian clients enthusiastic about working with a foreign lawyer, or do they prefer working with Slovakian lawyers?

M.C.: I cannot say too much about Slovaks in particular, as my clients are nearly all international, but I do not think that clients are very different from country to country. Without question, it is easier to communicate with people with whom you share a common language and culture and I always include strong local lawyers from Slovakia and other Dentons offices on my team. However, ultimately you are being engaged to give legal advice, and if you give excellent quality service, then clients will be enthusiastic no matter where you are from.

CEELM: There are obviously many differences between the English and the Slovakian judicial systems and legal markets. What idiosyncrasies or differences stand out the most?

M.C.: I work on cross-border deals involving several jurisdictions, including Slovakia. My focus is on achieving the right overall outcome for a transaction by implementing exactly the commercial deal that my client has negotiated with his counterpart, and a critical part of this process involves understanding how the local law works. There are large differences between common law and civil law systems and from country to country, but in truth I never focus on the differences or idiosyncrasies as such but on what effect the local law will have on the transactional structure or a particular point

of a deal.

CEELM: Similarly, you've worked in both Slovakia and Hungary. What differences do you see, as an outsider, between the two legal systems and legal cultures?

M.C.: I work largely outside these legal systems and legal cultures because of the international nature of my work, so this is hard to answer. What I can say though is that in either of the two legal systems, the most valuable lawyers are not those who are only able to recite the law, but those who are able to help advise on possible solutions to legal impediments.

CEELM: Do you ever plan on heading back to the US?

M.C.: I go back to the US to visit my friends at least once a year. I have no plans to return to the US to work or live, but if that opportunity did arise and it felt like the right thing to do, then I would gladly make the move. I think both Europe and the US have plenty to offer and they both have their own drawbacks. We are living in very interesting times, so who knows what the future will bring!

CEELM: What particular value do you think a senior expatriate lawyer in your role adds – both to a firm and to its clients?

M.C.: A senior expatriate lawyer gives credibility to a firm's offering. It's difficult to sell legal services to multinational companies without having lawyers who understand fully their environment and have themselves worked in that environment. They understand the clients' goals, objectives and way of doing business. From the client's perspective, they have this international perspective, plus the benefit of having a lawyer who knows the local environment intimately and can give them the same level of service as they are used to obtaining back home.

CEELM: Outside of Slovakia and Hungary, which CEE country do you enjoy visiting the most?

M.C.: It would be hard to beat the Czech Republic and Austria in terms of historical sights and beautiful natural landscapes, but each country I have been to has something exceptional. For example, when I was in Moscow last time, I visited the Tretyakov State Gallery and the Russian landscape paintings were very impressive. It is not easy, but if at all possible I try to build in time to take in some of the sights when I am travelling for work.

CEELM: What's your favorite place in Bratislava?

M.C.: I like winding down at my neighborhood wine bar La Putika 5, which has a very relaxed atmosphere and is a perfect place to kick back at the end of the day.

David Stuckey

Experts Review:
Bankruptcy/Insolvency

It's never a good idea to look too closely into the inner workings of the minds of the CEE Legal Matters editors. For instance, why are this issue's Experts Review articles presented in the order of percentage of forest area, as reported in the CIA's World Factbook 2011?

Even we have no idea. But it is.

Estonia, which is 61% percent covered by forest, would go first … but there is no Estonian article in this issue. Pride of place therefore goes to Slovenia, which is 60% covered by forest. Pulling up the rear is Moldova, where only 9.72% of the country is forested. By way of context, the world was 26.19% covered by forest – at least in 2011.

Slovenia

New Insolvency Regulation on Horizon

In the last couple of years, Slovenia, like other member states of the European Union, has experienced a deep financial crisis, which has resulted in the beginning of numerous restructuring proceedings (court and out-of-court) of strategically important Slovenian companies. The majority of these proceedings ended successfully either by concluding master restructuring agreements (MRAs) between banks, other creditors, and different companies, or by confirming compulsory settlements. Indeed, there was a 240% increase in successfully completed restructuring proceedings (i.e., compulsory settlements and preventive restructuring proceedings) from 2013 to 2014. The number of successful signings of MRAs shows that significant improvement has been made in terms of overcoming the current financial crisis, as well as in finding a way out.

Recently, most of the financial restructuring proceedings have come to the last, or "exit" phase, with the creditors now seeking other options to close their exposures in the recently restructured companies. As a result, it seems that most strategically important companies (such as Pivovarna Lasko d.d., Perutnina Ptuj d.d., Cimos d.d., Mariborska livarna Maribor d.d., Paloma d.d., and Trimo d.d.) have successfully avoided insolvency, and they will now use the opportunity to achieve further business growth. Due to their successful restructurings, the value of these companies has risen, and some of them have already been successfully sold, helping restart Slovenia's economic growth.

With the financial restructuring proceedings of strategically important Slovenian companies gradually coming to its final phase, the focus should now be shifted to setting up a more appropriate legal framework for restructuring non-strategic companies – those defined as "micro" and "small-sized" in the Slovene Companies Act – that account for more than 98% of all registered companies in Slovenia and contribute a lion's share to the nation's economy.

The Ministry of Justice has recently published a proposed amendment to the insolvency legislation (ZFPPIPP-G) which will provide additional measures for expeditious restructuring of micro- and small-sized companies. Among the most important changes the proposed amendment will bring is the option for small-sized companies to file a proposal for the initiation of a preventive restructuring proceeding, which is currently reserved solely for medium- and large-sized companies. The proceeding enables a company which is not yet insolvent but which is likely to become so within a year to obtain certain legal protections against its financial creditors (mainly banks) in the form of a three-to-five-month stand-still period (with an option for prolongation) in which negotiations between the company and its financial creditors can take place. Provided that they result in the conclusion of a financial restructuring agreement (FRA), the agreement may be confirmed by the court by an order that certain measures of financial restructuring (e.g., reduction, postponement of the maturity, or reduction of the interest rates) contained in the FRA also apply to holders of financial claims who did not sign it.

Another proposed change that will significantly improve the position of creditors in insolvency proceedings affects the rules governing the simplified compulsory settlement proceeding. Should the proposed legislation be adopted, small-sized companies will no longer be able to initiate a simplified compulsory settlement proceeding. On the other hand, creditors of the small-sized companies will gain the right to propose the initiation of a (regular) compulsory settlement proceeding, within which secured claims may also be restructured, and the creditors' committee may appoint a creditors' representative to monitor the day-to-day operations of the debtor, request the court's authorization to manage the debtor's business, and so on. Among the financial restructuring measures in this proceeding is also the spin-off. Along with the debtor, creditors may also propose their own financial restructuring plan.

It is believed that the proposed legislative changes will further reduce the number of bankruptcy proceedings against companies registered in Slovenia (this number already fell by approximately 14% in 2015 compared to 2014).

According to the statistics provided by Ministry of Justice, the average duration of insolvency proceedings has grown slightly in recent years. On average, compulsory settlement proceedings in lasted 199 days in 2013 but 296 days in 2015, while preventive restructuring proceedings lasted 121 days in 2014 and 166 days in 2015 (although this change of duration may be related to the greater complexity of recent proceedings). Now, with the proposed legislative changes, it is expected that new legal measures will provide for prompt and more effective restructuring, which is of significant importance for the acceleration of the Slovenian economy.

However, according to the Resolving Insolvency Report as a part of its Doing Business project by the World Bank, Slovenia is already ranked 6th in the world on average duration of insolvency proceedings (0.8 years), 15th on average cost of insolvency proceedings (4% of the estate), and 12th on general resolving insolvency rank.

The passing of the amendment will enable Slovenia to further position itself as a center of excellence in SEE when it comes to resolving insolvency and to compete successfully with other Adriatic countries when it comes to the legal tools for restructuring of over-indebted corporations, making them more attractive for investors.

Uros Ilic, Partner,
ODI Law Firm

Bosnia and Herzegovina

A New Legal Framework on the Horizon

The government of Republika Srpska (RS), the smaller of the two entities comprising Bosnia and Herzegovina, adopted the Proposal of the Bankruptcy Law at its 53rd regular session, held on December 16, 2015. The proposal was then forwarded for parliamentary procedure.

The adoption of a new Bankruptcy Law, envisaged in the Reform Agenda for BiH 2015-2018 adopted at all government levels in Bosnia and Herzegovina, represents the most comprehensive package so far of socio-economic and judicial reforms, and it is supported by all levels of government in Bosnia and Herzegovina. According to the EU dele-

gation in Bosnia and Herzegovina, the implementation of the reform agenda is a prerequisite for the country's membership in the EU. While progress has been made regarding certain points of the Reform Agenda, reform of the bankruptcy proceedings still lies ahead. Also, the Economic Policy for 2015 of the Government of RS laid down measures designed to improve the exhausted economy, and the adoption of the new law on bankruptcy is envisaged as one of them.

The issue of bankruptcy is one of the most essential aspects for the overall economic situation in Bosnia and Herzegovina. There are multiple flaws within the current legal framework, including the untimely initiation of bankruptcy proceedings, insufficiency of debtor assets, low level of settlement of creditors, high costs and excessive duration of bankruptcy proceedings, and so on.

