



CEE

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LEGAL MATTERS

IN-DEPTH ANALYSIS OF THE NEWS AND NEWSMAKERS THAT SHAPE
EUROPE'S EMERGING LEGAL MARKETS

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EDITORIAL: TO KILL A MARKET-LEADING GOAT

By Radu Cotarcea

In antiquity, it was commonplace for people to sacrifice a goat to the gods – sometimes to pacify them but many times to simply bring good fortune. It took millennia to overcome the post hoc ergo propter hoc thinking of “something good happened to me after I killed a goat, therefore killing a goat got me something good.” Accurate or not, certain ideas, once set in our brains, have a nasty habit of sticking around way past their prime.

I’m just now slowly coming up for air after the insanity that was the week leading up to the Deal of the Year submissions deadline. I won’t whine to our readers about the flood of submissions that landed in the last hour – I’ve done that plenty to anyone willing to listen over the last couple of days and I think it’s out of my system. No, it’s not about methodology (the when in particular) that I feel the need to write. Rather, it’s the substance of it all that crushes my soul.

For those of you blissfully unaware, each year CEELM awards the most important deals (based on size, complexity, and impact/significance for the market) in each country that we cover. We don’t make those assessments. Each year, we put together a set of jurors – both at a country and regional level, consisting of senior lawyers – and we act purely as a conduit, aggregating submissions (while screening for completeness), developing a voting platform, and aggregating/tabulating votes.

We make that process clear. We tell participants in the submission form “this is where you talk to the jurors and try to convince them this deal warrants their vote.” Almost without fail, submissions state that deal X involved a “market-leading company buying another market leader.” Rarely do they try to give any info beyond that – turnover, headcount, market share,

etc. All deals are “groundbreaking” and “unique” and require an “innovative solution,” but what new element they introduced is anyone’s guess. Lest we forget, all are “complex,” because of reasons.



As an editorial style, CEELM always cuts out qualifiers from our writing. If a company we write about in a deal news item is a significant market player, our readers will know that because we quoted firms giving us any data available about their revenue, size, market share, etc. If their sole description is that of a “market leader,” we simply cut that out from our final piece.

But, of course, we don’t do that with DOTY submissions. We pass them on to the jurors as received and they are left with comparing and picking between one groundbreaking deal and a unique one. The few submissions that provide the intel I described do stand out, but I would not hold it against either of our jurors if they ever told me that they had to flip a coin between a few entries based on what they were provided with.

The worst part is that, based on pure statistics, I am sure that many submissions that suffer from this ill do end up winning. Similarly, I’m sure that many similar submissions to ranking directories do end up being rewarded with a band 1 or a tier 1. And that just invites more “groundbreaking” talk in future submissions. But anyone who’s seen more than one such submission already simply glazes over such qualifiers without any substance and, if you’re preparing such a submission, know you’re inviting a game of chance when it comes to who gets picked. You’re just as well off sacrificing a goat. ■



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Letters to the Editors:

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: press@ceelm.com

GUEST EDITORIAL: LAWYERING IN INTERESTING TIMES – A CEE PERSPECTIVE

By Borislav Boyanov, Senior Partner, Boyanov & Co



In an era of unprecedented challenges, the legal profession in Central and Eastern Europe (CEE) is at the forefront of navigating these turbulent times. We face a vast array of challenges, including wars, the rise of nationalism, global tensions, energy crises, economic uncertainties, pandemics, climate change, and the rapid pace of digital transformation. Each of these significantly impacts both our lives and profession.

We witness the resilience of Ukrainian lawyers working under rocket attacks for nearly two years. Young Greek lawyers started rapidly to specialize in climate law. Impressive AIs like Allen & Overy's Harvey and innovative legal tech products by Serbian and Hungarian colleagues highlight the evolving legal technology landscape, which is going to reshape dramatically the way we practice for sure.

As the end of the year is approaching, there is a sense of hopeful anticipation for what the new year may bring.

We see national independent law firms in CEE continue to grow and become more sophisticated and capable. There are brands with strong corporate culture, *proper* structures, and wide international recognition. They are attractive destinations to both clients and the younger generation of lawyers. While succession remains a challenge for some leading firms with over 25-30 years of history, alongside their famous veterans, a new generation of modern, knowledgeable, and innovative partners is emerging. The region has real leaders who not only navigate successfully domestic and international clients but also steer their firms through these dynamic times.

A critical aspect of our work is the role of law firms in democratic societies of CEE. These firms must be at the forefront, advocating for the rule of law and the values of civil society. Law firms are called upon to voice the improvement of the business climate and social conditions in our countries and the region.

Cross-border cooperation is another significant aspect. Our work often involves international elements, leading us to seek and create various forms of international collaboration, such

as clubs, networks, alliances, and groups. This international coverage, while not homogeneous, offers both advantages and disadvantages compared to international law firms operating in CEE. Local firms in the majority of cases still have the benefit of deeper roots, broader experience, and contacts. Moreover, we strive to build international outreach and find proper partners who can deliver high-quality, speedy services to our clients. Of course, relations with international law firms help a lot and continue to be very important. International cooperation becomes increasingly essential for our firms' existence and development. Imagine for a moment how a mid-sized independent law firm competes with an international law firm or a giant from the Big Four group in terms of spending on AI or business development, for example. There is much to be seen in the direction of international cooperation. The challenges will become so big that they undoubtedly will transform the nature and scope of the different forms of international collaboration. In addition, we expect to see more joint efforts between law firms and IT companies and other consultants.

Indigenous law firms in CEE will continue to face typical professional challenges such as an ongoing war for talent, different perceptions among the younger generation toward the profession, salary pressures from international law firms and clients from certain industries, limited capacity for substantial AI and other tech investments, cybersecurity issues, the necessity of revaluation, and adapt law firm business models. Reflecting on the legal market's developments over the last 35 years, however, we see that local lawyers are individuals of strong character, stamina, and intellectual capacity. They have managed to survive and thrive through various difficulties, a testament to their resilience and adaptability. Many of them are names of international caliber.

As we look toward the future, the challenges we face will only make us stronger, more connected, and more innovative. We are hopeful that the legal profession in CEE, with its deep-rooted resilience, stands ready to meet these challenges head-on. ■

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ACROSS THE WIRE: DEALS AND CASES

Date Covered	Firms Involved	Deal/Litigation	Value	Country
27-Nov	Zepos & Yannopoulos	Zepos & Yannopoulos advised DEPA Commercial on its joint venture with GEK Terna and Gener 2 for the development of a thermal electricity production unit in Albania.	N/A	Albania; Greece
16-Nov	Herbst Kinsky	Herbst Kinsky advised Refurbed on its Series C financing round totaling EUR 54 million from investors including Evli Growth Partners, C4 Ventures, All Iron Ventures, and Speedinvest.	EUR 54 million	Austria
17-Nov	Schoenherr	Schoenherr advised ProPellets Austria on a dawn raid by the Austrian Federal Competition Authority and its subsequent investigation into the Austrian pellets market.	N/A	Austria
17-Nov	Herbst Kinsky; Schindler Attorneys	Herbst Kinsky advised Leder & Schuh on the acquisition of certain assets of Salamander and Delka. Schindler Advised Salamander and Delka.	N/A	Austria
20-Nov	Avance Attorneys; Dentons; Moalem Weitemeyer; Schindler Attorneys; Vinge	Schindler Attorneys, working with Finland-based Avance, advised Triton on its acquisition of Caverion. Reportedly, Moalem Weitemeyer, Dentons, and Vinge advised on the transaction as well.	N/A	Austria
28-Nov	Wolf Theiss	Wolf Theiss advised the ALSO Group technology provider on its acquisition of Austrian Apple specialist the Target Group.	N/A	Austria
29-Nov	Schoenherr	Schoenherr advised EHL Immobilien on the sale of the entire stake in EHL Immobilien Management to PMV Holding, a member of the IMV Immobilien Management Group.	N/A	Austria
30-Nov	CMS; Herbst Kinsky	CMS advised Nordic private equity fund Alder Investment III on the acquisition of a majority stake in Austrian food industry optical sorting company Insort. Herbst Kinsky advised Insort's shareholders on the sale.	N/A	Austria
30-Nov	Baker McKenzie	Baker McKenzie successfully represented Google before the Court of Justice of the European Union in challenging the Austrian _Communication Platforms Act_, which it describes as "far-reaching content moderation legislation" aiming to regulate "large online platforms established in other EU member states."	N/A	Austria
01-Dec	Eisenberger & Herzog; Latham & Watkins	E+H, working alongside Latham & Watkins, advised Carlyle investment firm on its majority investment in GBTEC Software and its affiliates.	N/A	Austria
12-Dec	Binder Groesswang	Binder Groesswang advised fire, flame, and gas safety solution provider the Consilium Safety Group on its full acquisition of Radicos Technologies from the company's founders and financial investors.	N/A	Austria
14-Dec	Accura; Dorda; Ropes & Gray; Wolf Theiss	Wolf Theiss, working with Ropes & Gray, advised drug development contract research organization QPS Holdings on the full sale of its QPS Neuropharmacology business unit to Scantox. Dorda, working with Denmark's Accura, advised Scantox.	N/A	Austria
24-Nov	Herbst Kinsky; Orrick Herrington & Sutcliffe; WKB Wiercinski Kwiecinski Baehr	Herbst Kinsky and WKB Lawyers advised TX Logistik in the merger control proceedings before the Austrian and Polish competition authorities for its acquisition of Exploris Deutschland Holding, with Orrick Herrington & Sutcliffe reportedly advising on the proceedings in Germany.	N/A	Austria; Poland
27-Nov	DLA Piper	DLA Piper advised Montana Aerospace on a EUR 450 million corporate financing from a syndicate including Commerzbank Aktiengesellschaft, HSBC Continental Europe, and UniCredit Bank Austria.	EUR 450 million	Austria; Romania
30-Nov	Djingov, Gouginski, Kyutchukov & Velichkov	Djingov Gouginski Kyutchukov & Velichkov advised Sofia Airport operator SOF Connect on the expansion of the airport's open parking area and refurbishment of the covered parking.	N/A	Bulgaria

Date Covered	Firms Involved	Deal/Litigation	Value	Country
04-Dec	Clifford Chance; Djingov, Gouginski, Kyutchukov & Velichkov; Linklaters; Tsvetkova Bebov & Partners	Eversheds Sutherland member Tsvetkova Bebov & Partners, working with Clifford Chance, advised the Republic of Bulgaria on a dual-tranche EUR 2.3 billion sovereign bond issuance. DGKV and Linklaters advised joint lead managers BNP Paribas, Credit Agricole CIB, Deutsche Bank Aktiengesellschaft, and JP Morgan.	EUR 2.3 billion	Bulgaria
04-Dec	CMS; Schoenherr	CMS advised Astronergy on the acquisition of the Karlovo and Novi Pazar greenfield solar projects in Bulgaria, with a combined capacity of 120 megawatts. Schoenherr reportedly advised the sellers.	N/A	Bulgaria
08-Dec	Boyanov&Co; CMS; Schoenherr	Schoenherr advised Borealis AG on the agreement to purchase Bulgarian polyethylene and polypropylene recycler Integra Plastics. Boyanov & Co and CMS reportedly advised on the deal as well.	N/A	Bulgaria
16-Nov	Allen & Overy; Allen & Overy (Gedik Eraksoy); BLC Law Office; Boyanov & Co; Tsvetkova Bebov & Partners; White & Case; White & Case (GKC Partners)	Eversheds Sutherland member Tsvetkova Bebov and Partners, working alongside White & Case, advised Energo-Pro on an issue of USD 300 million bonds due 2028. Reportedly, BLC Law Office and GKC Partners advised on the issuance as well while Allen & Overy, Boyanov & Co, and Gedik Eraksoy advised the banks involved.	USD 300 million	Bulgaria; Czech Republic; Turkiye
16-Nov	Allen & Overy	Allen & Overy advised a syndicate of ten banks on Bina-Istra's EUR 1.1 billion refinancing of the Istrian Epsilon project and the debt financing of the construction, management, and maintenance of the new phases of the Adriatic highway in Croatia.	EUR 1.1 billion	Croatia
08-Dec	Kinstellar	Kinstellar advised S Immo on the sale of its Eurocenter office building in Zagreb – with an asset value of EUR 26.5 million – to Atlantic Grupa.	N/A	Croatia
08-Dec	Dentons; Karanovic & Partners (Ilej & Partners); Mamic Peric Reberski Rimac; White & Case	Ilej & Partners, in cooperation with Karanovic & Partners, and Dentons advised the EBRD on its agreement with Croatia's Mplus Group regarding a EUR 60 million investment for a 28.3% stake in M Plus Croatia. Mamic Peric Reberski Rimac and White & Case advised the Mplus Group, including M Plus Croatia and its majority shareholder Meritus Ulaganja.	EUR 60 million	Croatia; Czech Republic
16-Nov	Kinstellar; Skadden, Arps, Slate, Meagher & Flom	Kinstellar, working alongside Skadden, Arps, Slate, Meagher & Flom, advised Squared Capital on the acquisition of the entire Arriva Group.	N/A	Croatia; Czech Republic; Hungary; Romania; Slovakia
29-Nov	ODI Law; Rojs, Peljhan, Prelesnik & Partners	ODI Law advised Tus Holding and AH Invest 1 on the sale of Engrotus to Fortenova. Rojs, Peljhan, Prelesnik & Partners reportedly advised Fortenova subsidiary Mercator.	N/A	Croatia; Slovenia
20-Nov	JSK; Wolf Theiss	JSK advised the Genesis Private Equity Fund IV on its acquisition of STT Servis in the Czech Republic alongside some of the company's management. Wolf Theiss advised the founders of STT Servis on the sale.	N/A	Czech Republic
27-Nov	Clifford Chance; Peyton Legal; Rowan Legal	Clifford Chance advised Ceskoslovenska Obchodni Banka on the financing for the acquisition of Gastro-Menu Express by Oriens Holding. Rowan Legal advised the Oriens Fund III SCSp through Stroga Holding on the acquisition. Peyton Legal reportedly advised the sellers.	N/A	Czech Republic
27-Nov	Chdo; Weinhold Legal	Weinhold Legal advised WLSCo Investment and Lama Energy on the acquisition Fonergy. Chdo Advokati reportedly advised on the transaction as well.	N/A	Czech Republic
27-Nov	Glatzova & Co	Glatzova & Co advised the Vitkovice foundries on the negotiation and preparation of the reorganization plan and the approval of the prepackaged reorganization, including the preparation of credit financing to ensure liquidity during insolvency proceedings.	N/A	Czech Republic
30-Nov	Kinstellar	Kinstellar advised S Immo on its acquisition of a property portfolio in the Czech Republic, valued at EUR 481 million, from the CPI Property Group.	EUR 481 million	Czech Republic
01-Dec	Rowan Legal	Rowan Legal advised Oriens Fund II on its acquisition of Sogos Fanam.	N/A	Czech Republic
01-Dec	Kocian Solc Balastik	Kocian Solc Balastik advised Jet Investment on its acquisition of building insulation producer Likov via the Jet 3 Qualified Investor Fund.	N/A	Czech Republic

Date Covered	Firms Involved	Deal/Litigation	Value	Country
06-Dec	Clifford Chance; Kinstellar	Clifford Chance advised Ceska Sporitelna on the financing for the acquisition of Sanborn by Czech Machining Holding, a direct subsidiary of the Oriens Fund III SCSp. Kinstellar advised Genesis Private Equity on the sale.	N/A	Czech Republic
07-Dec	White & Case	White & Case advised Energeticky a Prumyslovy Holding on the establishment of the EUR 3 billion medium-term note program of EPH Financing International, which EPH guaranteed, and the initial EUR 500 million issuance of 6.651% guaranteed notes due 2028.	EUR 500 million	Czech Republic
08-Dec	White & Case	White & Case advised Keboola on its USD 32 million series A funding round led by Viking Global Investors with the participation of Presto Ventures and Reflex Capital and angel investors Eduard Kucera and Tomas Cupr, among others.	USD 32 million	Czech Republic
14-Dec	Reals; Rybar Soppe & Partneri	Reals advised Vienna and Warsaw-listed commercial real estate group Immofinanz on its acquisition of 22 retail properties in the Czech Republic from the CPI Property Group. Rybar Soppe & Partneri reportedly advised CPI.	N/A	Czech Republic
15-Dec	Dentons; Squire Patton Boggs	Squire Patton Boggs advised the CEZ Group on its long-term access agreement to an LNG regasification terminal to be constructed and operated by the Hanseatic Energy Hub in Stade, Germany. Dentons reportedly advised HEH.	N/A	Czech Republic
15-Dec	Kocian Solc Balastik	KSB advised the Seyfor Group on its acquisition of the KS-Program software company.	N/A	Czech Republic
27-Nov	Kinstellar; Niederer Kraft Frey; Roedl & Partner; Veil Jourde	Kinstellar, working with Veil Jourde, advised Jacquet Metals on its acquisition of several distribution companies from the Swiss Steel Group. Niederer Kraft Frey and Roedl & Partner reportedly advised the Swiss Steel Group.	N/A	Czech Republic; Hungary; Slovakia
06-Dec	SSW Pragmatic Solutions; White & Case	White & Case advised SigmaRoc on the acquisition of CRH's European lime businesses for a total deal value of approximately EUR 1 billion. SSW Pragmatic Solutions reportedly advised the lenders.	EUR 1 billion	Czech Republic; Poland
23-Nov	Pohla & Hallmagi	Pohla & Hallmagi successfully advised SG Veteris in obtaining a virtual currency service provider license from the Estonian Financial Intelligence Unit.	N/A	Estonia
27-Nov	TGS Baltic	TGS Baltic advised the Environmental Investment Center on developing a new support framework for the deployment of green hydrogen in the transport and industrial sectors in Estonia.	EUR 49 million	Estonia
06-Dec	TGS Baltic; Triniti	Triniti advised Utilitas on its acquisition of the Paide and Valka district heating business from Enefit Green for EUR 15.8 million. TGS Baltic reportedly advised Enefit Green.	EUR 15.8 million	Estonia
15-Dec	Ellex (Raidla)	Ellex advised Viru Keskus majority shareholder Pontos Baltic on the sale of its stake to the Estonian Tristafan family office and existing co-owner Kapital.	N/A	Estonia
20-Nov	Baker McKenzie; Ellex (Klavins); Ellex (Raidla); Ellex (Valiunas)	Ellex, working alongside Baker McKenzie, advised Culligan International on its acquisition of Primo Water Corporation's European business in an all-cash transaction valued at up to USD 575 million.	USD 575 million	Estonia; Latvia; Lithuania
16-Nov	Zepos & Yannopoulos	Zepos & Yannopoulos advised Deutsche Telekom group member Telecom Innovation on an investment in Desquared and BOX.	N/A	Greece
20-Nov	Koutalidis	Koutalidis, working with White & Case, advised the DFC on a USD 125 million financing loan to Onex Elefsis Shipyards and Industries. Reportedly, Antis Triantafyllides & Sons advised the DFC on Cypriot legal matters.	USD 125 million	Greece
20-Nov	Bernitsas	Bernitsas Law advised GIC on its acquisition of a 35% stake in Hotel Investment Partners.	N/A	Greece
22-Nov	Norton Rose Fulbright	Norton Rose Fulbright advised global coordinators, initial mandated lead arrangers, and bookrunners Citibank and BNP Paribas on a USD 2.8 billion sustainability and gender diversity-linked facility to GasLog.	USD 2.8 billion	Greece
24-Nov	Allen Overy Shearman Sterling; Freshfields; Koutalidis; Milbank	Shearman & Sterling advised the Hellenic Financial Stability Fund on its EUR 1.1 billion fully marketed offering of a 22% stake in the National Bank of Greece. Koutalidis, working with Milbank, advised the offering's coordinators, managers, and underwriters. Freshfields Bruckhaus Deringer advised the National Bank of Greece.	EUR 1.1 billion	Greece
27-Nov	Kyriakides Georgopoulos	Kyriakides Georgopoulos advised the shareholders of Karydakis on the sale of the company to the Multi-Color Corporation.	N/A	Greece
01-Dec	Bernitsas	Bernitsas Law advised Helleniq Energy Holdings on the refinancing of a EUR 400 million common bond loan issued by its Hellenic Petroleum subsidiary.	EUR 400 million	Greece