The adoption of the new Bankruptcy Law in RS is an effort to resolve some of these weaknesses. For instance, with regard to stimulating a timely initiation of bankruptcy proceedings, it stipulates significantly higher penalties than the current law does for debtors who fail to submit a proposal to initiate bankruptcy proceedings once the necessary conditions are met. In addition, the proposal also determines the authority competent for initiating these penalty proceedings. This authority would also be competent for ensuring the timely launch of bankruptcy proceedings by, inter alia, drawing up a list of debtors which are up to 60 days behind in fulfilling their monetary obligations, publishing the list on its website, and issuing a notice on the obligation of the debtor to initiate bankruptcy proceeding within three days of the list's publication.

In addition, the most critical element of the Proposal is the introduction of financial and operational restructuring proceedings for insolvent debtors. This provision of the proposal also aims to provide creditors with more favorable conditions for settling their claims than those available during bankruptcy proceedings. The basic idea is to enable the debtor to continue its business activities by avoiding bankruptcy proceedings. Still, the initiation of restructuring proceedings is not mandatory, nor is failure to initiate them subject to any sanctions.

The Ministry of Justice of RS has declared that the Proposal of the Bankruptcy Law is partially harmonized with the acquis and legal acts of the Council of Europe, with significant fulfillment of obligations stipulated by Council Regulation (EC) No 1346/2000 of May 29, 2000, on insolvency proceedings, while full harmonization will be possible as of the moment of accession to the European Union.

The Federation of Bosnia and Herzegovina (the "Federation") – the other entity comprising Bosnia and Herzegovina – has also adopted the Reform Agenda for BiH 2015-2018, by which it committed itself to creating a more effective framework for the implementation of bankruptcy proceedings, but concrete steps are yet to be undertaken by the Federation's stakeholders.

As the proposal is yet to be evaluated by the National Assembly of RS and yet to even be drafted in the Federation, these regulatory developments constitute only a step in the right direction for Bosnia and Herzegovina on its road to the EU.

Emina Saracevic, Partner, and Saida Porovic, Associate, SGL - Saracevic & Gazibegovic Lawyers

Austria

The Austrian Style "Business Judgment Rule" – Will it Make Life Easier for Managers of Distressed Companies?

The year 2015 witnessed significant changes in the law governing the liability of executive directors (managing directors) of Austrian companies. As insolvencies are among the focal points of D&O litigation, the question arises whether these changes are likely to reduce the litigation exposure of managing directors of insolvent or distressed companies in Austria.

The amendments of the stock corporation act, the Aktiengesetz, and the limited liability companies act, the GmbH-Gesetz (the "AktG" and the "GmbHG", respectively, and collectively the "BJR-Amendment"), which took effect on January 1, 2016, are the long-expected legislative responses to the tightening scrutiny of managerial actions by the Austrian judiciary. This trend, which is particularly visible in insolvency settings, has been unsettling to the Austrian business community for the last decade. The BJR-Amendment was only incidental to a broader legislative agenda aimed at shielding ordinary entrepreneurial risk-taking from criminal exposure. The pinnacle of this reform was, thus, a narrowing of the scope of the breach-of-trust statute of the Austrian Penal Code which had been interpreted in an ever-expansive way by the Austrian courts.

Personal Liability of Managers for Failed Bona Fide Business Transactions?

Preliminarily, under Austrian law, every decision by a corporate managing director is in principle subject to a 360° ex-post judicial review, with the burden of proof placed on the defendant managers. Moreover, Austrian law imposes a non-delegable personal duty on managing directors to have their companies file for bankruptcy (insolvency) without undue delay once they have become insolvent (i.e., without the requirement of obtaining shareholder approval). As not only illiquid but also over-indebted companies are deemed "insolvent," in extreme cases managing directors face the choice of destroying a massive amount of shareholder equity by filing prematurely, or having to answer for the deepening losses of the company (and creditors) by gambling on the possibility that, within the 60-day grace period allowed by law, restructuring measures would turn around the company at least to the point of averting imminent insolvency.

The Austrian Business Judgment Rule – A Missed Opportunity?

Pursuant to the Austrian BJR-Amendment, a managing director is deemed to have acted with the "due care of an orderly business manager" if three requirements are met: (a) the managerial decision in question must not have been influenced by "extraneous considerations"; (b) the decision must have been taken in reliance on "adequate information"; and these prerequisites form the basis for (c) the managing director's "permissible assumption to act in the best interests of the company."

However, the Austrian BJR-Amendment is beset by a variety of drafting weaknesses which, for now, limit its practical usefulness. For example, the concept of "extraneous considerations" (sachfremde Uberlegungen) is not otherwise used in the AktG or GmbHG in the context of disqualifying conflicts of interests. However, in the absence of a

clear statement of legislative intent that every appearance of impropriety counts against the manger, it will be difficult to determine where to draw the line. Particularly in the insolvency context, lining up a new line of credit on affordable terms or any other reorganization measure may be seen as driven by the interest of the managing director to reduce his own exposure – which may constitute an "extraneous consideration."

Similarly, the requirement that a managing director must rely "on adequate information" raises the question of how much information is enough, e.g., in an insolvency setting, with respect to the financial condition of one's own company? Even if one accepts that the differences between the legally required degree of real time awareness of financial problems for AGs and GmbHs will continue to apply, it is easy to see that the BJR-Amendment is unlikely to protect the managing director in borderline cases.

Finally, it is not clear whether the BJR-Amendment is to be understood as an irrebuttable presumption or one that can be overcome in circumstances where managers accepted a risk that was outside of the parameters mainstream managers would consider acceptable, even though they are free from undue influence and were acting subjectively in good faith and based on adequate information. At some point, however, no amount of information will be sufficient to predict whether a start-up is going to succeed or fail, and it becomes simply a decision of how much risk a manager is permitted to accept.

Thus, the ambiguities of the BJR–Amendment and its failure to address burden-of-proof issues will cause many commentators to place a good portion of the 2015 BJR-Amendment in the column of missed legislative opportunities – ironically, until the very Austrian judges whose wings were supposed to be clipped by it have transformed the Austrian BJR into a fully workable tool of Austrian corporate governance law.

Christian Hammerl, Counsel,
Wolf Theiss

Russia

The Latest Trend in Russian Insolvency Law: Individual Bankruptcy

Following many years of fierce discussions and opposition from the banking lobby, Russian lawmakers finally decided in June 2015 to allow individuals to declare themselves bankrupt. Before the amendments, the Federal Law of 26.10.2002 N 127-FZ "On Insolvency (Bankruptcy)" (the "Insolvency Law") allowed individual insolvency for private entrepreneurs only.

The new version of the Insolvency Law, which has been in force since October 1, 2015, may not have come at the best of times, as the economy is in a recession and banks hold around one trillion rubles (approximately USD 12.5 billion) in overdue consumer loans. Of course, not all of those are expected to go bankrupt. Still, the scale of the consequences is still uncertain.

Although the general norms of the Insolvency Law apply to individuals as well, many specific regulations should be kept in mind. Unlike with the insolvency of a legal entity, where the minimum amount of claims should be no less than RUB 300,000 (approximately USD 3,750), for instance, Art. 6 of the Insolvency Law raises the bar for individuals to RUB 500,000 (approximately USD 6,250). The debts should be overdue by three months at least and confirmed by a court resolution, or should be based on credit institutions' demands, taxes and other state duties, notarized deeds, or alimentary obligations (Art. 213.5).

The application/bankruptcy petition shall be submitted by the debtor or his creditors to the Arbitration (Trade) Court at the debtor's place (region) of residence. The applicant shall pay the insolvency fee of RUB 6,000 (approximately USD 75) plus RUB 10,000 (approximately USD 130) to the relevant court in order to secure the wages of financial managers.

The court shall evaluate the debtor's financial and other conditions and come to a conclusion regarding his/her ability or inability to pay the amounts demanded. Once all the documents have been submitted and the debts have been confirmed, the court shall start the procedure of debt restructuring. Its decree shall be issued within three months of the date when the application was admitted to examination (Art. 213.6 of the Insolvency Law).

Creditors have two months within the debt restructuring procedure to submit their demands. Unlike the procedure for legal entities, the deadline can be revised or the claims can be submitted during the procedure of debt restructuring (Art. 213.19, 213.14). Within sixty days of the expiration of the period for submitting creditors' claims, a financial manager must hold the first creditor's meeting (Art. 213.12). The court may, however (and most certainly will), extend the period for almost every procedure, since examination of the claims takes quite some time.

The first creditors' meeting approves the debt restructuring plan, which is then subject to court approval. However, the plan may be amended afterwards on the debtor's or the creditors' initiative.

Should no restructuring plan be approved, the court will issue a resolution declaring a person bankrupt, which is followed by the disposal of the debtor's assets in order to arrange settlements with creditors. The asset disposal should generally be finished within six months.

Some debtor property may not be put on sale, including the debtor's only housing, individual belongings, foodstuffs, and money in an amount not to exceed the minimum cost of living. (Art. 213.25 of the Insolvency Law and Art. 446 of the Civil Procedural Code).

Assets for sale or money for settlements with creditors may be obtained through challenging the debtor's transactions (including marriage contracts and other means of disposal of property) made within three years before he/she was declared bankrupt. This option is the most interesting for creditors, because during general enforcement proceedings, creditors do not have legal instruments to challenge the debtor's transactions related to the disposition of his/her property, even when the only purpose of the disposition was to infringe creditor interests.

Once the disposal procedure for assets is finalized (and creditors' interests are settled proportionally), the debtor shall be deemed relieved of any obligations, including those not claimed within the insolvency procedures. This does not apply to debtors who were abusing their rights and avoiding their obligations, or those who provided false information regarding their property or hid assets (Art. 213.28 of the Insolvency Law).

As we can see from the above, the insolvency procedure for individuals can be quite long and complicated and has many nuances, which is generally true for the insolvency of legal entities as well. Nevertheless, both creditors and debtors seem to be interested in the new option: on the first day the new amendments to the Insolvency Law were in force, as many as 112 petitions for individual bankruptcy were received by the Arbitration Court of Moscow alone. It remains to be seen what the ef-

fect will be; however, it is already clear that the demand for insolvency professionals will grow in the near future in Russia.

Marina Tarnovskaya, Partner and Director, Peterka & Partners Russia

Montenegro

Insolvency/Restructuring in Montenegro

Bankruptcy and reorganization are the two primary procedures available for solving a collective action problem in dealing with financially troubled debtors, and both are regulated by the Montenegrin Insolvency Act. Bankruptcy envisages settlement with creditors by sale of the debtor's assets or sale of the debtor as a legal entity, while reorganization involves settlement with creditors in accordance with an adopted reorganization plan which redefines mutual debtor-creditor relations.

Grounds for initiation of insolvency proceedings over a Montenegrin corporate debtor are: (i) the permanent insolvency of the debtor (i.e., a debtor cannot respond to its financial obligations within 45 days from the date of maturity of the obligation or has completely suspended all payments for more than 30 consecutive days); or (ii) over-indebtedness, (i.e., the value of the assets of the debtor is lower than the values of its liabilities).

Insolvency proceedings may be initiated by: (i) a creditor, (ii) the debtor, or (iii) the company's liquidator before the commercial court in Podgorica. Parties involved in insolvency proceedings are: (i) the insolvency receiver, (ii) the insolvency judge, and (iii) the creditors' committee. Once insolvency proceedings are initiated, all management and representation authorities are entrusted to the insolvency receiver and all authorizations of the former management are revoked. Where a reorganization plan is adopted during the insolvency proceedings, the management of the debtor is determined by the reorganization plan.

The Montenegrin legislature, recognizing the importance of the continuation of business by financially troubled companies and the negative impact that terminating such companies may have on the market, introduced reorganization as an insolvency measure to serve a dual purpose: financial recovery of the debtor and a favorable settlement of creditors' claims. Reorganization is to be implemented in accordance with a reorganization plan, which can be submitted to the insolvency judge either simultaneously with the petition for the initiation of insolvency proceedings or after the opening of the insolvency proceedings. If the latter, the plan of reorganization should be submitted within 90 days following the date of the insolvency proceedings' opening. A reorganization plan may be submitted by the debtor, the receiver, creditors holding at least 30% of the aggregate amount of the secured claims, creditors holding at least 30% of the aggregate amount of the unsecured claims, or persons owning at least 30% of the share capital of the debtor.

For the sake of uniformity and creditor protection the legislature has envisaged the same creditor payment priority rankings for both reorganization and bankruptcy. Insolvency creditors are classified into the following payment priority rankings: (i) unpaid gross salaries of debtor's employees up to the amount of the annual minimum wage in the two years prior to the insolvency proceeding opening, and employee claims for work-related injuries, (ii) all public income claims (i.e., taxes and other liabilities owed to the state) due in the last three months prior to the insolvency proceeding opening, except for contributions for pension and disability insurance, and (iii) other creditors' claims. It should be noted that costs and expenses of the insolvency proceedings and the obligations of the insolvency estate are ranked senior to all creditors' claims.

The Montenegrin Insolvency Act does not envisage an equitable subordination of claims and thus further incentivizes parent companies (and other affiliates of the debtor) to finance the operation of their subsidiaries through debt rather than equity.

The outcome of insolvency proceedings depends on whether a reorganization plan has been adopted in the course of the insolvency proceedings. Where no reorganization plan has been adopted, an insolvency proceeding will result in bankruptcy of the debtor, which involves: (i) the sale of all the debtor's assets, (ii) settlement with the debtor's creditors from the bankruptcy estate, and (iii) termination of the debtor. As an exception, an insolvency proceeding may end with bankruptcy entailing only the sale of the debtor as legal entity – thus without necessitating its termination. On the other hand, if a reorganization plan is adopted and verified, the competent court adopts a decision to suspend the insolvency and the debtor continues to carry on its business. The reorganization itself is finished once all reorganization measures have been fulfilled and creditors' claims settled.

Amendments to the Insolvency Act are currently in legislative consideration. Such amendments are aimed at aligning the Montenegrin Insolvency Act with relevant EU legislation as well as making insolvency proceedings more efficient by shortening the deadlines and clarifying certain provisions that in practice created obstacles due to a wide range of possible interpretations.

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Latvia

Insolvency & Restructuring in Latvia 2015: Developments and Trends

During the last year, various insolvency- and restructuring-related matters came into the spotlight in Latvia. Some of the highlights were amendments to the Insolvency Law defining and increasing executive liability as well as making insolvency administrators subject to additional restrictions. Lobbying by industry players such as credit institutions and foreign investors for additional improvements continued as well.

Joint Liability for Executive Board Members

According to the latest Insolvency Law amendments, executive board members now have joint liability for company debt if: (i) accounting documents are not handed over to the insolvency admnistrator, or (ii) those accounting documents are incomprehensible or do not accurately reflect the commercial acitivities of the company. This liability amounts to the entire sum required to fully meet creditor claims. The court may, however, limit liability if it is proved that another board member was responsible for the accounting matters. Therefore, explicit division of executive board member responsibilities in a company's internal regulations or otherwise is now more important than ever.

In addition, executive board members are now subject to personal liability for a company's tax debt under certain conditions, including: (i) where the tax debt reaches a certain level (it is linked to minimum salary and is now approximately EUR 18,000); (ii) the executive board members failed to file for insolvency when obliged to; and (iii) the executive board members alienated the assets of the company to related parties after the tax debt arose.

In 2014, some credit institutions started raising awareness of problems in the insolvency process following several fraudulent insolvency cases. The Foreign Investors' Council in Latvia (FICIL) continued this initiative, calling for a fight against the abuse of law and continuing improvements of the insolvency system. Deloitte, which had been engaged by the FICIL to prepare a report on the economic impact of the insolvency process abuse during the preceding seven years, reported overall financial losses in excess of USD 7 billion to all involved stakeholders.

Control Over Insolvency Administrators

Insufficient control over insolvency administrators was another hot topic. New Insolvency Law amendments to improve the examination of and supervision over administrators are currently pending. However, some progress has already been achieved, as insolvency administrators are now considered 'public officials' with all related restrictions and reporting obligations. As a related note, as attorneys-at-law who are also insolvency administrators have successfully challenged this amendment in the Constitutional Court as it contradicts their status, this legislative proposal is subject to further improvements.

Statistics and Review

As regards the statistical trends, the number of insolvency proceedings initiated in 2015 increased by 7% compared to 2014 (67% of all proceedings concerned natural persons), while the number of legal protection proceedings decreased by 36%. Companies from the retail, wholesale, and construction industries dominated the statistics of new insolvency proceedings.

No large scale insolvency proceedings were initiated in 2015 comparable to the insolvency of Krajbanka AS at the end of 2011 and the insolvency of Liepajas Metalurgs AS in 2013 (which impacted the GDP of Latvia by as much as 1.5%). As regards the latter, at the end of 2014 an investor was found and the company was sold. Unfortunately, 2015 proved that it was not really a success story and the company still has financial difficulties to overcome.

Our firm was particularly proud of the successful completion of a five-year restructuring (insolvency) of the industrial park Dommo Biznesa Parks. The insolvency proceedings of two companies owning the industrial park were terminated after reaching settlements with all creditors. This was one of the success stories of distressed asset restructuring in Latvia in the recent years, especially as operation of the business was not interrupted during the restructuring proceedings.

What should we expect from 2016? It is our impression that the new amendments of the Insolvency Law and other developments during 2015 are just the beginning. The recent trend of increasing executive liability and imposing restrictions on the insolvency administrators should continue. However, it is very likely that the focus will shift to enforcement and implementation of these measures and testing of their limits.

Vairis Dmitrijevs, Senior Associate, Head of Corporate and M&A, Vilgerts

Croatia

New Insolvency Legislation to Thoroughly Change Bankruptcy Procedures in Croatia

Croatia's insolvency regime underwent thorough changes in 2015 and is expected to continue down this road in 2016 as well. On September 1, 2015, a new Bankruptcy Act entered into force in Croatia, radically changing the previously existing bankruptcy regime in force for over 18 years. Furthermore, on January 1, 2016, a new Consumer Bankruptcy Act was introduced as an entirely new piece of legislation in the Croatian insolvency framework.

The newly enacted changes in the general bankruptcy regime primarily aim to increase efficiency and ensure a higher degree of transparency in bankruptcy proceedings. With bankruptcy procedures lasting for decades and yet remaining unresolved, available data indicates that Croatia is 24th out of 28 EU member states when it comes to the duration of its bankruptcy proceedings. On the other hand, changes made within the consumer bankruptcy legislation were introduced with a more socially responsible role in mind, in order to provide over-indebted individuals with the opportunity to restructure their personal debts.