Date Covered	Firms Involved	Deal/Litigation	Value	Country
01-Dec	Bernitsas	Bernitsas Law advised the European Investment Bank on its financing for the extension of the Northern Cyclades interconnection, a project conducted by Greece's Independent Power Transmission Operator.	N/A	Greece
06-Dec	Bernitsas	Bernitsas advised Eurobank on the EUR 500 million issuance and offering of its fixed-rate callable senior preferred instrument due November 2029 to international and domestic institutional investors, as well as their listing on the Euro MTF Market of the Luxembourg Stock Exchange.	EUR 500 million	Greece
16-Nov	Koutalidis; Kyriakides Georgopoulos	Koutalidis advised Alpha Bank on its partnership with UniCredit in Greece and Romania. Kyriakides Georgopoulos advised the Hellenic Financial Stability Fund on the disposal of its 8,9781% stake in Alpha Services and Holdings SA to UniCredit.	N/A	Greece; Romania
27-Nov	PK Law Office; Wolf Theiss	Wolf Theiss advised the Vienna Insurance Group on the increase of its stake in Hungarian holding company VIG Magyarorszag from 55% to 90%, by acquiring the extra stake from Hungarian state holding company Corvinus. PK & Partners reportedly advised Corvinus.	N/A	Hungary
29-Nov	AegisLegal; Duda & Csako; Kalman & Partners	AegisLegal and Kalman & Partners advised Biggeorge REIT Nyrt on the successful listing of its shares on the Budapest Stock Exchange. Duda & Csako reportedly also advised on the listing.	N/A	Hungary
29-Nov	Allen & Overy; Deloitte Legal; Huempfer & Associates	Deloitte Legal advised Shopper Park Plus on its euro-denominated share issuance on the Budapest Stock Exchange. Allen & Overy advised arrangers OTP Bank and Concorde Securities. Huempfer & Associates reportedly advised on the matter as well.	EUR 37.2 million	Hungary
08-Dec	Wolf Theiss	Wolf Theiss advised the Kyoto Group on the agreement to deliver its Heatcube thermal energy storage system to Hungarian food ingredient producer KALL Ingredients.	EUR 6.4 million	Hungary
08-Dec	NH Partners	NH Partners advised Waberer's International on its acquisition of a 51% stake in Petrolsped.	N/A	Hungary
12-Dec	Schoenherr	Schoenherr advised the MET Group on the completion of its photovoltaic plants located in Buzsak, Gerjen, and Sojtor, Hungary, with a total capacity of almost 169 megawatts and spanning 134 land plots with a total area of almost 310 hectares.	N/A	Hungary
15-Dec	Oppenheim; Schoenherr	Oppenheim advised the China National Machinery Import & Export Corporation and China Power International Holding on the acquisition of a project company developing a photovoltaic project with an installed capacity of 53.9 megawatts in Tiszafured, Hungary. Schoenherr advised the ID Energy Group on the sale.	N/A	Hungary
15-Dec	AegisLegal	AegisLegal advised STRT Holding on the listing of its shares on the Budapest Stock Exchange.	N/A	Hungary
22-Nov	Baker McKenzie; CMS	CMS advised coordinator and facility agent Raiffeisen Banking Group on the EUR 600 million nine-banking-group club multicurrency revolving credit facility for the MOL Group. Baker McKenzie advised the MOL Group on the deal. CMS also acted as transaction counsel on MOL's JPY 14.6 billion bilateral revolving credit facility and its EUR 50 million bilateral EUR/CNY revolving credit facility.	EUR 750 million	Hungary; Romania
30-Nov	Cobalt	Cobalt advised Luxembourg-based investment fund Marguerite on the closed sale of its 28.97% stake in Latvijas Gaze to Energy Investments following the fund's successful divestments of the regulated assets of Latvijas Gaze.	N/A	Latvia
30-Nov	Lewben; TGS Baltic	TGS Baltic advised the INVL Baltic Sea Growth Fund on the agreement to fully acquire the Galinta Group. Lewben advised Galinta.	N/A	Latvia; Lithuania
16-Nov	Wallace	Wallace advised Arginta and Atzwanger on the Vilnius sewage treatment plant renovation project worth EUR 37.1 million.	EUR 37.1 million	Lithuania
20-Nov	Ellex (Valiunas); TGS Baltic	Ellex Valiunas advised Appslyer on its acquisition of DevtoDev. TGS Baltic reportedly advised the sellers.	N/A	Lithuania
21-Nov	Wallace	Wallace advised the Ministry of the Environment of the Republic of Lithuania on the renovation project of the Lithuanian Zoo in Kaunas.	N/A	Lithuania
27-Nov	TGS Baltic	TGS Baltic advised the European Investment Bank on its EUR 25 million loan agreement with Klaipeda municipal water utility company Klaipedos Vanduo in Lithuania, to support its 2023-2026 investment program.	EUR 25 million	Lithuania
01-Dec	Ellex (Valiunas); TGS Baltic	Ellex Valiunas advised E Energija group company Kogeneracija on the sale of 100% of shares in Miesto Energija and Pramonės Energija and a 4,34% stake in Klaipedos Energija to Vilniaus Silumos Tinklai. TGS Baltic reportedly advised the buyer.	N/A	Lithuania

Date Covered	Firms Involved	Deal/Litigation	Value	Country
07-Dec	Ellex (Valiunas); Walless	Ellex Valiunas advised the EBRD on its EUR 15 million loan to ECSO. Walless advised the borrower.	EUR 15 million	Lithuania
07-Dec	Komnenic; Radovanovic Stojanovic & Partners	Radovanovic Stojanovic & Partners advised Polish Tuplex Group member TI Holding on the acquisition of all shares in Montenegro's Matera. Komnenic & Partners represented a private stakeholder in the sale of Matera.	N/A	Montenegro; Serbia
16-Nov	Gide Loyrette Nouel; Moskwa Jarmul Haladyj i Wspolnicy	Gide advised Inovo VC on its PLN 14 million investment in LiveKid. Reportedly, MJH Moskwa, Jarmul, Haladyj and Partners advised LiveKid.	PLN 14 million	Poland
16-Nov	White & Case	White & Case advised Octopus Renewables Infrastructure Trust on a conditional agreement to sell the Krzecin and Kuslin onshore wind farms in Poland to Orlen Wind 3 and refinance the existing indebtedness of the project companies.	N/A	Poland
17-Nov	Rymarz Zdort Maruta	Rymarz Zdort Maruta advised Stokado on its acquisition of self-storage rental company Top Box.	N/A	Poland
20-Nov	Baker McKenzie; SSW Pragmatic Solutions	Baker McKenzie advised Blank and its founders on an investment from Neowiz. SSW Pragmatic Solutions reportedly advised Neowiz on the deal.	N/A	Poland
20-Nov	Gessel	Gessel advised PayPo on the sale of its receivables portfolio to Aion Bank.	N/A	Poland
20-Nov	Wolf Theiss	Wolf Theiss advised the Erste Group on the up to EUR 48 million financing to Cavatina Holding for the Quorum Building Complex in Wroclaw.	EUR 48 million	Poland
21-Nov	Dentons; Osborne Clarke	Dentons advised DNB Bank and mBank on extending a revolving credit facility to Greenvolt Power. Reportedly, Osborne Clarke advised Greenvolt Power.	EUR 90 million	Poland
22-Nov	Ashurst; Getsix; Schoenherr	Schoenherr advised ABC Technologies Holdings subsidiary ABC Automotive Poland on the sale of its business to a subsidiary of ETM International. GetSix and Ashurst reportedly advised ETM in Poland and Germany.	N/A	Poland
24-Nov	EY Law; MFW Fialek	MFW Fialek advised the Scanmed medical group on the acquisition of Med-Lux. EY Law advised Med-Lux.	N/A	Poland
27-Nov	Czabanski & Galuszynski	Reed Smith advised Wind Point Partners on its acquisition of Assisi Pet Care. Czabanski & Galuszynski, working with Addleshaw Goddard, advised the Crescent Capital Group on providing financing for the acquisition.	N/A	Poland
27-Nov	Gessel	Gessel advised the Orthos Multidisciplinary Hospital – part of the Lux Med network – on the acquisition of a 1.1-hectare agricultural property bordering its premises.	N/A	Poland
27-Nov	Ashurst; Domanski Zakrzewski Palinka; GWV Graf von Westphalen; Schoenherr	Schoenherr advised Joachim Exner – the insolvency administrator of Dr. Schneider's Group – on the sale of its business to the Samvardhana Motherson Group for EUR 118.3 million. Friedrich Graf von Westphalen advised Motherson. DZP and Ashurst reportedly advised the sellers.	EUR 118.3 million	Poland
27-Nov	Dentons; Greenberg Traurig; Wolf Theiss	Wolf Theiss advised Deutsche Hypo-NORD/LB Real Estate Finance on the financing for Rysy Properties Limited's EUR 46 million acquisition of the Mokotow Nova office building in Warsaw from CCP III Netherlands Holding. Dentons advised Tristan Capital Partners on the sale of Mokotow Nova. Greenberg Traurig advised the buyer.	EUR 46 million	Poland
29-Nov	Dentons; DLA Piper	Dentons advised Globalworth on the EUR 145 million financing from Germany's Aareal Bank AG to refinance its obligations regarding the Skylight and Lumen office complex and the Hala Koszyki multifunctional facility in Warsaw. DLA Piper advised Aareal Bank.	EUR 145 million	Poland
29-Nov	Allen Overy Shearman Sterling; CMS	Allen & Overy advised Bank Pekao and Berlin Hyp on a EUR 125 million financing to G City Europe for the Promenada shopping center in Warsaw. CMS advised G City Europe.	EUR 125 million	Poland
29-Nov	Norton Rose Fulbright	Norton Rose Fulbright advised Bank Gospodarstwa Krajowego on amendments to the documentation regarding a CRR-compliant counter-guarantee between Bank Gospodarstwa Krajowego and Powszechny Zaklad Ubezpieczen in favor of Alior Bank.	N/A	Poland
30-Nov	Wolf Theiss	Wolf Theiss advised the INVL Baltic Sea Growth Fund and Eco Baltia on the financing from mBank for the acquisition of a 70% stake in the Polish PVC window recycler Metal-Plast.	N/A	Poland
30-Nov	DWF	DWF advised Elawan Energy on the sale of an 18-megawatt portfolio of photovoltaic projects in Poland to R.Power.	N/A	Poland

Date Covered	Firms Involved	Deal/Litigation	Value	Country
01-Dec	Moskwa Jarmul Haladyj i Wspolnicy	MJH Moskwa Jarmul Halady advised Best Capital Fizan on its EUR 4.2 million issuance of bonds maturing October 2027, to be listed on the Catalyst alternative trading system of the Warsaw Stock Exchange.	EUR 4.2 million	Poland
01-Dec	DWF	DWF advised Polish private airline Enter Air on the establishment of a joint venture with TUI to provide aircraft rental and charter flight services to commercial customers.	N/A	Poland
01-Dec	Gessel; WKB Wiercinski Kwiecinski Baehr	WKB Lawyers advised SAS Groupe Positive on its acquisition of User.com. Gessel advised founder Grzegorz Warzecha and investor Vercom on the sale.	N/A	Poland
04-Dec	Gessel; Rymarz Zdort Maruta	Rymarz Zdort Maruta advised an MCI Capital fund on the acquisition of Webcon. Gessel advised the sellers.	N/A	Poland
06-Dec	Baker McKenzie; White & Case	White & Case advised dealers Bank Polska Kasa Opieki, BNP Paribas, BofA Securities Europe, Citigroup Global Markets Europe, and JP Morgan on the establishment of Bank Pekao's EUR 5 billion program for the issuance of medium-term eurobonds and first EUR 500 million issuance of 5.5% fixed-to-floating green bonds maturing in November 2027. Baker McKenzie advised Bank Pekao.	EUR 500 million	Poland
07-Dec	Greenberg Traurig; Norton Rose Fulbright	Norton Rose Fulbright advised a consortium including PKO Bank Polski, Bank Gospodarstwa Krajowego, mBank, and Santander Bank Polska on their PLN 800 million financing for the construction of a 72.6-megawatt wind farm. Greenberg Traurig advised the project's sponsor, the Polsat Plus Group.	PLN 800 million	Poland
08-Dec	Balicki Czekanski Gryglewski Lewczuk; Dotlaw	Balicki Czekanski Gryglewski Lewczuk and, reportedly, Dotlaw advised Symfonia on its full acquisition of eDokumenty and acquisition of a 51% stake in MoreBIT.	N/A	Poland
08-Dec	Taylor Wessing; Zydek, Pliszka, Korcik	Taylor Wessing advised Da Gama ASI on its investment in Ready Bathroom. Zydek Pliszka Korcik advised Ready Bathroom.	N/A	Poland
08-Dec	Roedel & Partner; Slazak, Zapior i Partnerzy; Soltysinski Kaweck i Szlezak	SK&S and Roedel & Partner advised AniCura on the acquisition of the Gliwcka Przychodnia Weterynaryjna veterinary clinic in Gliwice. Slazak Zapior i Partnerzy advised the Gliwice Veterinary Clinic.	N/A	Poland
08-Dec	CMS; Dentons	Dentons advised Heimstaden on the refinancing of the acquisition of two residential complexes in Warsaw – Heimstaden Bokszerska and Heimstaden Grzybowska – via a EUR 47.2 million loan from Santander Bank Polska. CMS advised Santander Bank.	EUR 47.2 million	Poland
11-Dec	GM Legal Grot & Marcinkiewicz; Greenberg Traurig	Greenberg Traurig advised Valorem on its cooperation agreement with T&T Proenergy for the development of photovoltaic projects with a capacity of over 300 megawatts in Poland. GM Legal reportedly advised T&T Proenergy.	N/A	Poland
11-Dec	CMS; Dentons	Dentons advised Modus Asset Management on obtaining EUR 58 million in debt financing from BNP Paribas Bank Polska and PKO Bank Polski to finance and refinance the acquisition of a 93-megawatt portfolio of photovoltaic projects in Poland. CMS advised BNP Paribas Bank Polska and PKO Bank Polski.	EUR 58 million	Poland
12-Dec	Moskwa Jarmul Haladyj i Wspolnicy	MJH Moskwa, Jarmul, Haladyj advised BA Glass on its acquisition of the glass production business in Orzesze, Poland, from the Canpack Group's CP Glass.	N/A	Poland
14-Dec	Rymarz Zdort Maruta	Rymarz Zdort Maruta advised multi-functional industrial and logistics facility developer CL Property on the lease agreement and related documents for its Citylink-branded Technological Research and Development Center to be located in Wroclaw.	N/A	Poland
15-Dec	Linklaters; Wardynski & Partners	Wardynski & Partners advised the Futureal group on its acquisition of the Lipowy Office Park complex in Warsaw from the WP Carey group. Linklaters reportedly advised WP Carey.	N/A	Poland
15-Dec	DLA Piper; MFW Fialek	MFW Fialek advised Solita on its investment in and integration of Future Mind. DLA Piper advised Future Mind.	N/A	Poland
15-Dec	Allen & Overy; Allen Overy Shearman Sterling	Allen & Overy advised MBDA UK Limited on its GBP 4 billion agreement with Polska Grupa Zbrojeniowa to support PGZ's delivery of the NAREW air defense program for the Polish Armed Forces.	GBP 4 billion	Poland
15-Dec	DLA Piper	DLA Piper advised International Personal Finance on the successful PLN 72 million issuance and settlement of senior unsecured floating-rate notes under the IPF's EUR 1 billion medium-term note program.	PLN 72 million	Poland
15-Dec	WKB Wiercinski Kwiecinski Baehr	WKB Lawyers advised Volvo Polska on its acquisition of the truck service business previously operated by Serwisy Jozef Skrzypa.	N/A	Poland

Date Covered	Firms Involved	Deal/Litigation	Value	Country
15-Dec	Clifford Chance; Gessel; Greenberg Traurig; Latham & Watkins	Greenberg Traurig advised Abris Capital Partners on the sale of paper hygiene product manufacturer Velvet Care to the Partners Group. Gessel advised the Velvet Care management. Clifford Chance, working with Latham & Watkins, advised the Partners Group.	N/A	Poland
15-Dec	Norton Rose Fulbright	Norton Rose Fulbright advised the Eiffel Investment Group on financing the grid deposits for a 6-gigawatt photovoltaic and battery storage portfolio sponsored by Sunly, in Poland.	N/A	Poland
17-Nov	Bondoc & Asociatii	Bondoc si Asociatii advised RetuRO Sistem Garantie Returnare as the sole administrator of the deposit-return system implemented in Romania on the engineering, procurement, and construction contract for the technical infrastructure and the equipment necessary for the operation of the deposit-return system throughout the country.	N/A	Romania
23-Nov	BNT Attorneys	BNT Gilesu Valeanu & Partners advised the Procredit Bank on granting a EUR 3.15 million credit facility to the NextE Group for the construction of a 7.4-megawatt-peak photovoltaic power plant.	EUR 3.15 million	Romania
24-Nov	Schoenherr	Schoenherr signed new legal services and partnership agreements to continue providing pro bono legal advice to Concordia – an independent NGO supporting children, young people, and families in need in Romania, Bulgaria, Moldova, Kosovo, and Austria – which the firm been supporting for the past 15 years.	N/A	Romania
27-Nov	Clifford Chance; Dentons	Dentons advised the CEC Bank on raising EUR 162.6 million through a tap of its senior non-preferred MREL-eligible notes due February 2028. Clifford Chance advised the underwriting banks.	EUR 162.6 million	Romania
29-Nov	Deloitte Legal (Reff & Associates)	Deloitte Legal Romanian affiliate Reff & Associates advised Romania's National Agency for Fiscal Administration on implementing an EU-funded project to modernize tax controls, including amending the relevant legislation to provide the framework for intensifying desk audits and targeted checks.	N/A	Romania
29-Nov	Musat & Asociatii	Musat & Asociatii advised Visionapartments on the development of the Visionapartments luxury apartment on Bucharest's Calea Victoriei.	EUR 23 million	Romania
30-Nov	Tuca Zbarcea & Asociatii	Tuca Zbarcea & Asociatii and the IFC worked alongside Romania's General Secretariat of the Government, Ministry of Finance, Ministry of Development, Public Works, and Administration, and Ministry of Transport and Infrastructure to update the country's regulatory framework regarding public-private partnership projects, works concessions, and service concessions.	N/A	Romania
30-Nov	MPR Partners	MPR Partners advised EnPower Energy on the development and sale of a 60-megawatt photovoltaic project near Ovidiu, Romania, to Israel's Econergy International.	N/A	Romania
01-Dec	Stratulat Albulescu; Wolf Theiss	Stratulat Albulescu advised Eli Parks on the lease agreement with Portuguese environmental services company Sopsa for premises covering 6,400 square meters in Eli Park 4, outside Bucharest. Wolf Theiss advised tenant Sopsa Eco Innovation.	N/A	Romania
01-Dec	DLA Piper	DLA Piper advised Seattle-based Washington Dental Service on its acquisition of a 50% stake in 8 West Consulting.	N/A	Romania
01-Dec	Ana Maria Andronic Law Office; Andronic X Partners; Pop & Partners	Andronic x Partners advised the shareholders of Kepler Management Systems on the sale of the company to the Bittnet Group. Pop & Partners advised the buyers.	N/A	Romania
01-Dec	Cee Attorneys; RTPR	RTPR advised EMI Group on the acquisition of KADRA. CEE Attorneys advised the sellers.	N/A	Romania
01-Dec	Stratulat Albulescu	Stratulat Albulescu advised the founders of Respira Verde on the sale of 50% of their stake in Respira to OMV Petrom.	N/A	Romania
08-Dec	CMS; Vlasceanu & Partners; Wolf Theiss	Vlasceanu & Partners and Wolf Theiss advised the Ratesti Solar Plant – an Econergy group and Nofar group subsidiary – on the EUR 60 million financing from Raiffeisen Bank International and Raiffeisen Bank Romania to finance part of its EUR 102 million 155-megawatt solar project in Ratesti, Romania. CMS reportedly advised Raiffeisen Bank.	EUR 60 million	Romania
08-Dec	CMS; Pelipartners	PeliPartners advised Mitiska REIM on the sale of 25 retail parks in Romania to the LCP Group, part of M Core Property, for EUR 219 million. CMS advised M Core Property.	EUR 219 million	Romania
11-Dec	PGC Partners	PGC Partners successfully defended journalist Cornel Nistorescu and the Cotidianul newspaper against defamation claims filed by the Romanian Writers' Union.	N/A	Romania

Date Covered	Firms Involved	Deal/Litigation	Value	Country
12-Dec	Vlasceanu & Partners	Vlasceanu & Partners advised Alive Capital on its acquisition of a 23-megawatt photovoltaic project in Nanov, Teleorman County, in a share deal for the Da Vinci New Project company.	N/A	Romania
15-Dec	Clifford Chance; Filip & Company; Freshfields	Filip & Company, working with Freshfields Bruckhaus Deringer, advised Banca Transilvania on its new EUR 1.5 billion bond program which raised EUR 500 million via a sustainable bond issuance. The Bucharest and London offices of Clifford Chance advised the dealers.	EUR 500 million	Romania
15-Dec	BPV Grigorescu Stefanica; Filip & Company	BPV Grigorescu Stefanica advised Infineon Technologies on its EUR 57 million lease agreement with One United Properties in Romania. Filip & Company reportedly advised One United Properties.	EUR 57 million	Romania
20-Nov	CMS; Harrisons; Karanovic & Partners	Harrisons, working alongside CMS, advised the EBRD on a EUR 27.6 million loan to District Center doo Beograd and PKS-LATEX-HLC doo Cacak. Karanovic and Partners advised District Center doo Beograd and PKS-LATEX-HLC doo Cacak.	EUR 27.6 million	Serbia
24-Nov	NKO Partners	NKO successfully represented Konica Minolta before the Administrative Court of Serbia in a dispute with the Serbian Competition Authority over a fine imposed for allegedly entering into restrictive agreements.	N/A	Serbia
01-Dec	Bajic & Popovic; NKO Partners	NKO advised Dr Max on its acquisition of Melem Pharmacy in Serbia from Vladimir Cupic. Bajic & Popovic reportedly advised the seller.	N/A	Serbia
06-Dec	Djokic+Partners; Karanovic & Partners	Karanovic & Partners advised BIG CEE on its acquisition of two retail parks in Serbia – NEST Obrenovac and NEST Kraljevo – from RC Europe. Djokic+Partners advised RC Europe.	N/A	Serbia
08-Dec	Isailovic & Partners; Kinstellar	Kinstellar advised Chinese investors CMC Capital and Shanghai Electric Power & Energy Development Limited on the acquisition of Crni Vrh Power, a project company developing a 150-megawatt onshore wind farm in the eastern Serbian municipalities of Bor, Zagubica, and Majdanpek. Isailovic & Partners advised the sellers on the deal.	N/A	Serbia
08-Dec	Gecic Law	Gecic Law advised Telekom Srbija on its memorandum of understanding with the College of Europe to provide up to ten annual scholarships for Serbian students.	N/A	Serbia
01-Dec	Havel & Partners; Kinstellar	Kinstellar advised Siemens Mobility on its acquisition of Slovak railway security solutions company HMH. Havel & Partners reportedly advised the seller.	N/A	Slovakia
14-Dec	Kavcic Bracun & Partners; Kinstellar	Kinstellar and Kavcic Bracun & Partners advised Slovenia's Nova Ljubljanska Banka banking group on the acquisition of SLS Holdco and its subsidiaries from funds managed by affiliates of Apollo Global Management and the European Bank for Reconstruction and Development.	N/A	Slovenia
20-Nov	Akin Gump; Clifford Chance; Clifford Chance (Ciftci Attorney Partnership); Paksoy	Paksoy advised Ziraat Katilim Bankasi on a USD 500 million issuance of Islamic bond certificates on Euronext Dublin. Clifford Chance and its Turkish affiliate Ciftici Attorney Partnership advised joint lead managers Dubai Islamic Bank, Emirates NBD Capital, HSBC, and Standard Chartered Bank. Akin Gump reportedly advised Ziraat Katilim Bankasi as well.	USD 500 million	Turkiye
20-Nov	Dentons (BASEAK); YYU Legal	Dentons Turkish affiliate Balcioglu Selcuk Ardiyok Keki advised Emre Kurttepel on the sale of Mynet Internet Teknoloji Anonim Sirketi to Mediazz Yeni Medya ve Teknoloji Yatirimlari Anonim Sirketi. Yondem Yigit Uclertoprangi advised Mediazz.	N/A	Turkiye
24-Nov	Akin Gump; Ashurst; Kinstellar; Kinstellar (Gen Temizer Ozer); Kolcuoglu Demirkan Kocakli	Kinstellar and its Turkish affiliate Gen Temizer Ozer, working with Ashurst, advised British Petroleum on the sale of its downstream business in Turkiye to Vitol Turkish subsidiary Petrol Ofisi. Kolcuoglu Demirkan Kocakli, working with Akin Gump, advised Vitol and Petrol Ofisi on the deal.	N/A	Turkiye
29-Nov	Egemenoglu	Egemenoglu advised Italian international transport company Savino Del Bene on its acquisition of majority stakes in Turkiye's freight forwarding market players Trans Okyanus and Bogazici Ekspres.	N/A	Turkiye
01-Dec	Aksan	Aksan advised PhiTech Bioinformatics on receiving an investment from the Maxis Arya venture capital fund.	N/A	Turkiye
06-Dec	Hengeler Mueller; Paksoy	Hengeler Mueller advised the Salzgitter Group on the sale of its 23% participating share in Turkiye's Borusan Mannesmann Boru Yatirim Holding to the co-owner Borusan. Paksoy reportedly advised the Salzgitter Group as well.	N/A	Turkiye