The most significant change introduced by the Bankruptcy Act is the combined regulation of both bankruptcy and pre-bankruptcy proceedings (pre-bankruptcy proceedings were previously regulated by a separate act). Pre-bankruptcy proceedings have now become a court procedure available to debtors not meeting the conditions for initiating bankruptcy proceedings and wishing to avoid bankruptcy altogeth-

er by settling with their creditors. Also, a clearer distinction between pre-bankruptcy and bankruptcy reasons was introduced. The previous overlap of these reasons led to uncertainty, as debtors were seldom sure whether they should initiate bankruptcy or pre-bankruptcy proceedings. As of September 2015, pre-bankruptcy and bankruptcy reasons will be substantially different: incapability of payment and over-indebtedness will only be reasons for initiating bankruptcy, while threatening incapability of payment will become a pre-bankruptcy reason.

Further, one of the most important developments is the automatic initiation of bankruptcy proceedings by the Financial Agency if a debtor's accounts have been blocked for a period of more than 120 days. Although this is a positive step towards resolving the status of numerous insolvent companies, it could prove a burdensome and lengthy procedure, as it requires the Financial Agency to initiate bankruptcy proceedings against a total of 19,646 companies employing over 10,000 people and owing the state over HRK 19.8 million. In light of the large number of insolvent companies, they are expected to be divided into tiers, with priority given to debtors that have been blocked for over 1,000 days, followed by debtors blocked for a period between 500 and 1,000 days, and debtors blocked between 360 and 500 days, until the status of all debtors with blocked accounts is resolved.

The new Bankruptcy Act has also made a significant leap forward in facilitating communication by electronic means and in facilitating information access. Publications regarding bankruptcy proceedings will no longer be conducted through the Croatian Official Gazette, but instead through the e-bulletin board of competent courts, which will increase transparency and ease access to relevant information for bankruptcy debtors, creditors, and interested parties.

The provisions of the Consumer Bankruptcy Act regulate the procedure under which individuals who are not performing business activities (or are performing business activities as individual entrepreneurs, but under a certain value threshold) can initiate bankruptcy proceedings, thereby settling and/or restructuring their personal debts and controlling their future payments. According to publicly available data, in the last quarter of 2015 more than 323,887 Croatian citizens had their personal accounts blocked, and their total debt amounted to HRK 35.8 billion, most of which (HRK 19.5 billion, or more than 54%) was owed to various banks. Blocks on individual accounts are often the result of numerous enforcement proceedings and usually last for months or even years. As this situation is detrimental not only to the personal status of the indebted individuals, but also to the economy as a whole, the new Consumer Bankruptcy Act was enacted with the purpose of attempting to resolve the status of numerous indebted individuals.

Changes introduced through the newly enacted Bankruptcy Act can be deemed positive as they do provide for a certain degree of increased efficiency and transparency, at least on paper. However, certain practitioners have already raised concerns with respect to the application of its provisions and have forecasted that the Bankruptcy Act will soon need to be amended. The Consumer Bankruptcy Act, while recognized as having potential to aid in resolving the existing lending crisis, has also been dubbed the "Consumer Euthanasia Act" as experts are of the opinion that only a very limited number of consumers can in fact benefit from it, rendering the favorable effect of the act questionable. In any event, the implementation of all these changes remains subject to practical scrutiny as bankruptcy procedures initiated under the new rules are still underway and have not yet been finally resolved. Whether the new acts will stand the test of practical implementation remains to be seen.

Emir Bahtijarevic, Managing Partner, and Ema Mendusic Skugor, Senior Attorney, Divjak Topic Bahtijarevic

Kosovo

Bankruptcy in Kosovo – The Case of an Attractive Market with Untested Bankruptcy Law

The business environment in Kosovo is becoming highly attractive for investors, offering a favorable tax system, easy access to EU and regional markets, an abundance of natural resources, a skilled and cheap workforce, protection for foreign investments, and a generally well developed legal framework. Nevertheless, according to World Bank's Doing Business Report, resolving insolvency remains Kosovo's weakest indicator, as it ranks 163 out of 189 countries.

The legal framework governing Bankruptcy in Kosovo (Law No. 2003/4 on Liquidation and Reorganization of Legal Persons in Bankruptcy, hereinafter the "Bankruptcy Law") reflects international best principles and modern developments, but it remains short in addressing important aspects of bankruptcy, and there is no developed practice by the courts. It is the lack of court practice and the business community's distrust in bankruptcy proceedings that causes Kosovo to rank so low in the World Bank's Doing Business Report.

Bankruptcy remains untested in Kosovo, with neither creditors nor debtors considering it a suitable remedy in times of financial difficulties, and with courts therefore unable to develop practices to enhance legal security for parties entering into bankruptcy. This approach has also been influenced by creditors' heavy reliance on taking security interests in movable and immovable personal property, as well as in personal, bank, and corporate guarantees, mainly due to the efficient enforcement system in Kosovo and developed practice and legislation in these areas. In addition, the lack of reliable financial reporting and underdeveloped corporate governance structures in Kosovo further enforced these patterns.

Salient Features of the Current Bankruptcy Law

Kosovar Bankruptcy Law provides for two types of proceedings: one is liquidation and sale of the debtor as a whole or sale of assets, and the other is reorganization of the debtor, aimed at preserving the debtor's business in accordance with the reorganization plan approved by the court based on voting by the creditors.

The threshold for initiating bankruptcy proceedings is very low in Kosovo, which fails to take into account short term liquidity problems and materialization of normal business risks which do not justify bankruptcy. A creditor or group of creditors may initiate bankruptcy proceedings by filing a petition with the competent court if: (1) the overdue debt exceeds EUR 2,000 and is at least 60 days overdue; (2) it is not disputed; and (3) the debtor generally is not paying debts as they become due. In addition, a debtor may initiate voluntary bankruptcy by filing a petition with the competent court if: (1) overdue debt exceeds EUR 5,000 and is at least 60 days overdue; and (2) the debtor generally

is not paying debts as they become due.

In terms of efficiency, transparency, and procedural timelines, the Bankruptcy Law is in line with best practices. The World Bank's Doing Business Report calculates that completing a bankruptcy case in Kosovo should take 2 years, compared to 1.7 years in OECD high income countries. In addition, there are mechanisms which ensure transparency of the whole bankruptcy process.

The competent court for bankruptcy cases is the Basic Court in Prishtina – the Department for Commercial Matters. While this is not a specialized court for bankruptcy, it is specialized in Commercial Law, handling disputes between business organizations. Judges have attended several specialized training programs in bankruptcy, and there have been many other investments in building the capacity of the courts. In addition, the Ministry of Justice has certified bankruptcy administrators who have undergone a rigorous training program and examination.

New Legal Framework for Bankruptcy in Sight

Bankruptcy has become a priority for Kosovo in its efforts to improve the business environment. In order to further modernize the legal framework with respect to bankruptcy, a new law on bankruptcy is foreseen in the legislative agenda of the Assembly of Kosovo, and the Ministry of Trade and Industry is already preparing a draft. The new law will purportedly bring significant changes and offer more detailed solutions. First, it will introduce a better and a more balanced solution between interests of secured creditors in relations to unsecured creditors and other stakeholders. Second, it makes Kosovo more debtor friendly, slightly favoring reorganization and empowering the debtors in cases where reorganization is an option. Third, the new law will address the bankruptcy of debtors as natural persons, which are not regulated at all by the current Law on Bankruptcy. Finally, there are requests that the new law also regulate the issue of cross-border insolvency cases, taking into account the Foreign Business Organizations and their branches in Kosovo. Therefore, the new law will greatly increase the legal security of the parties in bankruptcy.

In conclusion, the legal framework concerning insolvency in Kosovo is in line with best international practices; however, it remains untested. With the new advanced Bankruptcy Law in Kosovo's legislative agenda and ongoing investments in capacity building of the courts, administrators, and other relevant institutions, the prospects for the future are bright.

Visar Ramaj, Partner,
Ramaj & Palushi

Slovakia

New Changes in the Slovak Commercial Code for Companies in Crisis

Let us briefly inform you that the latest Amendment of Slovakian Act No. 513/1991 Coll., the Commercial Code ("Amendment"), which became effective as of January 1, 2016, introduced new provisions governing so-called "companies in crisis" as well as new equity protection rules. Due to the fact that in some industries companies traditionally have a poor equity base, we would like to draw your attention to these new rules.

Companies in Crisis

Nowadays companies are required to constantly monitor their financial status – in particular, the status of their assets and liabilities. The consequence of being a "company in crisis" is that stricter duties and restrictions are applicable and managing directors will be liable for any non-compliance. Furthermore, certain benefits provided to the company during the "crisis" (shareholder loans, etc.) cannot be returned during that period as they are considered part of the company's equity.

The new equity protection rules relate to "companies in crisis"; i.e., those companies that are bankrupt (over-indebted/insolvent) or in a state of imminent bankruptcy. There is a risk of bankruptcy if the ratio of the company's equity to its obligations is less than 4:100 in 2016 (4% equity capital ratio). The ratio shall be raised to 6:100 in 2017 and to 8:100 in 2018. A company which has a negative equity balance is in any case regarded as being in crisis.

Pursuant to the Amendment, this status shall apply only to limited partnerships whose general partners are legal entities. It will not apply to banks, insurance (or reinsurance) companies, or electronic money institutions.

General Ban on Return of Provided Loans During the Crisis

The Amendment introduces a general ban on the return of certain benefits provided by the shareholders to qualified persons during the crisis, which applies even if the company would remain in crisis as a result of such provided benefits being returned. The purpose here is the prior satisfaction of claims of other creditors before the claims of the shareholders. Benefits made in violation of this must be returned to the company. The managing directors of the company shall be liable jointly and severally for the return of these benefits.

Equity Substituting Loans

In connection with the company in crisis, the Amendment establishes the specific term of so-called "equity substituting loans" – those loans (or similar transactions that correspond to them economically) that are provided to the company in crisis. This does not apply to all such credits and loans provided in the crisis period. For instance, short term loans with a maximum term of 60 days are not covered -- though if such loans are provided repeatedly, the new equity protection rules will apply.

Qualified Persons

Loans shall be deemed to be equity substituting loans if they are from the following persons (collectively referred to as "Qualified Persons"): (a) a member of the statutory body, an employee reporting directly to the statutory body, an authorized signatory (procurator), the head of a branch of an enterprise, or a member of the entity's supervisory board; (b) a person who holds a direct or indirect share representing at least 5% of the company's registered capital or voting rights in the company, or who has the ability to exercise influence over the management of the company which is comparable to the influence corresponding to the share; (c) a silent partner; (d) a person related to persons referred to in points a), b) or c); or (e) a person acting on the account of the persons referred to in points a), b) or c).

If a Qualified Person provides collateral to secure the company's debts during the crisis, the creditors may enforce their rights secured by the collateral directly against the Qualified Person.

Stricter Obligations of Managing Directors

The Amendment further introduces new obligations on a managing director during a crisis. A managing director who discovered or who should have discovered that the company is in crisis shall, in accord-

ance with the requirements of necessary care, do everything that would be done by a reasonably careful person in a similar position. Pursuant to the recently introduced stricter provisions on liability for the late filing of a petition for bankruptcy in the Act on Bankruptcy and Restructuring, the kinds of decisions a managing director against whom liability is claimed made during the crisis shall also be taken into account.

Conclusion

The Amendment is a step towards mirroring legislation in Germany and Austria, where these principles have already been applied for some time, with a significant amount of case law available. In fact, some rules are even stricter than they are in those neighboring countries (for instance, the Qualified Persons definition). Therefore, due to the possible significant impact to shareholder loans or similar payments provided to companies (for instance, by venture capital firms), any financing during a period of crisis needs to be properly considered. In summary, the latest change in the Slovak legislation is another important step to conform the Slovak business environment with European business practices.

Michaela Stessl, Country Managing Partner Slovakia, DLA Piper

Belarus

Meeting the Demands of Business Entities in Bankruptcy Proceedings

Problems Encountered by Creditors

The bankruptcy of a counterparty is an extremely serious problem for business in Belarus.

Belarusian legislation specifies the following priority of creditors in bankruptcy proceedings: (1) Court expenses and costs of the publication of information required by legislation, as well as settlement of the debtor's liabilities which arose after bankruptcy proceedings had been opened; (2) Claims of individuals to whom the debtor is liable for an injury to life or health; (3) Calculations on severance payments, remuneration of persons working for the debtor under labor agreements (contracts) and civil contracts, which are subject to execution of works, services, or creation of intellectual property rights, on compulsory insurance contributions, contributions for pension insurance, other payments to the Social Welfare Fund of the Ministry of Labor and Social Protection of the Republic of Belarus, and the payment of insurance premiums on compulsory insurance against accidents at work and occupational diseases; (4) Calculations on obligatory payments to the budget (as a rule, payment of taxes and customs duties); (5) Claims of creditors for obligations secured by a pledge of the debtor's property; and (6) Settlements with other creditors.

Thus, the demands of ordinary businesses are satisfied after employees, the government, and banks.

According to data provided by the Department of Reorganization and Bankruptcy of the Ministry of Economy of the Republic of Belarus in 2014, only 5% of creditors' demands were satisfied. The goal of increasing the share of foreclosure by bringing management and business owners to vicarious liability has not been achieved. For example, in 2014, only 2.73% of all outstanding claims of creditors were credited with vicarious liability.

To sum up, based on the ranking of creditors' claims and statistics of real satisfaction, one can reasonably conclude that ordinary merchants collect no more than 3% of debts from a bankrupt.

Reason for Creditors' Problems.

This low percentage of collected debts is linked to actions of the debtor's beneficiaries taken within the period preceding the bankruptcy.

A large number of bankruptcies are prepared for long before a company is actually declared insolvent. "Stripping" of existing assets is a key element of such preparations, with stripped assets later used by other companies controlled by the same beneficiaries.

Belarusian legislation provides two options to oppose asset stripping: (1) Recognition of transactions involving asset stripping as invalid by the court, and (2) Bringing to justice.

a) Recognition of Transactions as Invalid

There are several grounds on which transactions made in the pre-bankruptcy period may be deemed invalid: (1) A significant understatement or overstatement of the transaction price relative to the price usually charged for similar goods or works or services (for example, the sale of real estate at a price two times lower than the cost according to an independent assessment); (2) Choosing one creditor over another (i.e., bypassing the priority of creditors); (3) Deliberate harm to the creditors' interests, if a counterparty of the transaction knows or ought to know of the harm.

Most lawsuits challenging transactions for the withdrawal of debtor's assets are satisfied by courts.

b) Bringing to Justice

The law lists several offenses for which debtors can be held criminally liable, including false bankruptcy, concealing a bankruptcy, deliberate bankruptcy, and obstruction of debt recovery by creditors.

Deliberate bankruptcy is the most common in practice. For the 15 years deliberate bankruptcy has been criminalized, there were only 14 convictions delivered. The difficulty is obvious, as the police need to prove a direct intent to commit a crime for criminal prosecution.

How to Solve Creditors' Problem

The government has chosen two ways to increase recovery from a bankrupt:

a) A willingness to impose vicarious liability. Courts are increasingly willing to impose a finding of vicarious liability on management and shareholders of a bankrupt. There is an increase in the number of decisions on the recognition of transactions made by the debtor's beneficiaries as fraudulent (transactions on donation or "sale" of assets).

b) Changes to the Criminal Code. The government plans to declare deliberate bankruptcy as a crime, regardless of the direct intent to commit a crime.

We believe that these measures together will objectively reduce the unfair nature of bankruptcies in Belarus. In the current economic situation in Belarus, only drastic actions can save business from collapse.

Dmitry Arkhipenko, Managing Partner, and Andrey Tolochko, Advocate, Revera law firm

Bulgaria

Bulgaria to Implement a New Out-Of-Insolvency Rescue Procedure for Businesses in Distress

One of the initiatives of the European Commission is to shift the focus of national insolvency rules away from liquidation and toward encouraging viable business entities to restructure at an early stage to prevent insolvency. In March 2014 the Commission issued a Recommendation on a new approach to business failure and insolvency, inviting member states to implement certain principles in their national insolvency procedures to stabilize businesses in financial difficulties.

To this end, in December 2015 the Bulgarian Ministry of Justice published a draft of a proposed supplement to the Bulgarian Commerce Act introducing a new procedure for the stabilization of business entities in distress.

This procedure may be initiated by a business (sole proprietor or corporation) upon its impending illiquidity, unless it is caused by the business's own dishonest or unreasonable behavior. To establish impending illiquidity, the draft law provides a cash flow test, i.e., if the business entity would become illiquid in the upcoming six months based on its pending obligations. Creditors are not authorized to initiate the stabilization procedure. It is also unavailable if more than 20% of the obligations are towards related parties, if a stabilization procedure has already been started in the previous three years, or if there is a petition to initiate insolvency proceedings.

Currently, the draft law requires the business entity to file a rather complex petition with multiple attachments with the competent court. Other than the usual lists of creditors, secured claims, and payment schedules, the petition must also include a detailed summary of the entity's commercial and business activities, material transactions, and transactions with related parties. The petition should also provide an in-depth explanation of the circumstances that have led to the impending illiquidity, as well as propose a management, financial, and business plan to rescue the business. This pre-packaging of the stabilization plan (no creditor can propose a stabilization plan, even if the initial plan has failed), combined with the short time period to remedy any irregularities after filing, could be a serious hurdle for business entities to restructure through the proposed procedure.

Under the draft law, one of the consequences of an initiated stabilization procedure is that the court will impose a stay on all enforcement procedures and set-offs that were previously possible. Additionally, contracts could be terminated at the request of any of the parties if they could threaten the stabilization procedure.

The court may also appoint an administrator to supervise the day-to-day activities of the business entity under stabilization. The administrator has flexible powers, and these can be tailored by the court depending on the situation of the distressed business entity and the need for supervision. In particular, the court may revoke the powers of the business to dispose of its assets or make payments and may assign these powers to the administrator. Another important function of the administrator is to compile a list of creditors and their ranking based on the amount of their claims. The court may also appoint auditors and experts to evaluate the financial condition and the proposed plan of the business entity.

Creditors whose claims have been recognized are divided into tiers according to the type of claim – secured claims, claims of public authorities, claims under employment relations, unsecured claims, and claims from related parties. The proposed plan is accepted when each creditor tier has approved it with a quorum of three-fourths of the number of creditors in the respective tier and a simple majority based on the value of the claims. To be valid, creditors holding at least three-fourths of the value of all claims (excluding the claims of related parties) should participate in the vote.