Date Covered	Firms Involved	Deal/Litigation	Value	Country
15-Dec	Linklaters; Paksoy; White & Case; White & Case (GKC Partners)	White & Case and its GKC Partners Turkish affiliate advised joint bookrunners BofA Securities, BNP Paribas, and Citi Bank on a Reg S/Rule 144A USD 400 million debut issuance of 8.5% senior guaranteed notes by TAV Havalimanlari Holding. Paksoy and, reportedly, Linklaters advised the issuers and the guarantors.	USD 400 million	Turkiye
15-Dec	Egemenoglu	Egemenoglu advised the shareholder of Oktrade Kimya on the sale of the company to Azelis.	N/A	Turkiye
15-Dec	Dentons; Dentons (BASEAK)	Dentons and its Turkish affiliate Balcioglu Selcuk Ardiyok Keki advised the lenders on QNB Finansbank's dual currency loan including USD 241.5 million and EUR 235.7 million.	USD 241.5 million; EUR 235.7 million	Turkiye
20-Nov	Covington & Burling	Covington & Burling successfully represented DTEK before the International Arbitral Tribunal seated in the Hague in a case against Russia over seized Crimean assets.	USD 267 million	Ukraine
23-Nov	Appleton Luff; Sayenko Kharenko	Sayenko Kharenko, working with Appleton Luff, successfully represented PJSC Stalkanat in the antidumping administrative review regarding prestressed concrete steel strand, conducted by the US Department of Commerce, resulting in a 0% (no-dumping) rate being granted.	N/A	Ukraine
23-Nov	Avellum; Hillmont Partners	Avellum and Hillmont Partners successfully represented Argentem Creek Partners and Innovatus Capital Partners before Ukraine's Supreme Court in bankruptcy proceedings against GNT Group companies Olimpex Coupe International and MetalsUkraine.	N/A	Ukraine
24-Nov	Sayenko Kharenko	Sayenko Kharenko advised GoIT on an investment from Horizon Capital.	N/A	Ukraine
04-Dec	Avellum; Baker Botts; CMS; Harneys; Redcliffe Partners	Redcliffe Partners advised the IFC, EBRD, and DFC on their USD 480 million loan to Ukrainian poultry and grain producer MHP. Avellum advised MHP. CMS, working with Harneys, advised the DFC and EBRD as well. Harneys and Baker Botts reportedly also advised the IFC.	USD 480 million	Ukraine
08-Dec	Allen & Overy; CMS; White & Case	CMS advised a syndicate of banks led by ING Bank on the adjustment to the loan repayment terms under the USD 450 million pre-export facility for Ukraine's Kernel Group. White & Case advised the Kernel Group. Allen & Overy reportedly advised Natixis, one of Kernel Group's creditors.	N/A	Ukraine
15-Dec	Vasil Kisil & Partners	Vasil Kisil & Partners successfully represented the interests of Kischenzi in a tax dispute.	N/A	Ukraine



Deals and Cases:

- Full information available at: www.ccelegalmatters.com
- Period Covered: November 16, 2023 - December 15, 2023

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

ON THE MOVE: NEW HOMES AND FRIENDS

Romania: TSA Legal Launches in Bucharest

By Andrija Djonovic (November 16, 2023)

TSA Legal has opened its doors for business in Romania led by Vlad Toba and Traian Stefanescu.

Prior to setting up TSA Legal, Toba spent almost two years in private practice. Earlier, he spent four and a half years with the law office of Radulescu Veronel and, earlier, a year with the law office of Laura Cumanov.

Before joining forces with Toba, Stefanescu spent almost four years in private practice. Prior to that, he spent seven months as a Senior Associate with EY, almost four and a half years with LDDP, and, earlier still, nine months with Zamfirescu Racoti & Partners. ■

Slovakia: Ments Opens Doors in Bratislava

By Andrija Djonovic (November 16, 2023)

Former HKV Partner Lukas Michalik has opened up a new law firm in Slovakia: Ments. Joining Michalik at Ments is Partner Peter Makys, another former HKV lawyer.

While Ments' immediate focus is M&A, life sciences, commercial leases, and compliance, Michalik commented that the firm's "commitments go beyond that and we are ready to support any innovative business idea, whether from a multinational corporation or a startup."

Before setting up Ments, Michalik spent almost 16 combined years with HKV – almost seven of which as a Partner.

Prior to joining forces with Michalik at Ments, Makys spent over eight years with HKV, joining as an Associate in 2015 and becoming a Senior Associate in 2021. ■

Romania: Act Legal Romania Onboards Nine-Lawyer Consortium Legal Team

By Radu Neag (November 27, 2023)

Act Legal Botezatu Estrade Partners has recently announced it welcomed a nine-person team from Consortium Legal – including Partners Stelian Mic, Barna Bolonyi, and Valeriu Timus – in "a friendly integration and a strategic step forward."

According to Act Legal, Consortium Legal is a Bucharest-based law firm best known for its tech-savvy regulatory, sports law, and litigation lawyers. "This joining of forces goes beyond a mere business strategy, as several attorneys in both firms share a professional history with the Act Legal team, having previously worked together in other firms," their press statement read.

Mic focuses on highly regulated industries such as environment, online platforms, financial services, and block-chain-based industries. He had established his previous firm, Mic Iordache Bolonyi, back in 2018. Before that, he led the Mic Law Office for five and half years. Earlier, he was a Senior Associate with Eversheds in Romania for a year, spent ten months with Socar in 2014, and four years with Kinstellar from 2009 and 2013. He started out with Bulboaca & Asociatii in 2007. Bolonyi specializes in litigation with a focus on civil, commercial, and administrative proceedings, and IP, labor, arbitration, enforcement, and insolvency. He joined Mic Iordache Bolonyi in 2021 after having spent the previous three years with Stalfort & Somesan. Earlier, he was a Managing Associate with Musat & Asociatii, for a year and a half, and spent seven years more with Stalfort Legal Tax Audit. He began his career as a Trainee Lawyer with the Rosca Law Office in 2006. Timus has a background in labor, corporate, and M&A and focuses on real estate, construction, labor, and regulatory projects. He had initially established Consortium Legal back in 2012 and later also joined Mic Iordache Bolonyi as a Partner, in 2020.

The three Partners were joined by Senior Counsel Isabela Delia Popa, Counsels Angela Cristea and Cristina Dutescu, Senior Associate Elena Costescu, Associate Cristina Ceausu, and Junior Associate Iulia Mitache. ■

Ukraine: Yaroslav Ognevyyuk and Tetiana Ohneviuk Set Up Ambassadors Law Firm

By Radu Neag (November 29, 2023)

Former Sayenko Kharenko Partner Yaroslav Ognevyyuk – together with Tetiana Ohneviuk – has set up a new law firm in Ukraine: the Ambassadors law firm.

According to Ognevyyuk, a part of the Sayenko Kharenko IP team – which he previously led – has joined the new firm alongside his move (as reported by CEE Legal Matters on October 31, 2023). “The Ambassadors team will continue to provide high-quality legal and patent services in the field of intellectual property, we will be legal ambassadors of brands, innovations, and technologies. At the same time, Partner Tetiana Ohneviuk will become an ambassador of justice

and Head the Dispute Resolution practice with a focus on non-standard and complex litigations in commercial, civil, and administrative proceedings.”

Prior to setting up Ambassadors, Ognevyyuk spent almost five years with Sayenko Kharenko, where he was the Head of the IP practice. Before that, he spent over 12 years with Doubinsky & Osharova, two years with the Patent Office of Ukraine, and, earlier still, two years in-house with Educational Book.

Partner Tetiana Ohneviuk was also part of Sayenko Kharenko, as an Associate, between 2019 and 2021. Earlier, she spent six months as an Associate with Doubinsky & Osharova. She is currently an Associate Professor of the Department of Civil Law at the University of Customs and Finances, since 2020. ■

PARTNER MOVES

Date	Name	Practice(s)	Moving From	Moving To	Country
15-Dec	Marcell Nemeth	Banking/Finance; Insolvency/Restructuring	Wolf Theiss	DLA Piper	Austria
16-Nov	Olga Kaizar	Energy/Natural Resources; Real Estate	Deloitte Legal	PwC Legal	Czech Republic
30-Nov	Szymon Okon	Capital Markets	SSW Pragmatic Solutions	Schoenherr	Poland
30-Nov	Pawel Chyb	Corporate/M&A	SSW Pragmatic Solutions	Schoenherr	Poland
30-Nov	Ilona Fedurek	Banking/Finance	SSW Pragmatic Solutions	Schoenherr	Poland
30-Nov	Tomasz Kwasniewski	Capital Markets; Banking/Finance	SSW Pragmatic Solutions	Schoenherr	Poland
30-Nov	Katarzyna Solarz	Corporate/M&A	SSW Pragmatic Solutions	Schoenherr	Poland
30-Nov	Katarzyna Szczudlik	TMT/IP	SSW Pragmatic Solutions	Schoenherr	Poland
30-Nov	Marcin Czaprowski	Corporate/M&A	SSW Pragmatic Solutions	Schoenherr	Poland
16-Nov	Vlad Toba	Litigation/Disputes	N/A	TSALegal	Romania
16-Nov	Traian Stefanescu	Litigation/Disputes	N/A	TSALegal	Romania
27-Nov	Stelian Mic	Energy/Natural Resources; TMT/IP; Banking/Finance	Consortium Legal	Act Legal Romania	Romania
27-Nov	Barna Bolonyi	Corporate/M&A; Litigation/Disputes	Consortium Legal	Act Legal Romania	Romania
27-Nov	Valeriu Timus	Labor; Corporate/M&A	Consortium Legal	Act Legal Romania	Romania
14-Dec	Victor Stanila	Capital Markets; Banking/Finance	Victor Stanila Law Office	BNT Attorneys	Romania
20-Nov	Tanja Glisic	Corporate/M&A; TMT/IP	Dokleštic, Repić & Gajin	TSG	Serbia
16-Nov	Lukas Michalik	Corporate/M&A	HKV Law Firm	Ments	Slovakia
16-Nov	Peter Makys	Corporate/M&A	HKV Law Firm	Ments	Slovakia
29-Nov	Yaroslav Ognevyyuk	TMT/IP	Sayenko Kharenko	Ambassadors Law Firm	Ukraine
29-Nov	Tetiana Ohneviuk	TMT/IP	Sayenko Kharenko	Ambassadors Law Firm	Ukraine

PARTNER APPOINTMENTS

Date	Name	Practice(s)	Firm	Country
16-Nov	Christoph Cudlik	Energy/Natural Resources	Schoenherr	Austria
16-Nov	Michael Marschall	Corporate/M&A	Schoenherr	Austria
16-Nov	Teresa Waidmann	Labor	Schoenherr	Austria
16-Nov	Dragomir Stefanov	Corporate/M&A	Hristov & Partners	Bulgaria
20-Nov	Vaclav Zaloudek	Energy/Natural Resources; Litigation/Disputes	White & Case	Czech Republic
29-Nov	Radek Kraus	Banking/Finance; Insolvency/Restructuring	White & Case	Czech Republic
29-Nov	David Wilhelm	Energy/Natural Resources; Corporate/M&A	White & Case	Czech Republic
24-Nov	Linda Al Sallami	Banking/Finance; Capital Markets	Deloitte Legal	Hungary
8-Dec	Anna Hlebicka-Jozefowicz	Compliance	Domanski Zakrzewski Palinka	Poland
16-Nov	Iustin Armasu	Litigation/Disputes	Schoenherr	Romania
29-Nov	Tolga Tezel	Corporate/M&A; Capital Markets	White & Case	Turkiye
8-Dec	Ebru Ince	Competition	Elig Gurkaynak	Turkiye
8-Dec	Harun Gunduz	Competition	Elig Gurkaynak	Turkiye
22-Nov	Iryna Kobets	Litigation/Disputes	LCF Law	Ukraine

OTHER APPOINTMENTS

Date	Name	Firm	Appointed To	Country
28-Nov	Ivelina Cherneva	Dinova Rusev & Partners	Managing Partner	Bulgaria
8-Dec	Ladislav Smejkal	Dentons	Managing Partner	Czech Republic
8-Dec	Jiri Strzinek	Dentons	Managing Partner	Czech Republic
8-Dec	Kristof Ferenczi	Kinstellar	Firm Managing Partner	Hungary
11-Dec	Balazs Karsai	Nagy & Trocsanyi	Managing Partner	Hungary
15-Dec	Balazs Sepsey	Kinstellar	Office Managing Partner	Hungary
15-Dec	Jakub Gorski	Studnicki, Pleszka, Cwiakalski, Gorski	Managing Partner	Poland
15-Dec	Slawomir Dudzik	Studnicki, Pleszka, Cwiakalski, Gorski	Managing Partner	Poland
15-Dec	Piotr Kaminski	Studnicki, Pleszka, Cwiakalski, Gorski	Managing Partner	Poland



On The Move:

- Full information available at: www.ccelegalmatters.com
- Period Covered: July 16, 2023 - September 15, 2023

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

THE BUZZ

In **The Buzz** we check in on experts on the legal industry across CEE for updates about developments of significance. Because the interviews are carried out and published on the CEE Legal Matters website on a rolling basis, we've marked the dates on which the interviews were originally published.

No Rest on Compliance in Hungary: A Buzz Interview with Gergely Szabo of Ban, S. Szabo, Rausch & Partners

By Andrija Djonovic (December 11, 2023)



An increase in foreign investor activity, energy sector regulation shifts, as well as the incoming challenges brought by the impending ESG Act and NIS2 cybersecurity directive are all keeping lawyers in Hungary quite busy, according to Partner Gergely Szabo of Ban, S. Szabo, Rausch & Partners.

“The market for M&A transactions in Hungary and across Europe experienced a slowdown, but we observed an unexpected uptick in autumn,” Szabo begins. “Interestingly, there’s been a notable increase in transactions involving foreign investors and not just Hungarian state and Hungarian-owned investors – this trend suggests a positive outlook. Also, we’ve seen companies acquiring others to meet the target’s capital requirements, using acquisitions as a strategy for financing the target,” he says.

The NIS2 Directive requires thorough preparation – it’s not just about IT procurement.

Szabo then highlights a particularly dynamic regulatory landscape. “A key area of focus is the impending ESG Act. Set for early December adoption, it outlines a framework for ESG compliance and due diligence, significantly impacting the supply chain of corporations,” he explains. According to him, this will be a major challenge for mid-sized companies as suppliers.

“The act will fundamentally change how companies operate, particularly in terms of supply chain management. It will be interesting to see how companies adapt to these new requirements and how the various ESG questionnaires and corporate requirements will drive this transformation – compliance will be a significant hurdle, especially for mid-sized companies,” Szabo explains.

“Another crucial topic is the NIS2 Directive on cybersecurity compliance, which necessitates extensive preparation and implementation,” he continues. “The NIS2 Directive requires thorough preparation – it’s not just about IT procurement; it also involves drafting documents, reviewing company compliance, and training staff. With appropriate strategy and thorough preparation, the given company would get a huge competitive advantage through NIS2 compliance,” he explains.

“And changes in regulations for Hungarian energy communities and new detailed rules on microgrids are imminent,” Szabo goes on to add. “These are eagerly anticipated by the energy sector as they’ll enable a more flexible energy transition in Hungary, with significant economic implications. Additionally, the EU AI Act, which is nearly enacted, will be a pivotal legislative instrument, as will be the EU Data Act and the fully-applicable Digital Services Act,” he says.

Finally, Szabo underscores that 2022 “was challenging in terms of electricity and gas procurement, with a lot of disputes about traders’ actions. This year, the process has been smoother mainly because of the lower market prices. Moreover, many businesses have secured fixed prices, aided by Hungarian subsidies for certain industries,” he says. “However, the future of pricing remains uncertain – a key lesson is that clients are now more attentive to contract details, enhancing their expertise in these matters,” Szabo concludes. ■

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2024 Came Early in Montenegro: A Buzz Interview with Stefan Lucic of PLK Advokati

By Andrija Djonovic (December 11, 2023)



The new year started early for Montenegro, or at least it feels that way according to PLK Advokati Founding Partner Stefan Lucic, who points to significant recent policy shifts aligning Montenegro more closely with the EU and NATO and to the ambitious economic reforms spearheaded by the country's newly elected prime minister.

Our main economic challenges have arisen in the production sectors. Tourism remains our mainstay, but agriculture has been struggling. We hope the new government will bring us closer to EU standards in these sectors. However, specifics on plans for agriculture and production are yet to be outlined.

“It’s a pivotal moment for Montenegro,” Lucic begins. “The new government, which came into power at the end of October 2023, marks a major shift in our political landscape,” he says. According to him, the new government proclaims its heavy orientation towards strengthening ties with the EU. “We’re already witnessing the implementation of key tax and economic reforms just a month into their tenure.”

Lucic also stresses that new Prime Minister Milojko Spajic proclaimed his vision towards significant legislation reforms. “Spajic is not new to government roles; he was a part of the administration before the last one – during that time, he initiated several tax and social reforms. Under his leadership, we’re expecting significant reforms in taxation and social contributions.” Such reforms tend to affect the most vulnerable categories of society, while, specifically, Lucic mentions that “the minimum wage is set to increase by 20-25% – this echoes similar reforms from two years ago.”

Shifting focus to look more ahead, Lucic says he believes “2024 looks promising. Montenegro is increasingly being viewed as a stable country in Europe – we anticipate a surge in investments, especially in the sectors of tourism and energy.” And, focusing on the banking sector, he shares that it is “doing well and will be a focus in the coming months. Moreover, the government itself is likely to get multi-million loans from local, private banks, which are reported to be highly liquid and cooperative.”

As for the real estate and construction sector, Lucic highlights: “We finally have a draft of the general spatial plan for Montenegro, which is crucial for major state projects, including highways, winter tourism projects, and the energy sector.” Further, he reports “significant movement on renewable energy, particularly in wind and solar parks. The government has the authority to issue urban-technical conditions for these projects – we’re talking about around 4,000 megawatts already approved, which is a massive capacity that should be developed in the next couple of years,” he explains.

However, not everything looks to be a smooth sail. “Our main economic challenges have arisen in the production sectors. Tourism remains our mainstay, but agriculture has been struggling,” he shares. “We hope the new government will bring us closer to EU standards in these sectors. However, specifics on plans for agriculture and production are yet to be outlined.”

Finally, Lucic shares a few key updates to the country’s overall legal landscape. “There’s been a notable shift in the judiciary. The Constitutional Court, which was blocked for the last couple of years, is now functional with the appointment of a new judge; we’re also seeing movements in criminal matters and promises for enhanced focus on finance and economic development,” he says. “In 2024, we expect changes in the pension system, particularly regarding the retirement age, which is proposed to be set at 65 years for both men and women. As for the winter season, there’s room for improvement in our winter tourism projects, and we’re optimistic about the growth potential,” Lucic concludes on a high note. ■

The Curious 2023 of Romania: A Buzz Interview with Ileana Glodeanu of Wolf Theiss

By Radu Neag (December 15, 2023)

2023 has been marked by unprecedented challenges and unexpected developments, according to Wolf Theiss Partner Ileana Glodeanu. From major events like the Hidroelectrica IPO to a surge in large-scale transactions and surprising sectoral activities, Glodeanu shares her thoughts on market conditions and emerging trends in Romania.