Under the proposed new law, the plan has to be approved no later than four months after the procedure has started. If approved, the plan is binding on all the parties, i.e., the debtor and the creditors with accepted claims. The accepted plan can propose different restructuring methods, such as the extension of maturities (but not for more than three years); a haircut of the claims (by not more than 50%); debt-to-equity swaps; selling of the going concern; or a division of the company. The plan must have strict deadlines for its implementation. Non-performance of the plan may lead to its revocation and the reinstatement of all claims and enforcement procedures.

Although the draft law is in an advanced stage of discussion, it still needs improvement to make it a more business-friendly legal tool that can ease the tensions between debtors and creditors during distressed periods. Nevertheless, the draft act represents an important step forward in the development of a modern insolvency and restructuring framework in Bulgaria.

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Poland

Pre-Packaged Sale Is New Polish Investment Instrument

A January 1, 2016 amendment to the Polish Act on Bankruptcy and Restructuring should be of equal interest not only to debtors but also to creditors and potential investors as among the new instruments the amendment introduces to the Polish legal system is a "pre-packaged sale," which will create new ways to invest in distressed assets.

The Polish pre-packaged sale is modeled on the "pre-pack" solution that exists in a number of jurisdictions with well-developed restructuring laws, such as the USA, the Netherlands, and the UK. It enables an investor to buy a company's

business in the course of bankruptcy proceedings, but on terms agreed between the investor and the debtor before formal bankruptcy proceedings commence.

Polish style pre-packs allow a debtor to submit to court, at the same time as a bankruptcy petition, a motion for the acceptance of the terms and conditions of sale of all or a substantial part of its enterprise or assets as agreed with a potential buyer. The motion must specify the prospective buyer and the purchase price, and must include a description and estimate of the value of the purchase subject, prepared by a court expert.

When issuing a decision on a declaration of bankruptcy the court may accept the proposed terms and conditions of sale. It will compare the proposed purchase price with the price likely to be achieved in the course of bankruptcy proceedings (decreased by the costs of such proceedings). If the former price is higher, the court must accept the motion. If the price offered is close to the amount obtainable during bankruptcy proceedings, the court may accept the motion only if it is supported by an important social reason, such as the retention of employment or the possibility to preserve the debtor's undertaking.

Under the pre-pack framework, information on the sale of the enterprise does not become public any sooner than upon a declaration of bankruptcy.

A disadvantage of the pre-pack solution is that it is not a transparent procedure for selecting a buyer for the bankrupt company. This may not be satisfactory for all creditors. (The only situation where a pre-pack will not be able to be conducted without a creditor's prior consent concerns assets encumbered with a registered pledge, if a pledge agreement provides for the satisfaction of a pledgee by way of seizure or public auction of the pledged asset.)

Its undeniable advantage, however, is that the sale of the enterprise is not preceded by protracted bankruptcy proceedings, which can take several months or even years. During such period the debtor's assets usually significantly decrease in value, and instead of bringing profit they generate costs related to keeping them secured. Pre-pack makes it possible to get a considerably higher purchase price by minimizing the risk of deterioration of the company's customer and supplier bases. It also reduces the opportunities for third parties (e.g., suppliers or subcontractors), to disrupt the continuation of the business during bankruptcy proceedings. The fact that it mitigates the risk of a substantial decrease in the value of the debtor's company makes pre-packaged sale highly attractive for creditors whose claims will be satisfied from the proceeds of such sale.

From the investors' point of view, it is particularly important that a pre-packaged sale of a debtor's enterprise operates as an enforced sale (i.e., excludes encumbrances). Thus, the investor will not be bound by the liabilities of the previous owner (including tax duties) and will purchase the assets clear of any encumbrances, save for some minor exceptions (including, for example, non expiry of a public road ease).

Pre-packaged sale is therefore conducted at a much higher level of legal safety for investors than that generally available in a standard enterprise acquisition. Moreover, the due diligence process may be significantly limited, thus allowing a considerable reduction in the costs of the whole transaction.

For these reasons pre-packaged sale avoids many of the legal threats inherent in standard enterprise acquisition transactions and considerably reduces the costs and time involved in acquiring distressed assets.

In practice the only difficulty may be in obtaining a valuation that unambiguously confirms that the price offered by the investor is higher than the amount that may be obtained during liquidation bankruptcy proceedings under general rules.

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Greece

A New Regime for the Transfer of Non–Performing Loans: A Promising Development for Greek Economy and an Obvious Choice for Foreign Investors

The vast number of non-performing loans (NPLs) in Greece – i.e., loans not paid for over 90 days – has created an enormous burden on the Greek economy over the past six years, hampering its already shaky recovery. Each of the "memoranda" implemented during the last few years has explicitly provided for Greek bank recapitalizations in order to tackle capital deficits. The IMF and other European institutions have repeatedly pointed out the need for a new, flexible regime to regulate the transfer of NPLs, which would not only increase the net worth of Greek banks but would also release them from time- and money-consuming collection procedures.

Law No. 4354/2015 (the "Law") introduced a new regime on NPLs, providing for the transfer of NPLs from banks to a special purchase vehicle (SPV) called a "Corporation for the Transfer of Claims from Non-Performing Loans" (a "Corporation"). A Corporation must be established in Greece either via a main corporate seat or a branch if it is seated in another EU member state. Credit institutions or securitization companies can also be involved in the market for NPLs where the relevant activity falls within the scope of their activity as per their Articles of Association.

In order to participate in the relevant NPL market, a Corporation must have been granted a license from the Bank of Greece (the "BoG"), which is the regulatory authority for the national financial system. A license will be granted upon the successful completion of all good-standing and law-compliance checks carried out by the BoG. A prospective Corporation must have drawn up a business plan for NPL collection, which shall explicitly set out the Corporation's main principles and methodology. Where all requirements are fulfilled, the license shall be granted within 20 days from the application.

Once the relevant license has been obtained, the (newly regulated) process for the transfer of NPLs is rather simple. A transfer agreement must be concluded between the initial creditor – usually a bank or a securitization company – and the Corporation, having as subject one or more non–performing loan contracts with the same debtor. Any liens (i.e., mortgages and encumbrances), are transferred automatically to the Corporation. A copy of the transfer

agreement must be registered with the special directory on notional pledges. Following that, the Corporation shall be the legitimate claimant against the debtor and shall be entitled to file a lawsuit, settle, or otherwise manage the claim.

The new framework establishes a rather flexible and low-cost regime, allowing banks to dispose of any unwanted NPLs against an instant repayment of part of their nominal value. This regime also generates a new market branch – the so-called "Secondary Market of NPLs" – which actually enhances the prospects for recovery of the Greek economy at a low cost/risk rate. On the investing Corporations' side, the new Law comes with a simplified, straightforward proposal to invest in a highly regulated environment of enhanced safety and investment protection.

Overall, the new NPL legislation must be seen as a boost to the national banking system and a strong movement towards FDI attraction; fast cash flow in bank funds is expected to lose its strict lending policy and, combined with the careful screening of loan applicants, will contribute to the re-initialization of the national economy and catch the eye of foreign investors.

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Romania

The Update of the Creditors' Table – the Debate in Romania Continues

Romania's recently enacted Insolvency Law (Law no. 85/2014) provides clarity by requiring that an updated consolidated table of creditors be included as a necessary and natural step in insolvency proceedings. While this much needed legal provision will help streamline future insolvency proceedings, the previous Insolvency Law (Law no. 85/2006) still continues to govern those proceedings which commenced before the new law was enacted. The lack of a clear and express legal basis for updating the consolidated table of creditors in the previous Insolvency Law continues to create confusion and gives rise to contradictory case law in the majority of ongoing insolvency proceedings.

The important legal clarification comes into play in cases where certain claims are partially or entirely paid off after the consolidated table of creditors has been published and the judicial receiver does not publish an updated table, citing the lack of a legal basis for doing so. This creates a risk that after the creditors' meeting vote, a creditor could contest the decision and minutes of the meeting on the basis that they are not legal because the creditors voted on claims which were not real.

Such situations are actually quite common in practice. In many legal insolvency proceedings under the previous Insolvency Law, certain claims were in fact partially or totally paid off. Without a specific legal provision allowing the consolidated table of creditors to be updated to accurately reflect the actual debts, the minimum quorum and approval thresholds at the creditors' meetings were set in accordance with the full list of claims – including those already paid off.

In recent insolvency literature and case law, many have argued that the update of the consolidated table of creditors is in fact legal within insolvency proceedings performed under the previous law. A good example of this is the recent Civil Decision no. 3930 dated 11.05.2015 of the Cluj Court of Appeals.

There are several arguments in support of this point of view. First of all, it is obviously contrary to the fundamental principles of legality that former creditors, whose claims have already been paid off, would continue to take part and vote in creditors' meetings when they no longer hold an interest in the insolvency proceedings. Moreover, since voting power in creditors' meetings is related to the size of one's claim, in the case of partial payment of a creditor's claims, it is only fair that the creditor's voting rights should be altered accordingly. Since these situations clearly illustrate that the consolidated table of creditors can undergo changes after publication, it seems only logical that the table should be updated. Taking the overly rigid approach that it cannot be updated due to the lack of explicit legal provisions can lead to unnecessary complications in the proceedings.