“This year has been a real whirlwind, surpassing even the complexities of 2022,” Glodeanu begins. “With major events like the Hidroelectrica IPO, which was Europe’s largest, we’ve been kept on our toes. Despite some of these developments being in discussion for over a decade, their actualization in 2023 amidst a backdrop of war, rising interest rates, and inflation has been both challenging and pleasantly surprising,” she shares.

Looking at the M&A market in Romania, Glodeanu goes on to note that it has “been atypical, to say the least. We’ve seen a surge in large-scale transactions, which is unusual for Romania, where smaller deals are more common. The energy and technology sectors have been particularly active, though we’ve also navigated through a relatively effervescent period in healthcare and retail space as well,” she explains.

“It’s been a year of contradictions and unexpected turns,” Glodeanu continues. “The volatility has been stark – we’d secure several mandates in a week, only to see clients withdraw or pause due to misaligned commercial terms the week thereafter. It’s been a year where even seasoned lawyers found it hard to predict outcomes.” Interestingly, despite these challenges, she still says that Wolf Theiss has “seen better performance when compared to last year (which had been our best year ever, across CEE), with intense and tough negotiations characterizing most deals.”

Focusing on the most active sectors, Glodeanu points out that “energy was predictably active, continuing a trend from recent years. However, the tech sector brought surprises, as we continued to sign deals despite expecting a slowdown given the global capital markets situation.” Additionally, she reports that the “real estate sector and retail also defied expectations with significant transactions. Moreover, infrastructure and healthcare have remained strong and consistent,” she says.

Finally, Glodeanu reports an interesting trend emerging in Romania, one involving “high-net-worth individuals and family offices investing in private equity, though it’s still in its early days compared to countries like the Czech Republic or Poland. We’re also seeing succession planning in family businesses, with a growing need for structured approaches to M&A transactions,” she says.

“While it’s tricky to predict what will come in 2024, given the unpredictability of this year, we anticipate continued activity in sectors like healthcare and infrastructure. The manufacturing sector also presents opportunities,” Glodeanu says, concluding that she also expects a “continued trend of complex and challenging negotiations, but with a market resilient enough to weather those challenges.” ■



We’ve seen a surge in large-scale transactions, which is unusual for Romania, where smaller deals are more common. The energy and technology sectors have been particularly active, though we’ve also navigated through a relatively effervescent period in healthcare and retail space as well.

Less Smoke, More Hires in Serbia: A Buzz Interview with Nenad Cvjeticanin of Cvjeticanin & Partners

By Andrija Djonovic (December 15, 2023)



Comprehensive regulatory changes targeting tobacco products, specifically vapes and electronic cigarettes, as well as the upcoming general election taking place on December 17 hold the front page for lawyers in Serbia, according to Cvjeticanin & Partners Managing Partner Nenad Cvjeticanin.

“Previous provisions didn’t regulate the precise usage of vapes and electronic smoking devices not containing tobacco, but rather nicotine liquids,” Cvjeticanin begins, tackling the changes to the tobacco framework. These products are mainly imported from China and this, he points out, is not a tobacco-producing country. “Usage of these devices was noticed as an alarming trend among minors, even elementary school children, primarily influenced by social media – and this prompted the need for regulation.”

Cvjeticanin reports that “the regulator responded by forbidding the sale of these products to minors as well as their sale online. Now, only spare parts or batteries can be bought online, not vapes or their liquid charges.” Additionally, a maximum nicotine limit of 2 milligrams per charge, as well as 2 milliliters of liquid by charge has been set for electronic devices, he explains.

Moreover, Cvjeticanin says that the “government has introduced new registers for manufacturers and importers of tobacco-related products. These devices are mostly imported, so import and retail fees have been introduced, making them more expensive,” he explains. “Importers and retailers now need a special license, which is time-limited and involves extra costs for renewal; also, there are marketing restrictions to make these products less appealing to children.”

Putting things into a broader context, Cvjeticanin says that “Serbia still has the highest rates of smokers in the EU and the region. These regulatory steps are part of Serbia’s effort to harmonize with the EU’s *acquis communautaire* – many importers from the EU we work with have noticed similar changes in their regions,” he stresses.

Moving on to other matters, Cvjeticanin points out that Serbia is entering the final stages of a general election cycle. “The likelihood is that the same political option will remain in power,” he says, noting that “the government’s focus on digitalization and investments has led to a shift in the workforce, which is rather significant in the past years. Still, the current economic climate remains good, despite challenges brought about by the post-COVID times and the war in Ukraine.”

Speaking of workforce shifts, Cvjeticanin touches more on the challenges Serbia faces in industries like construction and transportation. “There’s a notable migration of Serbian workers from traditional industries to online and freelance jobs. Consequently, a lot of people from countries like Nepal, Cuba, and India are replacing them, especially in construction, agriculture, and transportation. To address the labor shortage, the government introduced the *Carta Serbica*, allowing emigrants to regain Serbian citizenship quickly,” he explains. “The shift in the workforce and the need for skilled labor in education, IT, and the public sector still present challenges,” he adds. “This restricts investments to smaller and medium-sized ventures, as significant new entries would require thousands of workers,” Cvjeticanin concludes. ■

“*The likelihood is that the same political option will remain in power. The government’s focus on digitalization and investments has led to a shift in the workforce, which is rather significant in the past years. Still, the current economic climate remains good, despite challenges brought about by the post-COVID times and the war in Ukraine.*”

Musical Chairs in Poland: A Buzz Interview with Pawel Halwa of Schoenherr

By Radu Neag (December 15, 2023)

Poland's legal landscape is characterized by the increased mobility of lawyers and legal teams, while its markets are feeling optimistic following the results of the recent elections, according to Schoenherr Poland Managing Partner Pawel Halwa, and everyone is waiting for the new government's investment and legislative priorities to come into focus.

Over the last three to six months, there has been a notable surge in legal team mobility in Poland, according to Halwa, "presenting significant opportunities for both domestic and international firms looking to expand their presence in the country. This movement has been particularly robust, leading to substantial growth for many firms, including ours and our peers like Rymarz Zdort Maruta and Wolf Theiss." Noteworthy changes also occurred, he notes, within the former Dentons team, "with departures and the establishment of new firms. The energy sector has been a focal point during this period, along with robust activity in M&A, banking, finance, and healthcare. Long-established M&A teams have also witnessed notable shifts, indicating a dynamic and evolving legal landscape."

Moving on, Halwa says the outcome of recent elections in Poland has already generated excitement in the market: "The Warsaw Stock Exchange responded enthusiastically, signaling positive expectations. The election results indicate access to new EU funds, particularly from the European Recovery and Resilience Facility funds. Infrastructure and innovation are poised to be primary beneficiaries, paving the way for increased investments and tech-driven M&A activities." More broadly, he thinks "the legal market can anticipate heightened activity in infrastructure, energy, and healthcare, as these sectors are likely to gain prominence on the new government's agenda."

"The government's focus on transitioning from coal-based energy to more sustainable alternatives is expected to generate changes in energy policy and drive legal work," Halwa also highlights. "In context, while specific legislative proposals are not yet on the table, it is evident that renewable energy will be a priority – the legal sector is already witnessing growth in RFPs, with companies strategically aligning for the long term in response to expected or anticipated policy changes."

When looking ahead to 2024, Halwa reports a "looming concern regarding a potential wall of debt, leading to anticipated restructurings and distressed transactions." This trend is already visible in the real estate sector, he says, "and is expected to extend to other areas." He points out that "specialized investors focused on special situations and distressed assets have been actively entering the Polish market over the past 12 months, positioning themselves for opportunities arising from debt refinancing difficulties." As businesses seek to refinance their debt in 2024, "the markets foresee potential asset sales and restructuring opportunities," Halwa concludes. ■



The Warsaw Stock Exchange responded enthusiastically, signaling positive expectations. The election results indicate access to new EU funds, particularly from the European Recovery and Resilience Facility funds. Infrastructure and innovation are poised to be primary beneficiaries, paving the way for increased investments and tech-driven M&A activities.

THE DEBRIEF: JANUARY 2024

In **The Debrief**, our Practice Leaders across CEE share updates on recent and upcoming legislation, consider the impact of recent court decisions, showcase landmark projects, and keep our readers apprised of the latest developments impacting their respective practice areas.

This House – Implemented Legislation

Wolf Theiss Poland Associate Sonia Kurpiel and Drakopoulos Partner Mika Lalaoui start by highlighting recently implemented legislation in Poland and Greece, respectively. “Major changes for employers occurred in Poland,” Kurpiel says, underlining that “on November 17, 2023, the *Ordinance of the Minister of Family and Social Policy of October 18, 2023*, came into force, amending the ordinance on occupational safety and health at work in workplaces equipped with screen monitors.” She emphasizes that employers have six months to bring existing workstations into compliance with the new regulations.

According to Kurpiel, the changes are of significant importance to employers hiring remote employees, “as employers must provide desktop monitors or laptop stands to employees who use a portable computer system and use it for at least half of their daily working hours. In addition, a workstation equipped with a portable computer system must be equipped with an additional keyboard and mouse. Another new requirement is to equip employees with seats with regulated armrests.” Additionally, “a further change applies to employees who have a visual defect,” she explains. “Until now, employers were required to provide employees with glasses if the results of an eye examination conducted as part of preventive health care showed the need for them while working at a monitor. The new regulations require employers to provide employees with glasses as well as contact lenses.”

In Greece, “*Law 5066/2023* entered into force on November 14, 2023 (Law 5066),” according to Lalaoui. It *inter alia* “transposes *Directive EU 2021/2101 amending Directive EU 2013/34* as regards disclosure of income tax information by certain undertakings and branches into Greek law and updates national legislation on companies’ publicity obligations.” According to her, “Law 5066 aims to promote financial and corporate transparency, ensuring the full functioning of both the Greek market and the internal market of the EU, providing equivalent safeguards throughout the EU for the protection of investors.”

Lalaoui explains that “according to Law 5066, multinational groups, and where relevant, certain standalone undertakings, are obliged to publicly report income tax information where they exceed a certain size, in terms of the amount of revenue, over a period of two consecutive financial years, depending on the consolidated revenue of the group or the revenue of the standalone undertaking, unless the above entities fall within the exceptions set out in the relevant law provisions.” In case of non-compliance, she notes that “fines ranging from EUR 10,000 to 100,000 may be imposed on members of the administrative, management, and supervisory bodies.” Furthermore, Lalaoui says that “Law 5066 obliges capital companies of the non-financial sector which receive financing from credit institutions lawfully operating in Greece and listed companies to submit their financial statements to the Bank of Greece.”

This House – Under Review

CMS Sofia Managing Partner Kostadin Sirleshtov points to potential recent changes to Bulgarian renewable energy legislation, particularly focusing on new wind projects and battery storage solutions. According to him, “the second attempt of the Bulgarian Parliament to pass the *Offshore Wind Act* started at the beginning of December 2023, and will be closely watched by the investment community, as the Ministry of Energy has already received the first application for a 1,000+ megawatt and EUR 2+ billion commitment.”

This House – The Latest Draft

PRK Partners Attorney at Law Milan Sivy highlights that an “important and complex amendment to the Czech ‘Mergers’ Act (i.e., *Act No. 125/2008 Coll., on Transformation of Business Companies and Cooperatives, as amended*) is being prepared. The primary objective of the proposed amendment is to incorporate requirements of *EU Directive 2019/2121* concerning certain transformations with cross-border elements (cross-border transfer of registered seats, mergers, and separation) into the Czech legal order.” However, Sivy also underlines rather controversial parts, with “some changes of the amendment comprising the possibility of executing a demerger through a



Bernhard Hager,
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Kostadin Sirlishtov,
Managing Partner,
CMS Sofia



Mika Lalaouni,
Partner,
Drakopoulos



Milan Sivy,
Attorney at Law,
PRK Partners

spin-off of a listed joint-stock company with an unequal share exchange ratio and a demerger through spin-off with the termination of minority shareholders' participation with the consent of 75% of the votes of the shareholders present at the general meeting (under certain additional conditions)."

Schoenherr Bulgaria Partner Tsvetan Krumov highlights that "in November 2023, the Bulgarian Ministry of Finance completed a two-year project of drafting a close-out netting legislation, supported by the EBRD and legal consultants that is expected to be soon submitted to the Parliament." Krumov further stresses that the purpose of this long-awaited draft is "to increase the legal certainty around lots of transactions where close-out netting is used as a standard mechanism for credit risk reduction – as derivatives, repos, securities lending, and other securities financing transactions."

Eversheds Sutherland Slovakia Managing Partner Bernhard Hager notes that in Slovakia, "a draft on so-called 'to-go zones' confused many clients."

In the Works

Komnecic & Partners Managing Partner Milos Komnecic reports Montenegro has seen notable 5-star hotel-related project developments recently. "There is ongoing development of a number of large-scale hotels," he notes. "These include the Montis Mountain Resort in Kolasin, Galeb in Ulcinj, and Riviera Montenegro in Budva. All these investments are over EUR 50 million and are at different stages of development." Komnecic also mentions that "due to the economic citizenship program and significant developments in the south and north of the ski centers in Montenegro, 25 larger hotels are currently under various stages of development of which all projects are 5 and 4 stars. Notably, major operators such as Rixos, Swiss Hotel, Iberostar have entered the Montenegrin market, resulting in a substantial boost to the hotel and real estate market." Additionally, "landmark projects such as Lustica Development and Porto Montenegro continue to develop with a successful sale and expected pricing of even EUR 15,000 per square meter for certain types of property, while Portonovi is also having a number of sales as this project is fully developed."

Optima Legal & Financial Partner Ilir Daci adds that, in Albania, the state-run KESH aims to lead renewables' development "with a project for the construction of a new 50-megawatt solar plant in Belsh, central Albania." According to him, the solar plant just got the green light for financial support from the European Commission.

The most notable project in Hungary in terms of M&A, according to Forgo, Damjanovic & Partners Managing Partner Zoltan Forgo, "is clearly the purchase of the Budapest Airport by a consortium, which includes the Hungarian State." According to him, the transaction is expected to be signed by the end of December, as "the European Commission has already approved the transaction in a simplified procedure." The current

owners of the Budapest Airport, according to Forgo, are reported to be Germany's Avialliance GmbH (55,4%), Malton – a subsidiary of Singapore's State investment fund, GIC (23,33%), and the Canadian Pension Fund Caisse de depot et placement du Quebec (21,23%). He adds that the purchaser consortium is reported to consist of Corvinus Zrt., a 100% Hungarian state-owned vehicle, and France-based Vinci Airports. "It is also expected that Qatar's state investment fund participates either as a financial or strategic investor," Forgo says. "The purchase price is expected to be in the range of EUR 4-5 billion." According to him, "by making this purchase the Hungarian State may fulfill a long-awaited desire of the Hungarian Government to have a majority control over the Budapest Airport."

Lastly, over the last month, according to Sirleshtov, in Bulgaria, "Lukoil announced that it is selling the largest Bulgarian company – Burgas refinery," noting that the transaction is expected to be worth billions of euros.

There is ongoing development of a number of large-scale hotels. These include the Montis Mountain Resort in Kolasin, Galeb in Ulcinj, and Riviera Montenegro in Budva. All these investments are over EUR 50 million and are at different stages of development.

Done Deals

In the meantime, according to Sirleshtov, "greenfield solar investments were on the rise with Astronergy completing its second and third acquisition in Bulgaria in 2023 thus bringing its capacity in Bulgaria to over 200 megawatts."

Sivy also points to major recent deals in the Czech Republic, noting that "the group Kofola CeskoSlovensko has acquired a controlling stake in the Pivovary CZ group. The transaction is subject to the approval of the anti-trust authorities, and completion is expected early next year."

Daci underlines that Albania aims to "emerge as a regional powerhouse of large-scale renewable projects," and "one such showcase project is Voltalia's 140-megawatt Karavasta, promoted as the largest solar power plant in the Western Balkans, which, as announced yesterday, is now fully built and ready to generate power."

Hristov & Partners Partner Pavel Hristov adds that while recently "several deals have been aborted or frozen for the future by the potential buyers" in Bulgaria, "most of the deals and funding rounds, however, were closed or continue to close. Recently, US-Bulgarian startup LucidLink raised USD 75 million in Series C funding and the green tech start-up Plan A closed a USD 27 million Series A funding round." In parallel, Hristov adds that "the competition authority delayed beyond the statutory term of review major cross-border merger proceedings, thus creating uncertainty and frustrating the parties. This includes Advent International/myPOS and Emirates Communication/PPF Telecom Group merger cases, pending since October



Milos Komnec,
Managing Partner,
Komnec & Partners



Pavel Hristov,
Partner,
Hristov & Partners



Sonia Kurpiel,
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Wolf Theiss Poland



Tsvetan Krumov,
Partner,
Schoenherr Bulgaria



Zoltan Forgo,
Managing Partner, Forgo,
Damjanovic & Partners

9, 2023.”

Regulators Weigh In

Krumov says that “the growth of crediting in Bulgaria continues with interest rates being kept at record low levels,” adding that the Bulgarian National Bank has been gradually increasing the “base interest rate.” As of December 1, 2023, he says, “the said index is 3.80% per annum,” and “the Bulgarian banking sector continues to maintain surprisingly low interest rates (significantly below the above figure), a trend that is divergent from many Western European nations.”

Daci also notes, that in Albania, “the regulatory authority reconfirmed the feed-in tariff of LEK10/kilowatt-hour for next year,” on December 15, 2023.

In Related News

Komnenic also highlights the ongoing public discussions on the *Construction and Tourism Law*. After the recent elections, he says, “the new government plans to review and revise these laws in accordance with its policies, with the expectation of significant changes in the second quarter of 2024.” The major hope, according to him, is that the “new government will revise and modify restriction imposed by the previous government whereas VAT credit was not allowed on residential properties, which also introduced legal concerns in respect of other types of real estate.”

Schoenherr Bulgaria Co-Head of Real Estate Dimitar Vlaevsky draws attention to the recent report made by “one of the largest Bulgarian banks – Unicredit Bulbank on the accessibility of residential properties,” saying that “according to the report the prices of the residential properties are unacceptable compared with the income of the Bulgarians.” Vlaevsky notes that “the report drew heavy criticism from the market and especially from the Bulgarian National Bank since it indirectly alleged that the central bank did not undertake any actions to increase interest rates (currently the average interest on mortgage loans for consumers is 2.6%). According to the National Bank, the interest rates in Bulgaria are low due to the high amount of deposits and profits of the Bulgarian banks (the banks have a profit of more than EUR 1.5 billion by the end of October).”

Lastly, Daci reports that “at the end of this year, the obligation of public service set by governmental decree as an emergency measure due to the energy crisis caused by the war in Ukraine expires.” ■

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- Turkiye – Guleryuz Partners
- Ukraine – Redcliffe Partners

Labor:

- Poland – Wolf Theiss

PPP/Infrastructure:

- Romania – Musat & Asociatii

Real Estate:

- Bulgaria – Schoenherr
- Greece – AKL Law
- Montenegro – Komnenic & Partners
- Romania – Albot Law Firm

TMT:

- Romania – Tuca Zbarcea & Asociatii
- Ukraine – Baker McKenzie

EMERGING EUROPE'S ENERGY TRANSITION

By **Andrija Djonovic**

Discussing how the energy markets are evolving – diversifying, moving away from dependence on Russian gas, and becoming ever-greener – CMS Partners Horea Popescu, Blazej Zagorski, Thomas Hamerl, and Maria Orlyk take a deep dive into the dynamic shifts in the energy landscape post-2022.

CEELM: How is the CEE energy market different today compared to before 2022?

Popescu: The energy landscape has evolved considerably. The limited supply of Russian gas has catalyzed a shift toward diverse energy sources, including renewables and nuclear. There's a clear directional shift toward different types of energy, targeting 2030 source goals. The dependency on Russian gas varied across the region, but overall, there's been a stark decrease, through diversification in terms of sources and opening up opportunities for newer energy types across the region.

Zagorski: Poland's energy market, particularly regarding nuclear power, has seen significant changes. We've moved from gas plants seen as a key component of the energy transition to exploring nuclear energy more intensely, including investments in both large-scale and smaller innovative nuclear projects. An example of that is the joint venture between Orlen and Syntos to construct several small- and mid-sized nuclear reactors.

Hamerl: Even markets that heavily relied on Russian gas like Austria or Bulgaria managed to find different suppliers easier than expected, supported by large storage capacity like in Austria and replacing natural gas with LNG, especially via markets like Germany and the Netherlands. Nuclear power is quietly gaining ground, with increased interest in photovoltaic energy. We've however learned that despite all the efforts for a green transition, oil and gas will remain important for much longer than we thought.

Orlyk: Although the Ukrainian energy system has been severely damaged by Russian missile and drone attacks and is currently in dire need of support from our international partners, Ukraine still continues to play an important role in the European energy supply network. We are still responsible for gas transit and we have proven to be a reliable partner to European countries in procuring gas storage.

CEELM: What new opportunities have emerged?

Zagorski: Challenges often lead to opportunities. This is

true also for the energy sector. For example, gas supply issues brought nuclear energy to the forefront. Grid-related challenges opened up substantial investments in infrastructure, and battery storage is emerging as a crucial component, offering numerous opportunities.

Hamerl: Absolutely. We're seeing new business models and innovations, such as collaborations between energy producers and large users. Our clients are actively exploring these new avenues rather than waiting for governmental solutions.

Popescu: Each crisis brings innovation. Rapidly adapting to reduce dependency on certain energy sources is a testament to our resilience and innovation capabilities. We're now exploring areas like offshore wind and tapping into new gas



Blazej Zagorski, Partner, CMS Warsaw



Horea Popescu, Managing Partner, CMS Romania



Maria Orlyk, Managing Partner, CMS Kyiv



Thomas Hamerl, Partner, CMS Vienna

reserves in the Black Sea.

CEELM: In terms of the energy sources mix, what specific trends have you observed?

Popescu: In the region, there's been a significant increase in solar project investments, as shown by CMS's Emerging Europe M&A Report (to be published in January 2024). Wind energy, though slightly decreased, remains a key player due to longer deal processing times.

Hamerl: Photovoltaics and wind energy are already well-established. However, investments in battery storage are gaining momentum and hold great promise for the future. Photovoltaics still has the potential to grow. Investors are regaining confidence and we are likely to see more and more hydrogen projects – but this might take two or three years.

CEELM: Could you elaborate on the specific energy developments in your respective regions?

Popescu: In Romania, we're considering mini-reactors with US technology. While it's an untried approach, the interest in standard nuclear power plants is growing, with Hungary and Bulgaria also exploring similar options. We're particularly attentive to developing our third and fourth reactors at the existing nuclear power plant.

Zagorski: Poland's energy market is evolving with numerous challenges. Supply stability issues are to be addressed with solutions like battery storage facilities. We're also seeing the emergence of hybrid renewable projects that combine wind and solar sources, optimizing the use of the grid.

Hamerl: The current challenges include high interest rates and construction costs, coupled with falling energy and commodities prices, which put many business models in crisis. We're also dealing with a complex transition due to an incomplete legal framework, slow permitting processes, dealing with state aid law restrictions, and political resistance to new technologies like wind parks or hydrogen solutions. While there were many laws that have been successfully passed – there have also been many that are simply not thought through sufficiently or secondary legislation was missing, like the ones tackling subsidy schemes, which could deter potential investors.

CEELM: How are these changes impacting the legal landscape?

Popescu: The energy sector is bustling with large deals and a growing interest in renewable projects. We've been involved in numerous aspects of these projects, from permitting to

financing. CEE was lagging a bit in terms of renewables compared to Western Europe and now, with all the EU funds for the energy transition being online and the increase in demand – there has been a lot of activity. Looking at the past two or three years alone, many existing production facilities have changed hands and many projects have been put on the market. CEE aims to achieve carbon neutrality by 2050, and we're seeing a consistent increase in financing for renewable energy despite high interest rates.

Hamerl: Banks are gaining experience and requiring fewer securities. Of course, risk premiums and securities could be partly replaced by corporate power purchase agreements. Still, a reliable legal framework is crucial to mitigate surprises like limited grid access or re-access costs. Somewhat interestingly, grid operators are not allowed to run battery storage facilities on their own. In those instances where improving the local grids is too expensive, operating battery storage facilities would solve many problems.

CEELM: What developments are expected in the coming years?

Hamerl: The EU-level electricity market reform will have a significant impact. We're also expecting an increase in innovative start-ups, leading to more diverse and complex legal advice opportunities. As always, innovation is key. Our clients are at the forefront of this transformation, exploring and implementing novel energy solutions.

Popescu: In the next 12 to 24 months, we foresee new developments, including potential nuclear projects and possibly the first offshore wind projects. With predictions of warmer temperatures in the coming years, our focus is on promoting effective strategies to combat climatic trends.

Zagorski: The regulatory framework in Poland is evolving favorably for energy investments, and we anticipate further progress, making Poland an even more attractive investment destination.

Orlyk: For Ukraine, it is currently most important to keep its internal energy production and supply afloat. At the same time – it is also essential to remain a reliable and active partner for the EU in achieving energy stability and in the long run – climate neutrality. For this reason, while restoring the Ukrainian energy infrastructure, which will take an enormous effort, is a priority, a great emphasis will be placed on renewable architecture and the green transformation of the country. And this is something for which Ukraine will rely on EU support a lot. ■

2023 IN THE REAR-VIEW MIRROR

By Andrija Djonovic

As 2023 comes to a close, reflections on the year reveal challenges and achievements across Romania, Bulgaria, and Ukraine. Tuca Zbarcea & Asociatii Managing Partner Gabriel Zbarcea, Schoenherr Bulgaria Local Partner Ilko Stoyanov, and Avellum Managing Partner Mykola Stetsenko share their thoughts on what kind of a year it has been.



Romania – Steady as She Goes



To start off, Zbarcea says that, for him, the glass is always half full. “Another year together, another year spent with our families and friends, with our team members and our clients is yet another great reason to celebrate. Therefore, for me, 2023 was better than the previous year.”

Taking a closer look at the strongest drivers of business for 2023, Zbarcea shares that, for their firm, corporate and M&A and dispute resolution are areas that have “always been busy.” On top of those, “real estate, banking and finance, as well as employment, competition, and tax areas have been on the rise. We also received lots of interesting mandates in energy and infrastructure.”

Looking at the overall legal landscape, Zbarcea reports a few updates of note. “We’ve had quite a few legislative changes this year, but I’d say that those affecting the labor market are the most important ones, along with the changes in the fiscal area,” Zbarcea says of Romania. “Equally important, another major amendment which was brought to the PPP and concession laws will further pave the way for more public-private partnership projects and works concessions and service concessions in Romania,” he adds.

“If there is one lesson I learned from the pandemic, it is the one of resilience and hope,” Zbarcea says, taking a cautiously optimistic approach when looking at 2024. “We need to be prepared for change and resilient in the face of unpredictability,” he adds, concluding: “Of course, challenges are ahead for the business community, especially following the implementation of the fiscal consolidation package, but, at the same time, I’m sure there will also be different opportunities, including private and public investment opportunities. For example, I’m confident that the EU-funded investment in public infrastructure will act as a strong stimulus to growth for the Romanian economy.”

Bulgaria – Busy as Ever



From Stoyanov's perspective, 2023 went by better than expected. "The year was trended to be a bit slower than 2022 given the start of Q1. However, there were several interesting and challenging projects in the first half of the year," he reports. "Alongside the different projects we have been working on in 2023, we started a few

strategic ones in the middle of the year that led to excellent results."

He says that, for their office, it was all about M&A. "Our busiest practice in 2023, as it has been always, was M&A. I would say that this is representative for the whole market, as M&A makes the largest part of the activities of the big law firms in Bulgaria," he explains, somewhat resonating with what Zbarcea outlined as well. Moreover, Stoyanov reports that, for Bulgaria, "the biggest impact on the legal market in the past year were made by the strategic investments in the telecom industry," which were led by foreign buyers according to the Schoenherr Partner.

Finally, Stoyanov adds that he is hopeful that the trend for increasing investments and stability in Bulgaria will remain. "We do believe that the Bulgarian economic growth will recover in the second half of the year bringing a lot of new opportunities for the market," he stresses.

Ukraine – Resilience and Hope



"2023 so far has been quite a challenge for us as a firm and for Ukraine in general," Stetsenko says of his country. "On the one hand, we had a lot of aspirations about the end of the war with Russia and the potential reconstruction of Ukraine. So far this has not materialized, although some serious discussions about new investments have been underway in recent months," he shares. "On the

other hand, Ukraine managed to increase its air defense potential with Western help thus creating a high level of security for large cities where people and businesses returned to their normal lives – almost to a pre-war level."

Furthermore, looking at the year from a business perspective, Stetsenko reports a steady rhythm for Avellum. "We hoped that the flow of large projects would increase in the second half of 2023, but it was not the case. Work levels remain stable, but they are roughly at the level of the COVID-19 year of 2020," he says.

"Our disputes practice has been very busy with diverse cases ranging from high-profile white-collar crime investigations to successful defenses of our international clients at the Supreme Court to investment arbitrations representing the Ukrainian Government," Stetsenko continues. "I think this is quite representative of all major law firms on the market since disputes work is generally on the rise." In addition, he also stresses similar areas of note as Zbarcea: "Our transactional practices, namely M&A, finance, competition, and real estate have been generally active, especially competition and M&A. We see some inbound investments both from private equity and strategic investors and it is very encouraging."

However, looking at the legal market as a whole, he still thinks that transactional practices are underperforming and that it is "reflective of the state of the Ukrainian economy. Hopefully, as war insurance becomes widely available, there will be even more investment and lending in Ukraine."

As for the road ahead, it does not appear to be a smooth one. "Next year will be a challenge for Ukraine and the world in general, and it will reflect upon us a firm, too," Stetsenko says wearily. "We still hope that the democratic world will find a solution to end the war with Russia, as well as to ensure that it does not repeat. This is the number one priority for democratic nations across the world. It is now clear to everyone that Ukraine is fighting pure evil, and it is very important to call it that way," he stresses. "Politicians and opinion leaders should paint it black and white to their voters and followers. Otherwise, dictatorships and the rule of the strong will spread around the world." He adds that, with this narrative in mind, "we pray for the end of this war and look forward to doing an enormous job of building a new Ukraine after the war. Ukraine is on the path toward the EU and a lot of work is yet to be done." ■

THE CORNER OFFICE: 2024 WISHES AND PERILS

In **The Corner Office**, we ask Managing Partners at law firms across Central and Eastern Europe about their backgrounds, strategies, and responsibilities.

As we bid farewell to 2023, this time around we turn our attention forward: **What is your one main wish for 2024 and what do you see as the biggest potential risk?**



Octavian Popescu, Managing Partner,

Popescu & Asociatii: Unfortunately, we are going through quite a difficult period, with a war right on Romania's borders and other armed conflicts around the world.

The human and financial implications are enormous, causing humanitarian and energy crises, political instability, economic disruption, cybersecurity threats, etc. Thus, in terms of the biggest potential risk, from my point of view, this would be the regional insecurity derived from armed conflicts.

In this regard, my main wish for 2024 is to have economic security at the national and international levels. Each of us can contribute to strengthening the level of economic security by considering long-term investment strategies, being adaptable and open to new opportunities, building and maintaining strong professional network, and, of course, being permanently updated about trends, investment options, etc.



Andrej Leontiev, Managing Partner, Taylor

Wessing Slovakia: We believe that 2024 will be a year of immense economic, political, and environmental challenges for Slovakia.

As a result of the general elections, the risk of institutions being weakened and threats to democracy are growing. The probability of economic recession and demographic polarization is rising. Tackling climate change and boosting a knowledge-based economy will become more difficult. In general, during challenging times decentralized law firms like ours are better positioned to quickly adjust to changing, even deteriorating conditions. Therefore, I wish we and our clients will have the opportunity and ability to make important decisions further down the corporate hierarchy – where the decision-making process usually matches with local expertise the best.



Radan Kubr, Managing Partner, PRK Partners:

Quite immodestly, I do not have a single wish for 2024, but several. I wish that the bloody conflicts rocking the world and its economy, including the Russian aggression in Ukraine and the war in Gaza, are brought to an end. The war in Ukraine has wreaked havoc

and devastation on Ukraine, a country that is almost a neighbor of the Czech Republic and for which the Czechs have particular sympathy, as citizens of a country that has lived under 40 years of USSR-imposed communist rule. The biggest risk is obviously that those conflicts will drag on in 2024 and beyond and that new conflicts will break out. I also wish that the Czech Republic, which has recently been called the “sick man of Europe” by the German daily Die Welt, will eventually find a new path to prosperity. As a dual Czech-Swiss national, I wish the country would draw inspiration from a competitive one like Switzerland, which has an excellent education system, invests heavily in R&D, and has created a favorable environment for start-ups.



Nazar Chernyavsky, Managing Partner,

Sayenko Kharenko: To end the war. I believe this wish is shared by millions of Ukrainians and people all over the world. It has become evident that we are not getting sufficient support to reclaim the occupied territories.

Thus, we should switch to defending what is under our control and ensure it is rebuilt, so that after the fall of Putin's regime we can easily integrate those other territories. The biggest threat accordingly is if the West chooses to stop its support of Ukraine, and we are not able to protect our people and prove they were not fighting in vain. Now is the best moment to consolidate the nation around its future and democratic values, implement all needed reforms, and start the rebuilding process, which should create growth

opportunities for the whole EU. It will be a shame if this chance is not used.



Ewelina Stobiecka, Managing Partner, Taylor

Wessing Poland: My main wish for 2024 is to continue to build the firm's reputation for excellence and expand our client base with a stable team of committed and talented people. We want to strengthen our presence in

the new technology sector, maintain key client relationships, and attract top legal talent to ensure sustained growth. Recognizing that 2024 will be a pivotal year for our main practice areas, including cyber, technologies, and renewable energy, we intend to drive growth in these critical areas. This includes investing in cutting-edge technology to streamline operations and improve client service, positioning us as a leader in the legal landscape. We are aware of the potential risks arising from the geopolitical and macroeconomic landscape. Navigating these uncertainties while maintaining compliance and fostering innovation will be central to our success in the year ahead.



Erwin Hanslik, Managing Partner, Taylor

Wessing Czech Republic: My wishes for the coming year are positive economic development, satisfied clients, and happy employees. I am optimistic that these are not just wishes to Santa Claus, but that their fulfillment is realistic. With regard to

Czech market, I still see the biggest risk in the very low unemployment rate and the associated daily challenge of attracting new employees while retaining the existing team. Our employees are not only our capital but also multipliers; if they are not satisfied, they will not only leave the company but also speak negatively about us. We are therefore constantly endeavoring to counteract the trend of "job hopping" by investing in our team.



Ivana Ruzicic, Managing Partner, PR Legal: My

primary wish is to witness a transformative chapter in our development. Our focus remains steadfast on the three pillars of success: fostering client relationships, attracting new corporate clients, and nurturing the internal growth of our talented team. In

the pursuit of attracting new corporate clients, we aim to leverage our expertise and adaptability to meet the evolving needs of the business landscape. Our commitment to staying abreast of legal trends and technological advancements

positions us as a dynamic legal partner for companies seeking reliable counsel. The internal development of our team is paramount. We envision a workplace that thrives on innovation, collaboration, and continuous learning. Through tailored training programs and mentorship initiatives, we aspire to empower our associates, enabling them to excel and contribute meaningfully to our clients' success. However, amidst this optimism, it's crucial to acknowledge potential risks that could impede our trajectory. Market volatility, regulatory changes, and unforeseen global events pose significant threats. A proactive approach to risk management, including scenario planning and continuous monitoring of external factors, will be pivotal in mitigating these challenges. By fostering a culture of resilience, innovation, and adaptability, we are confident in our ability to navigate the complex legal landscape in 2024.



Ana Tosic Cubrinovski, Managing Partner,

Tosic & Jevtic: I wish for legislation that mirrors the evolving pulse of society, eliminating unnecessary barriers and obstacles. Within our legislation, we encounter instances of outdated and

unenforceable provisions, as well as legal loopholes that extend deep into the system, presenting tangible challenges. Even newly enacted laws, at times, offer solutions that lack legal coherence. Our business communities often grapple with the challenges posed by ambiguously defined legal terms, which, in turn, lead to the dissemination of perplexing and impractical decisions affecting managers and their teams, resulting in additional costs but also causing significant delays, impacting overall productivity and efficiency. I strongly advocate for urgent reform within our system, specifically in the meticulous formulation of accurate concepts when adopting new laws and amending existing ones. Failing to address this concern heightens the risk of fostering an unfavorable economic climate and discontent among citizens. Swift action is imperative to prevent these repercussions and ensure a more responsive and effective legal framework.



Guenther Hanslik, Managing Partner, CMS

Vienna: My main wish for 2024 is that we continue to strengthen and grow our teams in the jurisdictions we cover and across our practice groups. For us, growth means personal and professional growth for each and every one of our team members. We want to

enable our colleagues to develop their skills and take the next

step in their development. If we do this right, we can provide a better service to our clients. The war in Ukraine, where we also have an office and a team on the ground, remains one of our biggest challenges. As such, the biggest wish for 2024 is still that the war in Ukraine will come to an end and that the CMS team will play a major role in rebuilding the country.



Uros Cop, Managing Partner, Senica & Partners: As the Managing Partner of Senica & Partners, I anticipate that Slovenia's legal framework will require robust adaptation in 2024 to support economic resilience. While economic slowdown and labor shortages

persist, our legal system must catalyze sustainable growth, fostering innovation and protecting workforce interests. The most significant risk is the widening gap between wage growth and productivity in high inflation. If not addressed, this imbalance may lead to prolonged economic downturns, negatively impacting our competitiveness in the global market. To mitigate this, we must focus on harmonizing labor laws with market realities, ensuring they facilitate rather than hinder economic stability and growth. Slovenia's response must be twofold: firstly, revising employment and corporate regulations to attract foreign investments and promote domestic business expansion. Secondly, implementing legal reforms that enhance workforce skill development aligns with industry needs. This proactive legal approach can bridge the gap between current economic challenges and future prosperity, positioning Slovenia as a resilient and dynamic economy in the European landscape.



Alina Popescu, Managing Partner, MPR Partners: I hope that 2024 will bring a more extensive use of technologies by small and medium law firms. This would require better access to technology education and information, tools adapted

to their specific needs, and pricing models that make sense. In addition, legislation fostering innovation and investments in legal services is paramount, as rigid laws amount to unwarranted barriers to development in this field. Considering the outstanding progress of AI, in lack of an accelerated adoption of legal technology there is a real risk that smaller firms will be seriously affected. With clients very much expecting lawyers to use cost-saving technologies, bigger firms having the requisite vision, teams, and budgets are likely to increase their market shares very quickly, to the detriment of smaller firms. At the same time, firms based

in countries where legislation allows more flexibility for investments and innovation are likely to continue earning the lion's share of the global legal fees. This will only accentuate with the development of legal technologies. Furthermore, liberal legislation governing legal services will contribute to fostering foreign investment and entrepreneurship in those countries, since streamlined, cost-effective legal services greatly reduce transactional costs and the speed of investment projects, amongst other things.



Pavel Dejl, Managing Partner, Kocian Solc Balastik: My main wish for 2024 is to see our legal practice continue its trajectory of growth and innovation. We aspire to strengthen our position as one of the leading Czech law firms, as well as

expand our international footprint and enhance our client-centric approach. Embracing technology and fostering a collaborative culture within our team is pivotal to achieving this goal. The greatest potential obstacle lies in navigating the evolving global regulatory landscape. As laws and policies continue to shift, staying abreast of these changes and ensuring compliance will be a dynamic challenge. Geopolitical uncertainties and the potential impact of unforeseen events could also pose significant risks. Therefore, our focus in 2024 will be on maintaining agility, proactively adapting to legal developments, and fortifying our risk management strategies.



Ion Nestor, Co-Managing Partner, Nestor Diculescu Kingston Petersen: Each year, December is the moment when you feel the need to look back at what you have achieved and make a wish for the year to come. Looking around, it is easy to

notice that our world is unfortunately in one of its most difficult periods in over 75 years. We are witnessing a combination of growing political and military tension, harsh climate changes, and serious economic problems, facing a polarized and divided world, so what could my main wish be for next year? In terms of priorities, I would like to see a gradual disengagement on the Ukrainian front with, possibly, the initiation of peace talks and an end to the current tragedy in the Middle East crisis. Only then, could the other major problems that we are facing on planet Earth – economic, social, environmental – be taken care of efficiently. Otherwise, I fear that all the wishes that we can make, each of us, at the local level, may prove insufficient and ineffective.



Cristina Filip, Managing Partner, Filip &

Company: My one main wish for 2024 is for us, the people, to mend our way towards hope, peace, and wholeness in our souls, in our homes, and in our countries. I see it as the biggest potential risk for us to fall prey to fear and hatred and spiral down on the broken path of discord, extremism, violence, and annihilation.



Bernhard Hager, Managing Partner, Eversheds

Sutherland Slovakia: My main wish for 2024 is that we continue where we stopped in 2023 – a firm where people like to be and who clients like to work with. In CEE we are not immune from geopolitical and economic risks. The economic outlook for the region is worse than in recent years and investors are skeptical over political developments in the region and the war in Ukraine.



Borivoj Libal, Co-Managing Partner,

Eversheds Sutherland Czech Republic: I wish people would appreciate simple things more, respect and cherish our relations, and protect basic values that are often taken for granted. A potential risk: the escalation of wars without bold international peacemaking efforts to restore security.



Bogdan Gecic, Managing Partner, Gecic Law:

I am deeply convinced that we are witnessing a revolution with the immense potential to rapidly redefine the role of a law firm in a dynamic regional market like ours. Heading into 2024, my main wish is to see the true integration of cutting-edge technology into our legal practices, enhancing the efficiency and accessibility of services. This transformation is poised to be predominantly marked by the adoption of rapid advancements in the field of artificial intelligence. By leveraging AI to automate routine tasks, we can focus on more complex legal issues that demand in-depth expertise and strategic thinking. This paradigm shift will greatly benefit our clients by expanding the impact and scope of our services while optimizing costs. A primary concern for 2024 is the ongoing threat of a recession in major global economies. Such instability could further dampen the region's economic prospects, increasing upward pressure on costs. The repercussions of this could manifest in our region through heightened inflation, diminished exports, and a downturn in both foreign and local investment



Pal Jalsovszky, Managing Partner,

Jalsovszky: My wish is for peace and economic stability. Risks ... there are plenty of them in our global world: climate change, migration, wars, and US/China commercial disputes, just to name some of them. And specific Hungarian risk factors are added to this list. The main internal risk factor is, in my opinion, the bad shape of the national budget. Tax revenues are lower than expected, EU funds are still missing, and interest costs on government debt are skyrocketing. The question is how the government will restore the balance and what impact it will have on businesses.



Nemanja Stepanovic, Managing Director,

JPM Partners: Choosing just one wish for 2024 would certainly be a challenge. While world peace, prosperity, and equal opportunity are all noble aspirations, my wish is much more prosaic – it relates to JPM and JPM only. I wish to further expand our coherence, team spirit, and drive to work together not because it's our profession (which it definitely is) but because we genuinely care and like what we do, where we do, and with the people we do. As for potential risks in the coming year, accurately predicting specific hazards in Serbia is a kind of *Mission Impossible*. The equation is too complicated and with too many unknowns that I would not dare (considering my previous experiences) to name one. On the bright side, whatever risks we may face in 2024 are within the “been there, done that” realm. So instead of risks, we will remain focused on nurturing our relationships as those will be what carries us through 2024.