However, some advocate a much stricter interpretation of the law and maintain that updating the consolidated table of creditors is not legal under the previous Insolvency Law. Most of these arguments point to the absence of explicit legal grounds on which such an action is to be taken. Such arguments have been reflected in recent case law, as in Civil Decision no. 3824 dated 02.04.2014 of the Suceava Court of Appeals.

This is one of the many issues the new Insolvency Law has solved through clearer and more explicit legal provisions, diminishing the risk of obstacles arising from rigid and formal readings of insolvency norms. The update of the consolidated table of creditors is properly set out in article 49 para. (4): "in such cases where debtors' debts have been entirely or partially paid off, the table of creditors will be modified correspondingly." With respect to the procedure for convening and holding creditors' meetings, article 108 para. (2) states that alongside the publication of the convener, "the table of creditors updated with the amounts paid off or modified during the proceedings will also be published."

Even though future insolvency cases in Romania will be subject to the new and much clearer norms, this more practical interpretation should also be uniformly applied in ongoing cases under the previous Insolvency Law no. 85/2006. Not only is this in line with the general principles of law, but it also upholds the spirit of the Insolvency Law, which ultimately aims to provide a clear and fair process to protect creditors and address their claims.

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Serbia

Serbian Cross-Border Insolvency Regulation

In the era of increased globalization, international trends have a strong impact on local ones, with national economies increasingly affected by movements and tendencies on the international scene. In such a setting, financial and insolvency issues troubling one corporation can easily become issues for related entities and partners abroad. A recent example is the EUR 2.56 billion cross-border insolvency case of Alpine Bau GmbH, one of the biggest cross-border insolvency and restructuring cases to date, which is having effects and implications in Serbia, too.

Insolvencies inevitably bring chaos and problems even at the national level – and the magnitude of these difficulties is only increased when they play out on an international stage. Serbia is no exception to this rule. As a result, UNCITRAL has created a Model Law on Cross-Border Insolvency in an attempt to provide effective mechanisms for dealing with the problems that tend to arise. Cross-border insolvency provisions based on this UNCITRAL Model Law were first introduced into the Serbian system in 2005 and have been subject to changes and improvements since, with the latest changes made in 2014 as part of the overall amendments to the Law on Insolvency. However, Serbian cross-border regulation still lacks some clarity, and additional improvements to Serbian legislation must be made to make it better suited to the needs of international trade and investments.

What follows is a brief overview of the basics of Serbian cross-border insolvency regulation.

The Serbian Law on Insolvency sets out three instances that call for application of its cross-border insolvency provisions: (i) when a foreign court or competent foreign body/representative requires assistance in connection with foreign proceedings; (ii) when the local insolvency judge/administrator requires assistance in a foreign country in connection with insolvency proceedings conducted in Serbia, in accordance with the Law on Insolvency; or (iii) when foreign proceedings are conducted simultaneously with insolvency proceedings in Serbia, in accordance with the Law on Insolvency.

Under the Law on Insolvency, Serbian courts generally have exclusive jurisdiction for instigating, opening, and conducting insolvency proceedings against debtors whose center of primary interests is situated in Serbia ("main insolvency proceedings"), as well as for cases arising thereunder. Serbian courts may also establish jurisdiction against debtors who merely have a permanent business establishment in Serbia ("secondary proceedings"). Both the center of primary interests and permanent business establishment are defined in line with UNCITRAL Model law.

For cross-border insolvencies, insolvency proceedings are generally governed by the law of the state of their original instigation, with the exception of segregation/secured claims with respect to the assets located within the territory of Serbia, which are governed by Serbian law, and the effects of the insolvency proceedings on employment contracts, which are construed in accordance with the law governing those contracts.

In order to have direct access to Serbian courts and a debtor's assets in Serbia, a foreign representative must file a request for recognition of the foreign proceedings as the primary or secondary foreign proceedings (depending on whether they take place in the state where the debtor has the center of its primary interests or its permanent establishment) with the competent court in Serbia. The court will decide upon such requests without delay and recognize foreign proceedings if the applicant has filed proper documentation, including but not limited to the proof that foreign proceedings were initiated and that the foreign representative was appointed. However, the court may refuse to take any action that is contrary to Serbian public policy. Upon and after instigation of the insolvency proceedings against a debtor whose center of primary interests is in Serbia, foreign proceedings may only be recognized as secondary foreign proceedings.

For the purpose of protecting a debtor's assets or creditors' interests, Serbian courts may, upon request of foreign representatives, issue interim relief measures. Once foreign proceedings are recognized as primary, automatic relief measures occur, aimed at preventing the initiation of new proceedings concerning the debtor's property, suspending enforcement measures directed at the debtor's assets, and prohibiting the transfer, encumbrance, or other disposal of the debtor's assets. If appropriate, these measures may also be issued after recognition of foreign proceedings as secondary.

Unlike in other jurisdictions, the ruling on recognition of foreign proceedings does not need to be published. Nevertheless, it is advisable to have it published, at least in the form of an annotation on the commercial register's webpage.

After recognition of the primary foreign insolvency proceedings has been obtained, secondary insolvency proceedings in Serbia may be commenced only if the debtor has assets in Serbia.

Natasa Lalovic Maric, Partner,
Wolf Theiss Serbia

Hungary

Insolvency Meets Arbitration in Hungary

Introduction

Efficiency, independence, flexibility, professionalism, and protection of sensitive information are among the main reasons why parties to disputes prefer to opt for arbitration instead of ordinary courts. These benefits, however, do not come without a cost. Arbitration can also be viewed as an expensive game where most of the fees are paid in advance by the requesting party. A financially distressed claimant may not be in a position to advance the costs and fees necessary to initiate an arbitration proceeding. A recent Hungarian court precedent highlights that, for this reason, in an ongoing liquidation, an arbitration agreement may not be enforceable.

An Arbitration Agreement May be Rendered Incapable of Being Performed

In recent years the number of initiated liquidation proceedings has

skyrocketed in Hungary. Many insolvent debtors entered insolvency after being unable to repay the credit facilities they received prior to the financial crisis.

Although most of these credit facility agreements contain arbitration clauses, an increasing number of insolvent debtors' challenges to the banks' decisions on drawstop, termination, or acceleration are being submitted to ordinary courts. The insolvent debtors usually argue that everyone should have the fundamental right and opportunity to assert or defend his or her rights before dispute resolution bodies, irrespective of financial condition, and thus they claim that the arbitration agreement was rendered incapable of being performed because the insolvent debtor is unable to advance the costs of the arbitration proceeding.

Hungarian Precedent Declaring That an Arbitration Agreement With a Company Under Liquidation is Unenforceable

At first the courts were divided on how to tackle these types of cases and whether to rely on the exemption granted by the Hungarian Arbitration Act, which allows ordinary courts to hear a case on its merits when an arbitration agreement is incapable of being performed. In 2014 the Supreme Court of Hungary issued its guidelines confirming that an arbitration agreement is not enforceable with respect to a company under liquidation, since such agreement is by definition incapable of being performed as a result of the claimant's insolvency.

The Supreme Court of Hungary provided the following reasoning for this view: (i) the costs of the arbitration proceedings exceed the costs of an ordinary court case; (ii) in arbitrations the claimant must advance the arbitration costs in any case, and may not request any suspension or exemption from it; (iii) in arbitration proceedings the insolvent company's creditors are not able to join; (iv) arbitration proceedings are not open to the public; (v) the arbitration proceeding is a one-instance proceeding without a right to appeal and with only a limited ability to have the award set aside; and (vi) arbitration proceedings are less effective than ordinary court proceedings.

Question Marks Behind the Supreme Court's Reasoning

The need for support for financially distressed companies to enable them to obtain a fair trial is understandable, but the arguments of the Supreme Court of Hungary are not entirely convincing in establishing legitimate reasons for rendering an arbitration agreement "incapable of being performed" and thus to declare that, despite the agreement of the parties, ordinary courts will decide on the matter.

In our view the argument that because arbitration proceedings are closed to the public and creditors cannot intervene the rights of the debtor company are prejudiced to such an extent that its consent to arbitrate can be disregarded is unconvincing, to say the least. Similarly, it is questionable whether non-availability of an appeal, even in theory, should render an arbitration agreement "incapable of being performed" just because the claimant is under liquidation. Why would non-availability of appeal matter for insolvent companies but not for others? Similarly, we see no foundation for the court's opinion that arbitration proceedings are less effective than court proceedings. How was "efficiency" measured by the ordinary courts? Is this statement scientifically, economically, or legally grounded, or just proof of the ordinary courts' traditional bias against arbitration in general?

The Supreme Court is also silent about a potential scenario in which the formerly insolvent company's solvency is restored. Would a restored solvency re-establish the arbitration agreement's formerly defective status?

Unique Nature of the Hungarian Interpretation

It has to be noted that the issue discussed above and the interpretation of law in this context is not unique to Hungary. The exemption from being bound by an arbitration agreement on the basis that it is "incapable of being performed" has its origin in the UNCITRAL Model Law on International Commercial Arbitration.