Tarik Guleryuz, Partner, Guleryuz Partners:

We have gone through very rough days since December 2019. Pandemic, wars, earthquakes, economic and political shifts, and several others. All these have left a mark on our lives, business, and global markets. This has underscored the importance and necessity of volunteer work once again and why it should never fall off the agenda. We heavily invest in our pro bono projects in Turkiye and work together with institutions, foundations, and

other organizations to provide legal advice to persons in need of help. I would like to see more and more firms support charitable organizations in 2024 so that we can expand our reach to those in need globally. The biggest potential risk against this might be the increasing economic instability (including as a result of local elections in Turkiye due to take place in March 2024), which is likely to shift many into a survival instinct where the focus will be on corporate stability only.



Tomasz Stasiak, Co-Managing Partner, Wolf

Theiss Poland: My biggest wish for the upcoming year is for the Russian invasion of Ukraine to end, bringing peace to the people of Ukraine and adding to the economic stability of the region. That said, my greatest

concern is the possibility of Western societies stepping back and leaving Ukraine to face the aggression on its own. If this happens, predatory nations may learn that aggression pays off. CEE is a stable region with a positive economic outlook for 2024 and beyond. In particular, Poland is expected to achieve 3% GDP growth next year. This means a great opportunity compared to so-called “stable” economies which are torn by social conflicts with stagnation on the horizon and a shortage of educated labor force. CEE nations are used to hard work and are willing to put effort into continuous economic development.



Branislav Zivkovic, Managing Partner, Zivkovic Samardzic:

The goldfish would give me three wishes, yet you allow only one, so a bit of a tough choice. 2024 world peace would always be a good choice, but let’s be more specific: Serbia has been, for decades,

a hostage of Kosovo. Approximately 90,000 Serbs are still living there in a hostile environment. My wish is for this issue to be resolved in 2024 so we can move forward and become a part of the civilized world, a part of Europe. This would have a huge impact on all businesses – law firms included – and would make us a respectable country and allow us to fully utilize the new nearshoring policy of the West. With other advantages, we could become real leaders in the region in many areas. And all that would truly transform and modernize the legal profession. The biggest risk is, in my opinion, choosing the opposite – to continue to fight the already lost battle and throw our country back in the mud of the 90s.



Kostadin Sirleshtov, Managing Partner, CMS Sofia:

My main wish for 2024 is for CMS Sofia to continue its sustainable development – to promote a new partner and head of the group, to be in a position to increase salaries and benefits for the team,

and to continue providing best services for our growing client base. The biggest potential risk for our wish for sustainability is an event that disturbs our plans: global economic downturn, escalation of conflicts, etc. In my view, an economic downturn has the highest likelihood of happening.



Done Yalcin, Managing Partner, CMS Turkiye:

Attending COP28 in person gave me the extraordinary opportunity to participate in numerous meetings and discussions. These experiences underscored the magnitude of the threat that the climate crisis poses to our economies, livelihoods, and existing systems.

At the same time, it represents a significant opportunity for transformation and prosperity. As a result, my hope for 2024 is a seismic shift toward global sustainability, with companies, nations, and other stakeholders embracing the transformative potential of consistently integrating ESG principles into their decision-making and operations. I would like to see a convergence of legal, corporate, and societal efforts to address the pressing challenges of our time. However, the greatest potential risk lies in the failure to take the necessary action with the necessary speed. As awareness grows, the absence of comprehensive and rapid action poses a serious threat. Insufficient commitment to sustainable practices and the absence of robust, enforceable regulations could hold back progress and increase environmental degradation and social inequalities. To mitigate this risk, lawyers, businesses, and policymakers must unite to advocate for transformative policies and create a sense of urgency.



Timur Bondaryev, Managing Partner, Arzinger:

Given the circumstances that Ukraine and the people of Ukraine have been living in since February 24, 2022, the main wish for all of us for 2024 remains peace and victory. We sincerely hope, that the

war will be over in 2024 and that Ukraine and the world will go back to normal. Most recent developments in the world have not been really promising and it looks like we will have to adjust to the new-old reality and embrace the brutal fact, that we will have to learn to live and do business

during a war for quite a long period of time.

It's obvious, that the prosperity of a major corporate law firm largely depends on the economy of the country, and developments in the frontline will be the main factor to influence the situation in the country in the years to come. Major Ukrainian businesses have already adjusted to the new-old *normal* and have demonstrated tremendous resilience, in living and doing business under the missile strikes. Moreover, my prediction is, that if the situation will not become significantly worse and will, at least, remain as it is, we will see further economic development and growth. The West tends to forget, that our country has been living at war since 2014. This means that we have been adjusting ourselves to the war-time reality for a long time, even if the scale of the most recent horrible full-fledged invasion cannot be compared with the previous *status quo*.



Alexander Petsche, Managing Partner, Baker

McKenzie Vienna: In 2024, my aspiration is to continue to build on our cross-border collaboration as well as our local knowledge with our teams all over the world. The CEE region remains a strategic anchor for our

offices worldwide, especially in Vienna. Looking ahead, the predominant risk will entail navigating diverse – and stringent – regulatory landscapes, demanding proactive strategies to mitigate legal complexities, and ensuring continued success amidst uncertainty, all of which pose both challenges and opportunities for businesses.



Serhii Sviriba, Co-Managing Partner, Asters:

In recent years, humanity has had to overcome a number of challenges such as pandemics, natural disasters, armed conflicts, and nuclear threats, which have caused much suffering, loss, and destruction.

It is not in our power to stop the forces of nature, but what we can do is influence the disasters that humans cause. Undoubtedly, the greatest wish of many Ukrainians and the entire civilized world is to stop Russia in its brutal full-scale invasion and force the aggressor state to pay for all the suffering. We do not harbor the hope that this will happen next year. The enemy is strong, but Ukrainians will continue to fight for their freedom, democratic values, and independent future. This fight is hardly possible without support from our international partners. This statement gives rise to the greatest potential risk – if there is not enough support for Ukraine, the entire democratic world with its

values will face even bigger threats: a chain of aggressive wars against democracies clearly being the greatest risk for humanity.



Akos Fehervary, Managing Partner, Baker McKenzie Budapest: My foremost hope is for a resolution to the ongoing conflicts in Ukraine and Gaza. Beyond the devastating humanitarian impact, global business is evidently tied to geopolitical stability. A

peaceful resolution not only serves the affected regions but also establishes a more predictable environment for international business and, thus, our legal practices. For Hungary, I wish for the settlement of the long-standing process with the EU toward releasing those funds due to the country, which could give a great boost to the national economy. Moreover, a significant concern in 2024 revolves around the responsible integration of AI into business processes, as well as within the legal sector. As AI permeates various facets of our work, the associated risks related to data privacy, ethical considerations, and the necessity for robust regulatory frameworks become paramount. Balancing the advantages of AI-driven efficiency with the imperative to uphold ethical and legal standards poses a formidable challenge. It is crucial for organizations – law firms included – to adapt swiftly and responsibly to this technological shift, but adequate safeguards are to be established regarding the development and use thereof.



Oliver Werner, Managing Partner, CMS Bratislava: In 2024, I hold two key aspirations: (1) Enhancing Legal Compliance: I envision a year marked by heightened adherence to legal standards in all aspects of business operations, including

transactions; and (2) Accelerating M&A Activity: I foresee a surge in M&A activity in 2024, driven by a favorable economic climate and a growing appetite for innovation and expansion. As Slovakia's business landscape continues to evolve, M&A deals will play a pivotal role in driving growth and consolidation.

The primary risk I foresee is the potential for legal non-compliance to hinder M&A activity and tarnish Slovakia's reputation as a business-friendly destination. Failure to adhere to regulatory requirements, such as anti-corruption laws, can delay or derail transactions, potentially undermining investor confidence. By embracing legal compliance and fostering a favorable environment for M&A activity, Slovakia can

position itself as a leading destination for investment and economic growth in 2024 and beyond.



Istvan Szatmary, Managing Partner, Oppenheim: My one main wish for 2024 is meaningful dialogue. There seem to be so many significant topics on the table both globally and locally that need to be solved very soon to make sure that our life – as we live it now – remains sustainable. That is why we

need to listen to each other much more than ever before, remain calm, and pursue meaningful discussions on our long-term visions for the global and local economy, our businesses, the role of science, technology, and AI in our life and the impact of all these on our everyday life. Each of us needs to find out how we personally can contribute to our common visions. In the post-industrial era, we all struggle to filter relevant and reliable information – fake news, information bubbles and all the noise on social media make it almost impossible to decide what to accept and what to doubt. My biggest fear is that sounds of sobriety would not be heard in the information noise and we have no plan(et) B. I hope we all realize in 2024 what we need to do and what we can do to overcome all these challenges.



Marcin Wierzbicki, Managing Partner, KWKR Konieczny Wierzbicki and Partners: As I reflect on the challenges and dynamic changes of the past year, it becomes apparent to me that the modern world

operates at an accelerated pace, requiring quick responses and adaptability. Looking ahead to 2024, my main aspiration is to continue to support clients in navigating the current regulatory landscape, coupled with a passionate call for regulatory simplification as soon as possible. I believe this is the key to increasing business opportunities in Poland. The legal environment must support this development. As opposed to striving for calm, I am emphasizing the tangible delivery of our ambitious forward-looking plans, which have already been set in motion. Recognizing the potential risks associated with Poland's unfavorable regulatory environment, I approach them with unwavering confidence, reinforced by our firm's resilience to the challenges of the past year. I see the legal landscape not as an obstacle, but as a sphere of unlimited opportunity for a company capable of dynamic responses. ■

THE INSIDE TRACK: IN-HOUSE LEGAL BUDGETS 2024

In **The Inside Track**, General Counsels across CEE share the nuances of their roles, challenges, and strategies for success. Since now is the time when plans for next year are made (and budgeted for) this time we asked GCs: **Is your in-house legal function's budget increasing, decreasing, or remaining the same in 2024?**



Eleni Stathaki, Head of Legal, Upstream: As all in-house lawyers know, the only certainty when creating the annual budget for the legal function is uncertainty.

In our case, the budget for in-house legal functions for 2024 remains largely the same, although any savings we can achieve would be appreciated.

Looking at historical trends, we have observed that for the last few years, our legal spending has not greatly varied year on year. One factor for this is that there are some recurring costs that are relatively easy to calculate. Further, we have done our homework, identifying any tasks that may come up as well as any cost items that we could do without or bring in-house. In addition, keeping track of spending and cash flow on a monthly basis enhances visibility. Last but not least, solid relationships with outside counsel certainly help in keeping the budget stable from year to year, despite any unforeseen events that may come along.

Wioletta Kaloska, General Counsel, Symfonia: The IT industry is known for its dynamic nature, characterized by continuous change and innovation. At present, Symfonia is undergoing a phase of rapid development, marked by both organic growth and acquisitions of other companies. To stay aligned with the evolving business landscape, all back-office teams must either automate processes or engage additional personnel and external experts. The legal team at Symfonia is expanding alongside the business to ensure seamless support for the company's evolving needs. Consequently – much to my satisfaction – there is a growing budget. The more companies we acquire at once, the greater the need for resources to engage external law firms. Following such acquisitions, the number of individuals in the organization grows, and each of them may potentially approach the legal team for advice, problem resolution, or recommendations. However, every organization has its limits, and over time, we will increasingly focus on automating certain processes and leveraging new technologies, such as AI, to handle some of the more straightforward tasks. We must be ready for that. ■



LOOKING IN: INTERVIEW WITH JONATHAN MARKS AND RICHARD JONES OF SLAUGHTER AND MAY

By Teona Gelashvili

In our **Looking In** series, we talk to Partners from outside CEE who are keeping an eye on the region (and often pop up in our deal ticker) to learn how they perceive CEE markets and their evolution. For this issue, we sat down with Slaughter and May Partners Jonathan Marks and Richard Jones.

CEELM: What was your first interaction with CEE?

Marks: My first involvement was as an Associate working alongside one of the firms in the Czech Republic when the market first opened up on various transactions subject to English law. There have been a variety of transactions since, including acquisitions, JVs, and shareholder disputes.

Jones: I'm not sure I can remember my first interaction with the CEE region, although advising a government in the region in the aftermath of the financial crisis stands out as a particular early memory (although I'm sadly not able to say anymore)! Other memorable interactions include a very large leveraged acquisition finance deal that involved around a dozen jurisdictions, including Austria, the Czech Republic, and Poland.

CEELM: As for the current pipeline, what has been keeping you busy in the last 12 months?

Marks: Despite this being a quieter year for M&A, I have been involved in an acquisition of a stake in a CEE alternative energy business, worked on some interesting shareholder disputes relating to a couple of different jurisdictions in the region in conjunction with our disputes team, continued to advise the UK government on various projects, and advised on a number of high-value financial services transactions under which corporates have bought insurance policies to cover the risk on their staff pensions schemes.

I think the tougher economic climate, coupled with higher interest rates, will continue to drive some difficult financing conditions (as well as a reminder of the long-forgotten relevance of hedging interest rates!). As such, I suspect we'll see an increase in distressed refinancings, debt-for-equity swaps, other recapitalizations, restructuring, and, when all else fails, insolvencies.

Jones: An enormous variety of different things – investment grade and leveraged loan financings (including some difficult refinancings), bond issuances and liability management exercises, public and private securitizations, derivatives, and a few commercial contracts. In terms of work in the region, I'm currently in the middle of a complicated loan refinancing (which started life as a proposed securitization!) for a large family-owned business and have just finished agreeing on a banknote supply agreement (which was a new experience for me) for a Ukrainian client. I'm also about to close a retail bond cash and exchange offer for International Personal Finance, a consumer lender with operations in many jurisdictions, including the Czech Republic, Hungary, Lithuania, Poland, and Romania.

CEELM: How has London's role in CEE evolved over time and what is it now?

Marks: We are very fortunate that English law remains a common choice on transactions as well as London being seen as a good place to bring court or arbitration proceedings. In addition, the ongoing strength of London as the location of key markets such as the London Stock Exchange and Lloyd's of London means that we continue to be a hub not only for liquidity but also for expertise, including cutting-edge legal advice.

Jones: Much of what is new in the financial markets in Europe continues to be done first in London (often as a result of it coming over from the US), so – combined with English law's position as one of the globally important legal systems – we're lucky enough to continue to be involved in lots of transactions in the CEE region where there is – save for the use of English law (and possibly London as a location to resolve disputes) – no connection to the UK. However, nowadays, we almost always find that the CEE-based lawyers and other advisers are all well-versed in many of the key legal techniques and commercial issues, so we are often only pro-



Jonathan Marks,
Partner,
Slaughter and May



Richard Jones,
Partner,
Slaughter and May

viding advice on key aspects of the transaction (whether legal or commercial), with much of the day-to-day work being handled by local advisers. It's also interesting to hear more and more frequently from our contacts in CEE that firms in the region, which have previously looked for investment locally, are now at a stage where they're thinking about the possibility of London as a listing venue or place to raise equity or debt finance.

CEELM: What is your perspective on internationals in CEE – how will their presence evolve?

Marks: I expect that there will continue to be more of the same. We will see a mixed approach, with some international firms seeking to open or maintain offices in a (possibly reduced) number of jurisdictions, others seeking to be present in only a selected number of (often larger) jurisdictions, and

yet others (like ourselves) seeking to serve the region from London or another major financial center. In some ways, this mirrors the approach of the independent law firms in the region which we spend a lot of time speaking to and working with – some are located in only one jurisdiction, others in a small number of jurisdictions, and others have a regional network. I am pleased to see the strength of independent law firms in key markets very much in line with our own experience.

Jones: Essentially, there is room for more than one approach in the market – we believe the way we operate (focusing on delivering English law advice from London and working with a range of the region's (and the world's) best independent firms) best serves our clients for the type of work we do for them, as well as offering advantages in terms of flexibility and conflict management, but there are obviously plenty of firms that take a different approach and make that work.

CEELM: Where do you see the most activity in the next 12 months?

Marks: I hope that we will see a return to stronger across-the-board activity levels as interest rates and inflation hopefully have peaked and start to fall. This should lead to more M&A – both trade and PE purchasers – assuming no more material international flare-ups leading to political or economic shocks.

Jones: In terms of finance, which is my practice area, I think the tougher economic climate, coupled with higher interest rates, will continue to drive some difficult financing conditions (as well as a reminder of the long-forgotten relevance of hedging interest rates!). As such, I suspect we'll see an increase in distressed refinancings, debt-for-equity swaps, other recapitalizations, restructuring, and, when all else fails, insolvencies. That said, some sectors and companies are clearly still performing strongly, so they will continue to be able to obtain credit (including for acquisitions and other major projects) on favorable terms. There is obviously a general expectation (including in many jurisdictions across the CEE region) that infrastructure, energy, and natural resources work, particularly in the area of renewable and nuclear energy (where we have done a lot of work in the UK and across Europe), will be a growth area over the coming decade – hopefully, this will prove to be the case! We also hope that, following an end to the war in Ukraine, efforts can begin in earnest on reconstruction and the restoration of the devastation inflicted by the Russian invasion. ■

MARKET SPOTLIGHT: CROATIA



ACTIVITY OVERVIEW: CROATIA

Firms with the most client matters reported by CEE Legal Matters.

Partners with the most client matters reported by CEE Legal Matters.



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Damir Topic



19



9

Ivan Zornada



17



9

Mate Lovric



15



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Tarja Krehic



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8

Mario Krka



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Nina Radic Kuzik



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 ■ Period Covered: December 17, 2013 - December 15, 2023

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CROATIAN M&A MARKET: A SLOWER YEAR

By Andrija Djonovic

In 2023, Croatia's M&A market faced unexpected challenges on several fronts. Lovric, Novokmet & Partners Partner Mate Lovric and Divjak, Topic, Bahtijarevic & Krka Senior Partner Damir Topic discuss the market's slowdown in the year behind us.



Slower Times

Lovric's assessment is that the M&A market in 2023 was "worse than expected." He highlights the complexities in finalizing deals, which increased considerably compared to previous years. "For instance, in 2023 few deals that came

close to closing did not go through which is something we have not really experienced before," Lovric explains.

Echoing Lovric's sentiment, Topic attributes the downturn to a "global slump in M&A activities across EU and US," emphasizing that both the number and size of transactions have

fallen short of previous years' levels. "Transaction value is not even close to the values of deals completed in 2021-2022," Topic also reports.

Focusing on specific sectors, Lovric identifies IT and tourism as the front runners. Topic expands on this, pointing out the energy sector's prominence due to the global energy crisis and Croatia's rich renewable energy sources. According to the latter, there is a "rush to ensure renewable sources for the next stage of energy consumption transformation. Croatia has a vast number of available renewable energy sources – from wind and sun to hydro and geothermal." Topic adds that "M&A deals have been done in each of the mentioned," and agrees with Lovric that the IT sector remains buoyant despite economic downturns.

The Cost of Buying Business

Discussing the types of buyers in the market, Lovric reports some deals involving local buyers succeeded. In contrast, others with funds and strategic investors did not. Topic offers a broader perspective, stating that "strategic buyers took the lead over PE funds," mainly due to the rising costs of financing, which have hit the funds harder. As for the originating jurisdictions, "there are still more foreign buyers than the domestic, and more domestic sellers than the foreign ones who want to go out of Croatia," Topic stresses.

As Topic notes, the increase in financing costs is a critical

factor impacting the M&A market. Lovric explains that higher interest rates reduce the margin of error, making fewer deals attractive. "On the other hand, the sellers are not willing to decrease their price expectations because if their business is ok then why should they decrease the price due to the overall environment – so, the price gap is bigger and harder to overcome," he adds.

On the other hand, the sellers are not willing to decrease their price expectations because if their business is ok then why should they decrease the price due to the overall environment – so, the price gap is bigger and harder to overcome.

Topic agrees with Lovric, highlighting the adverse effect of rising interest rates on private equity activity: "It also affects all sorts of acquisitions not only because of the rising costs but also because of uncertainty as to where the ceiling for the price of money is. That is to say, some buyers are ready to buy even with these high interest rates – if they would know that this is the same rate available once the deal is completed," he explains. "From the perspective of a buyer, who has to carry out due diligence and negotiate the deal for months, there is no option to go into a transaction if in three or six months they won't be able to get the same interest rate as at they could at the beginning of the transaction."

The New Eurozone Vibe

Lovric believes that while entering the Eurozone has simplified M&A processes by eliminating the need for foreign exchange discussions for EU buyers, "it has not notably increased M&A activity in Croatia."

Topic views the transition more positively, citing reduced red tape and elimination of exchange risks as significant benefits. "Without this, I believe the situation for M&A would be even worse."

Looking ahead, Topic offers a cautious outlook for 2024. "The perspective for 2024 remains bleak," he states based on feedback from his colleagues at the recent International Bar Association conference in Paris. The consensus is that "2024 will probably be a bit better but still not 'business as usual' in the M&A sector," he concludes. ■



Damir Topic,
Senior Partner, Divjak,
Topic, Bahtijarevic & Krka



Mate Lovric,
Partner, Lovric, Novokmet
& Partners

INSIDE INSIGHT: INTERVIEW WITH TOMISLAV PIFAR OF INFOBIP

By Teona Gelashvili

Infobip General Counsel Tomislav Pifar first joined the company in 2011 and has been a witness to the company's remarkable growth over the past 12 years. In reflecting on his journey, he explores the evolution of in-house legal work and international exposure, placing a particular emphasis on the transformative impact of AI on daily operations.

CEELM: Tell us a bit about yourself and your career path leading up to your current role.

Pifar: I spent the past 12 years at Infobip, and it has been quite an interesting ride. I initially joined the company as a young lawyer with brief prior experience at a small local law firm and at a public notary office.

The move to an in-house position turned out to be the start of a captivating phase – when I first joined, Infobip had a relatively modest global footprint, employing around 200 individuals. However, today, the company has a workforce of over 3,500 people spread across various continents. Being part of this remarkable growth has been a great experience.