The Hungarian innovation is that, according to the Supreme Court's interpretation, every arbitration agreement concluded by a company which then falls under liquidation is by definition incapable of being performed. To our knowledge there is no other jurisdiction that has interpreted the scope of Article 8 (1) of the UNCITRAL Model Law this widely, giving claimants in financial difficulty the ability to easily bypass their contractual undertakings with regards to arbitration. In our view such interpretation opened a Pandora's box entitling companies who may have no more to lose to initiate lawsuits in bad faith to hinder enforcement and delay the closure of the liquidation proceeding.

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Ukraine

Insolvency and Restructuring

According to the most recent Doing Business rating, in 2015 Ukraine lagged behind in the "resolving insolvency" category, qualifying as 141st out of out of 189 economies considered. This rating reflects the sad reality Ukrainian businesses have been facing for years. In practice, bankruptcy procedures have often been used for the undue enrichment of a company's shareholders and management, who would transfer the assets of the company on the verge of insolvency to other companies controlled by them in order to prevent recovery by the company's real creditors.

Although Ukraine's Law on Bankruptcy was repeatedly amended and restated from 1993 to 2015, it still has inefficient mechanisms.

Although envisaged by law, pre-judicial rehabilitation is rarely used because it is burdened procedurally by legislative requirements to collect a large volume of information. Thus, directors of insolvent companies (even those acting in good faith with respect to the creditors and the company) are often unable to apply to the court for pre-judicial rehabilitation. The only way out of the situation is the deregulation of pre-trial rehabilitation of the company and the incentivization of trustees in bankruptcy (insolvency officers) to use rehabilitation.

A commercial court may initiate bankruptcy proceedings should the undisputed claims to the debtor collectively amount to 300 times the minimum wage and not have been satisfied by the debtor within 3 months after the deadline for their repayment. Creditors' claims are recognized as undisputed if they are supported by a court decision which has come into force and which has been followed by a resolution on the be¬ginning of enforcement proceedings. One of the problems that occurs in practice is the suspension of enfor¬cement proceedings. Also, Ukrainian judges often arbitrarily require other proof for recognizing a creditor's demands as indisputable, such as banking documents that have not been executed due to a lack of funds in the debtor's account, and so on. These additional documents are not required by any legislative acts and can be, in practice, difficult to collect, leading to courts refusing to initiate bankruptcy proceedings.

In order to identify all creditors and others who wish to participate in the debtor's reorganization, an official publication of the commencement of bankruptcy proceedings is made by the commercial court on the website of the Supreme Commercial Court of Ukraine. Internet publication is a step forward in comparison to the hard-copy newspaper publication that was required in the past. Online searches have simplified the monitoring of bad-faith counterparties, in comparison to the flipping through newspaper announcements by an in-house lawyer in order to check the names of announced insolvent companies and comparing them to the list of the company's counterparties that used to be required.

Creditors with claims arising before the date of initiation of bankruptcy proceedings must submit a written statement of the requirements to the debtor to the relevant commercial court, as well as confirmation documents 30 days from the date of the announcement's publication. This time limit is not subject to renewal. In our view, 30 days is an extremely short period and it is discriminatory, especially with respect to foreign creditors of a Ukrainian company.

In our view, certain legislative provisions still encumber the procedure and should be amended. For instance, insolvency officers should be provided with full access to relevant information by state authorities in order to discover the assets of an insolvent entity, and the authorities should be obliged to provide the information at no cost, and promptly. Also, the obligation imposed on a company that is declared bankrupt to continue financial reporting to state authorities (although legally the entity is prohibited from continuing commercial activity any longer) is in our view inefficient and should be abolished.

Not only the legal framework but also court proceedings impede the normal functioning of bankruptcy proceedings. The major problem of the implementation of the law in this sphere is that bankruptcy cases are litigated in Ukrainian courts for years, and the deadlines prescribed by the law are constantly being extended, which is often a result of the abuse of rights by parties to the bankruptcy proceedings and often makes it impossible for unsecured creditors to recover any assets from a debtor involved in bankruptcy proceedings.

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Peterka & Partners Ukraine

Moldova

A Snapshot of National Law Insolvency Procedures

The Republic of Moldova has continued the recent trend of insolvency legislation renovation, following such states as Romania, Russia, Ukraine, Germany, and Great Britain, among others. Moldova's new Insolvency Law of 2012 is already the fourth law covering the subject matter in the less than 25 years of the country's independence.

As a result of this continued legislative effort, Moldova can boast of having put into place a modern insolvency procedure and an efficient system of debtor asset administration.

According to the World Bank Doing Business 2016 report, Moldova has improved its insolvency system by introducing a licensing system for insolvency administrators, increasing the qualification requirements to include a professional exam and training, and establishing supervisory bodies to regulate the profession of insolvency administrators.

In order to provide insight into the Moldovan insolvency procedure, we will deal briefly below with the major aspects and novelties of the new Insolvency Law (the "Law").

Applicability of the Law. The new Law regulates all aspects of insolvency of any type of business entity, including state-owned enterprises, insurance companies, investment funds, and non-profit organizations. The Law also applies to individual entrepreneurs, i.e., sole traders (individual enterprises) and patent holders. The Law does not apply to banks or to insolvencies of state and local administrative entities.

Insolvency Procedure. The Law provides the following procedures for satisfying the claims of creditors on account of the debtor's assets: (1) a restructuring procedure, involving a repayment of debt in accordance with a plan and the debtor's financial and economic revival; or (2) a bankruptcy procedure, involving the sale of all debtor assets in order

to repay its debts and the liquidation of the debtor.

The Law also introduces two new procedures which are vital for realizing the expediency principle. The first one is the expedited restructuring procedure: an insolvency procedure that is meant to restore the debtor's business and which may start immediately after application or after observation and should be completed within a short timeframe. The second one is the simplified liquidation procedure, which is an insolvency procedure to liquidate the debtor within a short timeframe.

Grounds for Initiating the Insolvency Process. The general ground for initiating the insolvency procedure is a debtor's inability to pay, while the special ground for insolvency is over-indebtedness of the debtor.

A creditor can file an application for debtor's insolvency if the creditor is able to show that it has a legitimate claim against the debtor, the debtor has failed to pay the debt by the due date, and the creditor has notified the debtor that the debt is overdue.

The debtor may initiate the insolvency procedure when there is a risk of inability to pay. The debtor is obliged to file an introductive application immediately, but not later than upon expiration of 30 days from the moment of occurring any of the grounds for initiating the insolvency procedure. The court shall pass a decision on initiation of the insolvency process within 10 days.

Realization of Debtor Assets. The term of realization or liquidation of the debtor's insolvency assets shall not exceed two years from the moment of initiation of the insolvency procedure. Upon expiration of two years, any unused debtor's assets shall be sold without delay in a Dutch auction without the consent of the creditors' meeting, until the price falls to zero, at which point direct negotiations should be started.

Terms. The Law provides the specific terms for procedural actions, including, where permitted, the grounds for extending the relevant term. Thus, the parties are able to estimate the time required for completing each procedural step. For example, the Law stipulates that the term for examining an initiation of the insolvency process shall not exceed 60 working days, starting from the date of accepting the introductive application for examination.

Authorized Administrators. The lawmaker created a mechanism of authorization of and supervision over the insolvency administrators through the Law on Authorized Administrators of 2014.

Jurisprudence. At the moment there is no streamlined and well elaborated judicial practice on applying the new Insolvency Law. However, the Supreme Court of Justice – within one year of the new Law's entry into force – has made a dedicated effort to explain how the legislative provisions should be applied by adopting a Decision of the Plenary Hearing of the Court on the Judicial Practice of Application of the Insolvency Law. Additionally, the Supreme Court of Justice publishes explications and recommendations of application of certain legislative rules, which have turned out to be a rather useful instrument for judges, insolvency attorneys, and businesses.

Cristina Martin, Partner,
ACI Partners

Joint UNCITRAL-LAC Conference on Dispute Settlement

We are delighted to invite you to Ljubljana for the **Joint UNCITRAL-LAC Conference on Dispute Settlement**. The conference is organized jointly by UNCITRAL and the Ljubljana Arbitration Centre (LAC) and will take place at the Slovenian Chamber of Commerce and Industry on Tuesday, **15 March 2016**.

We are looking forward to welcoming some of the most renowned speakers from the field as well as connecting participants from around the world in particular arbitrators, lawyers representing parties in arbitrations, in-house counsels, state officials and globally operating businesses.

The conference will focus on:

- the needs and expectations of the users of international arbitration and mediation,
- the dos and don'ts of party representation,
- enforceability of settlement agreements,
- control and optimization of costs.

On the day following the conference, the Ljubljana Willem C. Vis Pre-moot will take place.

We are looking forward to welcoming you in Ljubljana.

United Nations
UNCITRAL

Ljubljana Arbitration Centre
at the Chamber of Commerce and Industry of Slovenia

WHEN:
15 March 2016

WHERE:
Chamber of Commerce and Industry of Slovenia,
Dimičeva 13, Ljubljana, Slovenia

WHO:
Arbitrators, lawyers representing parties in arbitrations, in-house counsels, state officials and globally operating businesses.

More information on the conference, the programme and the registration:

The Ljubljana Arbitration Centre is an autonomous arbitration institution that operates at the Chamber of Commerce and Industry of Slovenia and is independent from it. We are administering fast and efficient resolution of domestic and international disputes since 1928, thus representing one of the oldest arbitration institution in the region. The LAC is a regional forum. Our parties come from CE & CEE & SEE regions.

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