CEELM: What were the initial impressions and experiences you encountered when transitioning to in-house legal work?

Pifar: Transitioning to the in-house world was a positive experience from the outset. I entered into an international exposure phase, engaging not only with local and regional matters but also interacting with colleagues across the globe, from Asia to Latin America. The ability to have conversations with colleagues worldwide within a single day was a pleasant surprise. Sure, handling multiple jurisdictions brought its challenges, but it was also part of the beauty of the job.

Additionally, one common element of in-house work is related to our ability to see and address problems from the very beginning and provides the opportunity to influence solutions more directly compared to external counsel.

CEELM: How large is your in-house team currently and how is it structured?

Pifar: Infobip's in-house legal team is a global one – it comprises over 40 members strategically positioned on all conti-

nents. Our operational headquarters are in the UK and Croatia, with the latter serving as a centralized hub. Colleagues are stationed in North America, Asia Pacific, and other regions, each with a dedicated team supporting the respective business units. Acting as orchestrators, we collect local feedback and provide support to regional legal teams.

CEELM: What has kept your in-house team busy in the past year, and what are the priorities for the next year? What factors do you believe will have the most significant impact on your workload in the near future?

Pifar: The last 12 months have been marked by the exciting integration of AI into our daily operations – a major development with far-reaching impacts.

As a technology company, we've not only incorporated AI into our solutions but are also collaborating with AI engineering teams to customize tools for in-house legal teams. AI has the potential to significantly streamline our work, enabling faster and more optimized contract reviews and knowledge base management. Looking ahead, I believe AI will remain a focal point, with the team actively working on defining KPIs for the legal department, anticipating it to be a major driver in the coming period.

CEELM: How do you decide if you are outsourcing a project or using internal/in-house resources, and what factors play a role when it comes to choosing an external counsel?

Pifar: Our decision to outsource a project versus utilizing internal resources is dependent on several factors. In instances where we lack a presence in a specific market or specific in-house knowledge, outsourcing becomes an obvious viable option.

Referrals play a crucial role in our decision-making, alongside



considerations of pricing and the flexibility offered by law firms regarding their pricing models. Nowadays, there are plenty of law firms with great expertise, but we prioritize relationships and the ability of external counsel to adapt to our specific needs and requirements.

CEELM: What do you foresee to be the main challenges for GCs in Croatia in the near/mid future?

Pifar: In the relatively small Croatian market, attracting top talent within the legal industry presents a unique set of challenges. Offering compelling work, competitive salaries, and fostering a positive work environment are essential aspects. Striking a balance between work-life considerations, particularly for younger professionals, and maintaining a collaborative environment are ongoing priorities. Being competitive in the market, both in terms of the work we offer and the collaborative global network we engage with, remains our strength.

Other than that, I believe that a new set of challenges for GCs globally and regionally is related to adapting to the changing landscape of legal technology, particularly how AI is reshaping the legal field. It has been an exciting but demanding aspect of our work. Looking ahead, AI remains a cornerstone of our strategy – the legal team is currently focused on defining KPIs for the legal department. This forward-looking approach positions us to leverage AI not only to assist our customers but also to enhance the capabilities of our in-house legal team.

The mix of law and technology also brings up worries about keeping data safe and private. Using AI means we've got to be extra careful with data, sorting through complicated rules and making sure we play by the standards. In a nutshell, the changing legal scene needs GCs to adapt and be flexible. Remaining aware of technological advancements, fostering a supportive work environment, and adeptly addressing complexities related to data are all crucial for the legal profession toward a resilient future. ■

MARKET SNAPSHOT: CROATIA

NEW TOURISM ACT – WHAT IS THE IMPACT ON THE REAL ESTATE MARKET?

By Iva Basaric, Partner, and Marta Telebuh, Associate, Babic & Partners



It is no secret that tourism is a major industry in Croatia, and, so far, segments of this industry have been regulated through a number of specific laws and regulations. Recently, however, the Croatian Government undertook to further regulate the area by proposing the first ever national *Tourism Act* – an umbrella regulation aimed at monitoring and the development of tourism.

The act has now been adopted by the Croatian Parliament and is set to enter into force on January 1, 2024. Since tourism and real estate are fairly interconnected, an impact of the new act on the real estate market can be expected.

According to the government, the act is designed to tackle certain perceived downsides of excessive tourism, such as the lack of affordable long-term accommodation for the housing needs of the local population, a negative impact on the environment (especially the sea, sea coast, and islands), as well as a negative impact on cultural heritage sites.

The act proposes various solutions to over-tourism and attempts to encourage a more sustainable development of tourism by providing for more even, year-round, and regionally-balanced tourism, and increasing the resistance of tourism activities to external influences.

One of the most notable – but also the most controversial – novelties of the new act is the possibility of limiting the number, type, category, and capacity of accommodation units. The act grants power to the representative authority of the local municipality facing excessive touristic flows to adopt such limitations. Furthermore, the representative authority of the local municipality may also adopt a decision on the capacities of accommodation units within the destination. Such representative authorities' decisions have to be based on the destination management plan which is proposed by the tourist boards and should be adopted on an annual basis by March 31 for the following year.

Prior to its adoption, the act already generated a great public debate and divided the opinion of the public and the stakeholders. The Parliament's Tourism Committee expressed concerns about the potential unconstitutionality of the above-mentioned provision of the act, since it may easily lead to limitations of entrepreneurial freedoms. A similar argument was articulated in the proposed amendment made by a member of Parliament. However, the government did not take these concerns into consideration and did not amend the proposed act, keeping the controversial wording that was ultimately adopted by the Parliament.



The effects of the new *Tourism Act* on the real estate market in Croatia are multi-layered. The above limitations are likely to discourage investments in currently typical short-term rentals such as vacation houses/villas and apartments. As a result, at least some local players on the tourism market could be switching to investing in boutique or heritage, family-owned small hotels. Another expected outcome (which is also one of the reasons why the act has been introduced in the first place) is greater availability of housing and long-term rentals. A spike in long-term rental availability may, in turn, lead to a decrease in rents and stronger competition on the market for long-term rentals and housing.

Considering the controversy the act has already caused, it will also be interesting to see whether the act is going to be challenged before the Croatian Constitutional Court due to unconstitutionality concerns that so far do not appear to have been adequately addressed by the government. In the meantime, it remains to be seen how the local authorities and various stakeholders will be adapting to the new regime and the new powers that come with it. ■

RECENT TREND IN CROATIAN DATA PROTECTION: UNVEILING A SURGE OF ENFORCEMENT ACTIONS

By Marija Gregoric, Partner, and Lovro Klepac, Senior Associate, Babic & Partners



The fifth anniversary of the *General Data Protection Regulation* (GDPR) in Croatia has ushered in an unforeseen and substantial transformation in the sphere of data protection. This notable shift is characterized by a surge in enforcement actions led by the Croatian data privacy watchdog, commonly known as the Personal Data

Protection Agency (DPA – in Croatian AZOP). In stark contrast to the relatively quiet initial three years following the enactment of the GDPR (2018-2021) in Croatia, 2023 has become a turning point, witnessing a seismic shift in Croatian data protection enforcement.

A standout case in this wave of enforcement actions involves a local debt collection company that incurred a staggering fine of EUR 5.4 million, setting a new record for the highest penalty in the enforcement history of the Croatian DPA. This substantial penalty was imposed due to the company's failure to implement necessary technical and organizational measures, engaging in the processing of sensitive personal data without having a legal basis, and neglecting to adequately inform data subjects about processing activities. Furthermore, the company was found to have been actively tracking the health status of individual debtors and recording phone calls with them for a period of seven months without any legal basis for such recordings, and in contradiction with its stated privacy policies. In a public announcement regarding its decision, the Croatian DPA additionally offered clarification on the appropriateness of including the phrase "This call may be recorded" in a privacy notice provided during a telephone call with a data subject. Specifically, the Croatian DPA held that such wording did not comply with transparency obligations set out in the GDPR.

In a separate case involving a different debt collection company, the Croatian DPA levied a significant fine of EUR 2.26 million. The penalties in this instance were a result of the DPA's findings that the company failed to provide essential information about its data processing practices, make an appropriate data processing agreement with a relevant processor, and implement adequate

security measures, leading to a loss of control over data flows. In its press release about the infringement decision, the DPA underscored aggravating factors in this case, including the company's lack of cooperation and its failure to take remedial actions.



The DPA's vigilance extended beyond debt collection activities to e-privacy concerns, with a specific focus on the use of cookies on websites. Notably, two fines were imposed on companies operating in the gambling and betting sector, totaling EUR 20,000 and EUR 30,000, respectively. The DPA identified shortcomings in these controllers' processing activities, citing a lack of a proper legal basis for storing cookies and processing personal data, as well as the controllers' failure to enable users to freely give and withdraw consent. Criticism was also directed at the controllers' cookie banners, which were accused of bundling consent for all types of cookies, rather than allowing users to specify their preferences.

In conclusion, the intensified enforcement efforts led by the Croatian DPA mark a turning point for businesses immersed in data-intensive industries. As the regulatory landscape undergoes an evolution, the imperative for organizations to prioritize robust data protection measures grows more critical. Navigating the intricate terrain of compliance and staying clear of non-compliance pitfalls become paramount considerations in this dynamic environment. The recent decisions and clarifications emanating from the Croatian DPA not only serve as a guidepost for businesses but also provide valuable insights. For organizations striving to align their data collection practices with the exacting requirements of the GDPR, these developments underscore the importance of keeping up with the evolving regulatory landscapes. Businesses are encouraged to proactively adapt their data protection strategies, ensuring not only compliance but also safeguarding the privacy rights of individuals in an ever-changing digital landscape. ■



**KNOW YOUR LAWYER:
IVA MISKOVIC OF
MISKOVIC & MISKOVIC**

Career:

- Miskovic & Miskovic Law Firm; Partner; 2018-present
- Law office Iva Miskovic; Owner; 2010-2018
- Dlacic & Partners; Legal Associate; 2006-2009

Education:

- University of Zagreb; Faculty of Law; Graduate Jurist (dipl. iur.); 2006

Favorites:

- **Out of office activity:** Learning Italian and creative writing but, most of the time, just being a mom
- **Quote:** “Whatever you do, don’t congratulate yourself too much, or berate yourself either. Your choices are half-chance. So are everybody else’s.” – Mary Schmich
- **Book:** *My Brilliant Friend* by Elena Ferrante
- **Movie:** In the last decade, I’ve become more fascinated by TV series. To start, *Breaking Bad* – an all-time classic. I’d add the disturbing dystopia of *The Handmaid’s Tale* and *Billions* for the exciting world of high finance, power, and legal battles.

Top 5 Projects:

- Advising on the joint venture process of Porsche Digital Croatia d.o.o. of Infinum d.o.o. and Porsche Digital GmbH.

CEELM: What would you say was the most challenging project you ever worked on and why?

Miskovic: Acting as transactional legal advisor in the first-ever Retail bond issued by the Republic of Croatia was our team’s most demanding project to date. The groundbreaking nature of this first-of-its-kind endeavor introduced an additional layer of legal complexity further heightened by substantial public and institutional interest. We had to navigate a complex regulatory landscape, address a wide array of legal aspects, manage high levels of public and institutional interest, coordinate a two-stage offering, and meet stringent timelines. The genuine assessment of the viability of the entire legal framework became evident as questions arising in the field following the project’s initiation were successfully and smoothly addressed during the seamless progression of this successful project.

CEELM: And what was your main takeaway from it?

Miskovic: Being involved in a project with such significant public interest, I’ve experienced firsthand how unforeseen challenges can emerge from public reactions, inquiries, or regulatory responses influenced by media and public perception, introducing a layer of complexity. In navigating this dynamic landscape, flexibility in legal approaches becomes paramount when managing public expectations and potential reputational risks.

CEELM: What is one thing clients likely don’t know about you?

Miskovic: They might not know that being a lawyer was never my dream. I envisioned myself as a judge or a university professor, but I’m glad that life led me to where I am today.

CEELM: Name one mentor who played a big role in your

■ Advising Erste&Steiermarkische Bank d.d., Privredna banka Zagreb d.d., and Raiffeisenbank Austria d.d. as joint lead managers in the bond issuance process by INA – INDUSTRIJA NAFTE d.d. in total amount of approximately EUR 265 million.

■ Advising Erste&Steiermarkische Bank d.d., Privredna banka Zagreb d.d., and Zagrebacka banka d.d. as joint lead managers in the first issue of SLB bonds with municipal risk in the CEE region ever by the issuer Zagrebacki holding d.o.o. in total amount of EUR 305 million.

■ Advising Erste&Steiermarkische Bank d.d., OTP banka d.d., Privredna banka Zagreb d.d., Raiffeisenbank Austria d.d., and Zagrebacka banka d.d. as joint lead managers and acting as transactional legal advisor in the process of issuing the first ever Retail bond issued by the Republic of Croatia in the total amount of EUR 1.85 billion.

■ Advising a club of six Croatian banks (Erste&Steiermarkische Bank d.d., Nova Hrvatska banka d.d., OTP Banka d.d., Privredna banka Zagreb d.d., Raiffeisenbank Austria d.d., and Zagrebacka banka d.d.) as lenders (and Zagrebacka banka d.d. as agent and coordinator) in the EUR 240 million loan facility to Zagrebacki Holding d.o.o.

career and how they impacted you.

Miskovic: Navigating a professional partnership with my spouse demands a delicate balance, and publicly labeling him as my mentor would disrupt the equilibrium we’ve successfully maintained for five years now. Nevertheless, the fact remains that his inspiring role in my career is undeniable. Pavo’s corporate background has given me valuable insights that I wasn’t privy to during my solo entrepreneurship before the establishment of our law firm. Moreover, his inclination to “dream big” has nudged me away from my natural cautiousness.

CEELM: Name one mentee you are particularly proud of.

Miskovic: Though I am genuinely proud of every member of our team, I would like to take this opportunity to highlight our lawyer, Maja Seat, who will become a Partner in our law firm at the beginning of next year. Maja has been with us for the last three years, during which she has refined her legal skills and, just as important, embraced a strong sense of professional ethics in line with our highest standards. This step is a recognition of Maja’s dedicated work and significant legal experience but also a clear indicator that the future of our company is being developed with people and around people. We are all excited about this new chapter in the history of our firm, which we view with great optimism.

CEELM: What is the one piece of advice you’d give yourself fresh out of law school?

Miskovic: I was in such a rush to complete law school that I overlooked the opportunity to fully enjoy my college years. I wish somebody told me earlier that it’s better to spend an extra year as a student than to add an extra year to your retirement.

MARKET SPOTLIGHT: UKRAINE



ACTIVITY OVERVIEW: UKRAINE

Firms with the most client matters reported by CEE Legal Matters.

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Glib Bondar



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42
Yulia Kyrpa



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Igor Lozenko



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MANAGING HUMAN CAPITAL DURING A STATE OF WAR

By Teona Gelashvili

Marked by the turbulence of war, Ukraine’s legal sector has adjusted to the new circumstances but potential future talent challenges loom on the horizon.

(Back to) Office Life



“In the first few months of the invasion, most of us worked remotely from various cities around Ukraine and abroad,” says Avellum Managing Partner Mykola Stetsenko.

Almost two years later, the return to the office is gradual. “Currently nearly 35% of staff regularly work from the office, while, in general, we use the hybrid model,” Integrites Managing Partner Oleksiy Feliv reports, adding that “around 80% of the colleagues are permanently located in Kyiv.” Meanwhile, Kinstellar Kyiv Managing Partner Olena Kuchynska highlights that generally, the firm has introduced a remote work model. “Only secretaries are asked to work from the office because of the nature of their work,” Kuchynska says, adding that these days “more and more colleagues are coming back to the office.”

ing Partner Oleksiy Feliv reports, adding that “around 80% of the colleagues are permanently located in Kyiv.” Meanwhile, Kinstellar Kyiv Managing Partner Olena Kuchynska highlights that generally, the firm has introduced a remote work model. “Only secretaries are asked to work from the office because of the nature of their work,” Kuchynska says, adding that these days “more and more colleagues are coming back to the office.”

The Human Connection Drive



The primary motivation behind returning to work is ensuring human connections, as highlighted by Kuchynska: “We are quite busy these days and people jointly work on various projects. This is the best way to keep the spirit up and build the team.”

“To maintain the team spirit, we arrange regular staff meetings and team building activities,” Feliv adds. “Practices and administrative departments get on their separate team meetings on a weekly basis. We also involve our people in a hybrid series of lectures on mental wellbeing and corporate charity projects.”

Stetsenko notes that a similar approach is supported by em-

ployees themselves: “We still believe that human interaction at work is important, and our people share this vision according to the results of polling our staff.”

From Bomb Shelters to Alternative Power Sources

Despite the slow return to normalcy, there is still a need to prepare for extraordinary situations. “We had to make sure that our office has a shelter in good condition (we have an underground garage), we arranged for alternative sources of power, we also made a plan for extraordinary situations,” Kuchynska points out.



Stetsenko reports that they actively transformed existing facilities into bomb shelters: “Our office center created a convenient shelter in the underground parking of our building.” Sayenko Kharenko Partner Vladimir Sayenko adds that the firm “opened a second office in a more secure location with a bomb shelter, and this office is equipped with a

powerful generator and Starlink internet access.” Additionally, Feliv says that the firm has an agreement with a business center “which is a two-minute walk from the office to use their underground shelter during air raid alerts.”

The office itself has also been equipped with an electricity generator, according to Stetsenko, adding that “this by itself gives comfort to our people, especially in the winter months when the office is always warm and has electricity and water.” Similarly, Arzinger Managing Partner Timur Bondaryev adds that “in response to blackouts, the office equipped a large conference room with inflated beds and food, enabling people from the suburbs to stay during electricity outages.” Still, Bondaryev believes that “despite the uncertainties, Kyiv, with its extensive protection measures, is considered a safe place to be.”

Headcount and Retention Challenges



Oleksiy Feliv,
Managing Partner,
Integrites

In terms of headcount, everyone but one share that headcount within the firm has been decreased to an extent. “Integrites managed to retain the team and completely avoid war-related personnel cuts, so the number of our employees remained almost the same,” Feliv reports, adding that “only about 7% of the team, mostly administrative staff, and junior-level lawyers quit.” Similarly, Kuchynska and Sayenko say that their firms prioritized not making any redundancies. “When the new phase of the war started in February 2022, our law firm decided to preserve the team and did not downsize,” Sayenko notes. According to him, some of the lawyers left due to army service, secondment opportunities, or “shifted their focus by concentrating on humanitarian support at Breathe Charity Fund.”



Olexiy Soshenko,
Managing Partner,
Redcliffe Partners

Redcliffe Partners Managing Partner Olexiy Soshenko reports that the firm’s “headcount has, since the beginning of the invasion, dropped by around 40%, but this is now reversing and we now have some 80% of the personnel compared with before the war.”

“Surprisingly,” Stetsenko says, in Avellum, the headcount “has grown a bit.” This, according to him, is explained by the annual internship programs both in 2022 and 2023. “So, while we lost some people who left Ukraine, we had a lot of junior people join us,” he notes.

Utilization Trends

Stetsenko and Soshenko highlight that in their firms, “the average utilization now is 65%.” It is not ideal, Soshenko says, “but tolerable given the circumstances. As to positive trends, we have seen a gradual increase in work volumes.”

“The local legal market remains depressed, as there are fewer transactions, clients have other priorities and try to save on legal fees,” Sayenko adds, noting that “some international work remains” and “lawyers saw opportunities and started providing services in the areas that became hot, such as the mobilization of employees.”



Timur Bondaryev,
Managing Partner,
Arzinger

Bondaryev highlights that utilization rates vary depending on the practice. “Some practice areas, such as restructuring, disputes, arbitration, sanctions, and criminal law, are exceptionally busy, working 24-7 with minimal time for internal matters or pro bono work,” Bondaryev says. “However, uncertainties persist about the duration of this positive trend.

Privatization and infrastructure projects, sponsored/funded by IFIs (IFC, EBRD, World Bank, etc.), have contributed to the workload.”

Kuchynska shares a slightly different viewpoint. “We are back to the pre-war utilization rates now,” she says, adding that apart from the client work, team members have been “quite active and busy with volunteering pro bono work.” Similarly, Feliv notes that in terms of pro bono work, there are “practice groups and individual practitioners who demonstrate impressive results – from 200 to 500 hours per year, advising Ukrainian military personnel, developing information products for Ukrainian refugees, and consulting charity funds and organizations.”

A War for Talent Post-War

One lingering struggle remains the brain drain in Ukraine. “The brain drain is already a significant problem,” Sayenko notes. “It is not easy to find good lawyers with international experience. When the market revives, we are likely to see a vigorous war for talent in the Ukrainian legal market.”

Bondaryev shares a similar view, adding that “the firm is grappling with the effects of a brain drain as many lawyers, particularly women, left the country at the onset of the war. The demand for English-speaking talented professionals all across the practice areas remains high.”

Kuchynska, on the other hand, notes that brain drain, while not as visible now, may become a problem in the future. That said, she notes they “see that people are considering coming back to Ukraine,” adding: “And we are not afraid to hire people who are based abroad now. We think this could be also our mission: this helps people to keep a connection with Ukraine and finally make the decision to come back.”

Eventually, Stetsenko believes, that “lawyers will be in huge demand after the war with the EU accession as a major factor for Ukraine in the next decade.” ■

MARKET SNAPSHOT: UKRAINE

PREPARING THE UKRAINIAN PPP FRAMEWORK FOR RECONSTRUCTION

By Maksym Maksymenko, Partner, and Rostyslav Mushka, Associate, Avellum



Ukrainian civilian infrastructure, particularly its vital components such as energy facilities and seaports, was heavily targeted by Russian missile strikes, causing severe damage.

Combined damage to civilian infrastructure and energy industries already exceeds USD 50 billion. Since the beginning of hostilities, 18 airports, at least 344 bridges and overpasses, and over 25,000 kilometers of roads were damaged.

Considering the extensive scale of damage, the Ukrainian government has been working on the post-war restoration plans since 2022. Since Ukraine has limited resources to implement a reconstruction program on its own effectively, the role of the private sector in rebuilding becomes much more critical. Notably, private sector participation and its leading role in post-war recovery were among the main topics of the Ukraine Recovery Conference 2023 held in June.

The government views public-private partnerships (PPP) as one of the key instruments of private sector engagement in the rebuilding. The current track record of successful PPP projects includes the Olvia and Kherson seaport concessions awarded in 2020. While the full-scale invasion halted seaport activities, the government worked with the concessionaires to sustain these partnerships throughout the war by invoking the *force majeure* clauses.

However, existing PPP legislation may not meet the urgent requirements of post-war rebuilding. Under the *Law of Ukraine On Concession*, the standard open tender procedure usually takes around two years to complete (starting with feasibility study development until the concession agreement signing). Understanding that such a procedure may not be suitable for rebuilding purposes, the National Investment Council of Ukraine, together with Ukrainian and foreign advisors, business and government representatives, has developed a bill registered in the Ukrainian Parliament under No. 7508 *On Amendments to Certain Legislative Acts of Ukraine to Improve the Mechanism of Private Investments Attracted under the Public-Private Partnership Mechanism to Accelerate Restoration of Objects Destroyed by War and Construction of New Objects Related to Post-war Rebuilding of Ukrainian Economy* (Bill No. 7508).

The key purpose of Bill No. 7508 is to simplify the PPP procedures for post-war rebuilding projects while further refining the general PPP regulatory framework. It provides a much shorter

PPP tender procedure for projects that will be included in the special lists of state and municipal PPP rebuilding projects. The government or relevant municipalities will approve such lists for state and local-level projects, respectively.



Among the key changes envisaged by Bill No. 7508 is the cancellation of the requirement to prepare a feasibility study and analysis of the effectiveness of rebuilding projects to be tendered. We expect that such simplification will apply to the projects that will be rebuilt to their initial state and will use the existing project design and construction estimates. This change should significantly reduce the time required to select a private partner and implement such projects.

Bill No. 7508 introduces the shortlisting of potential private partners who may skip the pre-qualification stage of the tender for PPP rebuilding projects and shorter tendering terms for rebuilding PPP projects. It also introduces explicit permission to govern PPP agreements by foreign law and the right to waive sovereign immunity for the state partner under direct agreements.

The government is consulting with foreign partners and finalizing Bill No. 7508 before its second reading in the Ukrainian parliament. The expectation is that it will be adopted in early 2024.

Simultaneously, the government undertakes efforts to ensure transparency and accountability in the rebuilding process. DREAM, an online platform that will collect and publish information about rebuilding projects (including PPP projects), entered beta testing in November 2023.

In October 2023, the EBRD, EIB, CEB, and World Bank signed a memorandum to harmonize and streamline their procurement approach during Ukraine's rebuilding. This involved utilizing the DREAM platform and Prozorro system. They approved the use of Prozorro for tenders that do not exceed thresholds of EUR 130,000 for goods and EUR 5 million for works/services, and they are collaborating with the Ministry of Economy to apply the Ukrainian procurement system for high-value and complex contracts as well. Furthermore, following the adoption of Bill No. 7508 and the establishment of the necessary technical capabilities of the system, it is anticipated that Prozorro will be used for tendering PPP projects, including those supported by these organizations. ■

ESG EVOLUTION: NAVIGATING CHALLENGES, REBUILDING, AND EMBRACING A SUSTAINABLE FUTURE

By Marta Halabala, Head of ESG, Asters



Large energy companies are taking measures to become green in order to meet targets to reduce carbon emissions. The main stakeholders – investors, customers, rating agencies, and regulators – are pushing energy companies to set more environmental, social, and governance goals publicly. For these companies, the “E” in ESG should be the foundation of their strategy.

Energy Companies in Ukraine

Ukrainian energy companies face a different reality than their European counterparts. They are grappling with survival as Russia has destroyed or damaged more than 50% of Ukraine’s energy infrastructure.

Rebuilding this infrastructure cannot wait for the end of the war; it is happening now. Five priorities have been identified for funding rapid reconstruction, with energy being the first. Ukraine aims not only to restore the power grid but also to decentralize it, making it less vulnerable and guaranteeing the availability of electricity in Ukrainian homes and businesses.

The recent ReBuild Ukraine 2.0 conference in Warsaw underscored the genuine interest and commitments of representatives from both Ukrainian and foreign governments and businesses. The focus was on addressing issues related to the restoration of Ukraine’s energy infrastructure facilities, ensuring energy security, decentralizing energy generation, promoting the development of green energy, and formulating future plans for Ukraine to emerge as a prominent European energy hub.

New Legislation in Place

In June 2023, the Parliament of Ukraine adopted the new law *On Amendments to Certain Laws of Ukraine Regarding the Restoration and “Green” Transformation of the Energy System of Ukraine*. It aims to ensure the further development of green energy generation on a competitive basis, incorporating the best international practices. Notable provisions include an effective mechanism for issuing, using, and terminating guarantees of origin for electricity generated from renewable energy sources, an improved model for holding auctions for the distribution of support quotas for renewable energy producers, and the right of producers under a green tariff to switch to directly selling electricity on the market.

This law is a game-changer, opening up a new revenue stream and setting the stage for the growth of biomethane production, a sector with immense potential yet hindered by market limitations. The guarantees of origin scheme are particularly crucial for bi-

omethane, offering a mechanism to separate and trade its carbon value. With this scheme, Ukraine could witness a boom in the biomethane industry, attracting investors and developers alike.

ESG for Ukrainian Companies During the War

Concurrently, businesses are implementing ESG approaches relevant to the current realities of the war, such as supporting the army, aiding internally displaced persons, and ensuring food supply. The demand to implement these standards comes not only from business owners and managers but also from society and consumers. Additionally, Ukraine is creating jobs and appropriate training programs for women to master professions traditionally male-dominated.

The EU’s Sustainability Reporting Requirements

Despite these initiatives, Ukraine lacks legislation on ESG monitoring and reporting. Many local players closely integrated into the European economy, some on regulated stock markets, will eventually be required to submit corporate sustainability reports. The EU regulates this requirement through the *Corporate Sustainability Reporting Directive*, *Sustainable Finance Disclosure Regulation*, and the *EU Taxonomy*.

On November 8, 2023, the European Commission adopted the *2023 Enlargement Package*, recommending that the Council opens accession negotiations with Ukraine. EU accession implies that EU legislation, including corporate sustainability reporting requirements, will apply to Ukraine. However, there is still plenty of work to be done. Ukrainian companies are still grappling with the need for change, and the development of legislation may prove instrumental in addressing current critical social challenges. These challenges encompass the treatment of employees within organizations, with a focus on providing mental health support. Additionally, there is a need to establish principles of inclusion, taking into account the growing number of veterans with various types of injuries. Equality and fairness are also key aspects that require attention, along with considerations of value creation along the supply chain.

Despite the ongoing war, Ukrainian businesses are demonstrating resilience and adaptability through their ESG initiatives. As Ukraine moves toward EU accession, the looming EU sustainability reporting requirements present a challenge and an opportunity. We also recommend developing legislative initiatives to address social issues in Ukrainian companies that are in this transitional period. With aspirations to become a European energy powerhouse, Ukraine’s path encompasses more than just rebuilding infrastructure; it involves fostering a sustainable and inclusive energy landscape for the future. ■

RESILIENCE IN UKRAINIAN M&A ACTIVITY

By Mykola Stetsenko, Managing Partner, and Andriy Romanchuk, Counsel, Avellum



As Ukraine is fighting off the brutal invasion by the Russian Federation, the Ukrainian M&A market is at its lowest point, at least in terms of the number of deals, since 2000. Still, interesting trends are emerging and there is great hope for a bright future.

The Activity of Local Buyers

There is a growing activity among successful Ukrainian businesses that have adapted to the challenging circumstances in Ukraine and are now looking for potential strategic acquisitions. One such example is OKKO, one of Ukraine's leaders in fuel retail, venturing into renewables. OKKO is actively looking to acquire energy production facilities in Ukraine and has a clear strategy for moving forward.

This trend is visible for successful Ukrainian businesses across several industries, including energy, fuel retail, agriculture, etc. Unfortunately, the number of deals is still low, but given potential buyers' expressed interest, we hope to see an increase in M&A driven by these deals soon.

What's peculiar, if not surprising, is that the deal terms and structures we come across in our experience are not of a typical "distressed" M&A deal. The parties enjoy roughly equal bargaining power, and deal terms are reminiscent of an "ordinary" M&A transaction. The absence of widespread distressed M&A in Ukraine in times of a full-scale war is a testament to the resilience of Ukrainian companies.

This trend is similar to the one that occurred in 2014 after the first invasion of the Russian Federation in Crimea and the east of Ukraine. At that time, the total number of deals decreased while the proportion of deals involving Ukrainian buyers and targets increased. One of the reasons for such an outcome is that foreign buyers, understandably, took a more cautious approach toward Ukrainian companies due to geopolitical risks. In contrast, Ukrainian buyers continued to pursue their strategic acquisitions.

Foreign Strategic Buyers

We see that some foreign strategic buyers are expressing cautious interest in Ukrainian companies but are not yet actively acquiring them for the reasons mentioned above. Given the similarity of trends in 2014 and 2023, we expect a gradual increase in foreign acquisitions once the war ends, particularly to pre-2014 levels or even surpassing those.

Despite the overall low activity, some sectors, particularly tech, enjoyed some success. One such example is the sale of DMarket, a marketplace for virtual assets, to Mythical Games, a US-based game technology company.



Private Equity

The overall number of private equity deals has also been relatively low. Various PE funds are looking at Ukrainian companies – especially tech or export-oriented companies – but are reluctant to start actively investing due to the war.

Nevertheless, there are exemplary success cases that predict a more active market in the future. Two such cases are the investments by Horizon Capital into GoIT, a leading global edtech platform, and Preply, an online language learning marketplace that connects tutors to learners globally. These deals give hope for a more active M&A market in Ukraine and the Ukrainian tech sector in general.

Outbound M&A

Ukrainian buyers are now actively considering expanding their business into neighboring markets, such as Poland and Romania. We know several companies are actively exploring their options while others are already closing their deals. For example, Epicentr, a chain of hypermarkets, is investing in Intersport Polska, a Polish retailer, which will allow Epicentr to expand its presence in Poland.

Outbound M&A activity in Ukraine was traditionally low. The number of outbound M&A deals may increase now, as some Ukrainian buyers either run out of Ukrainian companies to buy (as sellers are not actively looking to sell) or perceive outbound acquisitions as safer in the face of the ongoing war.

Conclusion

Despite the challenges of the ongoing war, the Ukrainian M&A market demonstrates remarkable resilience and adaptability. Local businesses across various sectors are pursuing strategic acquisitions, signaling confidence and robustness in the face of adversity. The interest from foreign buyers and the emerging trend of outbound M&A underscore cautious optimism for the market's future. This enduring spirit of enterprise lays the groundwork for Ukraine's vibrant post-war economic recovery. ■

QUICK RECOVERY OF UKRAINE: HOW THE GOVERNMENT IS PREPARING FOR RECONSTRUCTION

By Oleksiy Feliv, Managing Partner, and Tetiana Storozhuk, Senior Associate, Integrites



The reconstruction of Ukraine – critical infrastructure, housing, hospitals, and social facilities – is already underway. This major effort has been significantly assisted by international support. Ukraine’s commitment to transparency, coupled with specific regulations under martial law, has been instrumental in achieving this progress.

Reconstruction Management: Pilot Projects: To ensure the comprehensive implementation of reconstruction projects, the government established the State Agency for Reconstruction and Infrastructure Development of Ukraine (Agency) in January 2023. The Agency was formed on the basis of two existing state agencies with extensive experience in implementing infrastructure projects, often in cooperation with international financial institutions. Oversight of the Agency’s activities is coordinated by the Ministry of Infrastructure of Ukraine. The specific legal framework for the first pilot projects, focusing on the reconstruction of six settlements in Ukraine, was adopted in April 2023. This legislation provides for bottom-up management of reconstruction, where projects are prioritized at the local level, prepared for reconstruction (including land allocation, surveys, and damage assessment), and then reviewed and approved by the Agency. The amendments also introduce the delegation of customer functions to the Agency and its local authorities, which will facilitate the reconstruction of private or social projects that do not have relevant experience to manage them.

Transparency and accountability in the Agency’s projects are ensured through DREAM, a dedicated e-platform that collects, organizes, and publishes open data in real time at every stage of reconstruction projects. The establishment of the Agency provides a clear understanding of the responsible authority for future reconstructions and collaborations.

Enhancing Transparency in Construction: The construction industry faced the war during the reform aimed at ensuring transparency. In pursuit of this goal, the Unified State Electronic System in the Construction Sector (E-System) was launched in 2020, laying the groundwork for the consistent digitalization of the entire construction cycle. Currently, the E-System serves as a platform allowing anyone to verify the legitimacy of construction projects online. The system handles a significant part of the decisions autonomously, reducing the influence of the human factor.

Streamlining Construction Procedures: Since the outbreak of the war, several legislative changes have been introduced to speed

up the restoration of damaged property and address urgent priorities. The first of these was to simplify the requirements for acquiring and developing land for certain activities. This speedy response aims to provide practical solutions for the relocation of businesses from areas of hostilities, the provision of temporary housing for internally displaced persons, as well as the placement of river, maritime terminals, and other infrastructure facilities. Furthermore, to streamline the repair of damaged facilities, no re-designing and re-permitting is required – instead, a simple set of documents is sufficient.

Moreover, new legislation allows the commencement of complex constructions (so-called CC2 and CC3 complexity classes) during and three months after the war, based on a construction declaration instead of applying for a traditional license. This self-declaration approach, which can be completed within a day through the E-System, is also available to foreign contractors, although they would have to register a representative office and obtain an electronic key from the tax authority. Simplifications have also been introduced to the environmental impact assessment (EIA) procedure, which is becoming effective on December 29, 2023. These changes aim to significantly reduce the implementation period and promote digitization through relevant e-registers. The public hearings of the EIA can be held online, which is especially relevant given the security situation in some regions. At the same time, major reforms in construction legislation are still to come and can be implemented after the signing of draft law *№ 5655*.

De-Risking Mechanism Available to Investors: Lastly, an additional breakthrough is the adoption by the Parliament of draft law *№ 9015*, which allows the Export Credit Agency of Ukraine (ECA) to provide insurance coverage for domestic investments against military and political risks. Subject to the implementation of relevant by-laws, Ukrainian investors will be able to apply directly to the ECA, banks, or insurance companies that cooperate with the ECA, and benefit from war insurance. This, in turn, will significantly expand the opportunities for domestic investments to restore the industrial and processing industries. It is worth noting that many investors have already benefited from obtaining political risk insurance (including war risk) from national ECAs who started providing coverage for Ukraine after a short break in 2022, as well as from international and development institutions who support Ukraine by providing war insurance for projects in Ukraine. ■



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ACCESSING CAPITAL IN LIGHT OF UNCERTAINTIES OF WAR

By Igor Krasovski, Partner, Integrites



As the full-scale war continues into the second year, Ukrainian companies are facing unprecedented difficulties with attracting capital which is desperately needed to restore their day-to-day business operations and production halted by the military aggression. Predictably, international debt capital markets remain inaccessible not only

to Ukrainian private borrowers but also to sovereign entities. The unpleasant situation worsens with high costs of borrowing, which have skyrocketed even more for Ukrainian borrowers since the outbreak of the war due to unsustainable country risk.

However, this gloomy picture is not without silver linings. A few recent noticeable changes cultivate a positive outlook and expectations for capital inflow next year. Notably, international financial institutions (IFIs) have substantially increased vital financial support for the businesses that suffered the most. Moreover, borrowers may not only expect to receive very generous restructuring terms but can also count on the lenders to inject new money to help a company recover from significant losses resulting from the war.

Undoubtedly, IFIs have become more willing to onboard new clients and have made investments in critical infrastructure and new constructions. On the other hand, the Multilateral Investment Guarantee Agency, the Development Finance Corporation, and other export credit agencies are now offering protection for investors and lenders against war risk, although the amount of coverage is still quite limited.

Undoubtedly, institutional financial support is vital, but it is not enough. Many companies and projects are still unable to meet the eligibility and bankability criteria typically required by IFIs to extend financing. For this reason, investment funds turned their eyes to private investors which historically invested in real estate assets in Ukraine.

A deep crisis in the real estate market, low interest rates on deposits, and a complete ban on making investments abroad have left private investors with no instruments to invest in except, probably, sovereign bonds. Investment funds and companies (especially large retail chains) have grasped such a chance and offered investors covered corporate bonds and lease-revenue bonds backed by real estate assets as more lucrative options compared

to sovereign bonds. It is too early to say if the bet succeeds but, hopefully, the issuance of covered corporate bonds may breathe life into the domestic capital market and may allow corporates to attract additional financing.

Unsurprisingly, transacting in domestic governmental bonds (so-called “war bonds”) has been growing exponentially after Russia’s invasion of Ukraine. Sovereign bonds remain the least risky but still relatively high-return instrument for investors. Additionally, FX-linked sovereign bonds help investors mitigate FX fluctuation risk, which is very high in the extremely volatile Ukrainian market. The bonds are very popular among foreign investors (individuals and entities) which are allowed to repatriate interest/coupon payments paid on sovereign bonds outside of Ukraine subject to certain conditions.

This makes bonds even more attractive for investors considering that, as a rule of thumb, divestments and pay-outs of dividends overseas are expressly prohibited. According to official statistics, the government has raised almost UAH 600 billion (approximately USD 15 billion) through public placement of domestic sovereign bonds denominated in local and foreign currencies since martial law was imposed. Sovereign bonds, especially EUR/USD-denominated bonds, are hugely traded in the secondary market and frequently bought by large exporters of commodities as a safe haven for foreign currency proceeds under export contracts.

We expect that international capital markets will unlikely become more accessible to Ukrainian private and public borrowers until the war is over. Again, IFIs may be willing to subscribe to additional sub-sovereign or sovereign debt as part of their continuous efforts to support Ukraine.

We also predict an overall increase in direct investments and bilateral financing thanks to the coverage against political violence risk which has become available just recently. At the same time, the domestic capital market may, surprisingly enough, become a significant source of affordable capital for Ukrainian private businesses and a viable alternative to expensive corporate loans from either domestic or international lenders. ■



KNOW YOUR LAWYER: ARMEN KHACHATURYAN OF ASTERS

Career:

- Asters (Shevchenko Didkovskiy & Partners until 2008); Partner, Senior Partner; 2002-Present
- Squire, Sanders & Dempsey (Kyiv, Ukraine); Associate; 1999-2001
- Squire, Sanders & Dempsey (Columbus, Ohio, USA); Associate; 1995-1998
- Jones, Day, Reavis & Pogue (New York, USA); Associate; 1993-1994
- Sills, Cummins, Zuckerman, Radin, Tischman, Epstein & Gross (Newark, New Jersey, USA); Intern; 1991-1992

Education:

- Yale Law School, USA; LL.M.; 1993
- International Law Institute, USA; Course in U.S. Legal System; 1991
- Kyiv National University; Ph.D. in Private International Law; 1990
- Kyiv National University; Master of Law; 1983

Favorites:

- **Out of Office Activity:** Travelling and having fun with my family, collecting art
- **Quote:** “There is justice but it must be fought for.”
- **Book:** *The Little Prince* by Antoine de Saint-Exupery
- **Movie:** *Breakfast at Tiffany's* starring Audrey Hepburn

Top 5 Projects:

- Advising Aval Bank on its over USD 1 billion equity sale to Raiffeisen International Bank-Holding AG – the first and largest banking M&A transaction with a foreign purchaser in Ukraine.
- Advising the National Bank of Ukraine on the nationalization of Privatbank (the largest Ukrainian commercial bank) – the first nationalization via a bail-in procedure in Ukraine, as well as subsequent representation of nationalized Privatbank in complex restructuring and legal proceedings related to nationalization.
- Advising Swedbank in connection with its USD 735 million acquisition of TAS-Kommerzbank and TAS Investbank and establishing the first Ukrainian bank holding group Swedbank Finance.
- Advising Ukrainian state company Nadra-Uzivska LLC on entering with Shell into a first shale gas product sharing agreement with the Ukrainian government.
- Advising Ukrainian Railways (the largest Ukrainian company) on restructurings of its loan participation notes in the total amount of USD 895 million and the USD 500 million new Eurobonds offering.

CEELM: What would you say was the most challenging project you ever worked on and why?

Khachatryan: The nationalization of the insolvent largest Ukrainian private commercial bank – Privatbank in 2016. The procedure was based on then practically unexplored bail-in mechanism involving a wide group of regulators and state agencies coordinating and streamlining their efforts within a very short period of time. The preparatory work also required the amendment of many regulations to comply with the underlying statutory requirements. Last but not least, the procedure inevitably envisioned strong resistance and opposition from the bank's UBOs and their related parties who were subjected to bail-in leading to the loss of significant assets. The working group meetings at the headquarters resembled a war zone where everybody forgot that humans generally needed to sleep for some time, at least once in a few days. The tension was at a peak within three days of converting the legal mechanism into reality but lasted for over seven years, during which the nationalization had to be defended in numerous judicial proceedings in multiple jurisdictions – all challenged by extremely hostile opposition.

CEELM: And what was your main takeaway from it?

Khachatryan: During real challenges, teamwork seems to be the only solution. It is so rewarding to be a part of a mighty team; you keep these relations for years to come. You should never give up where the circumstances are against you and you shouldn't lose your self-confidence even if everybody around attempts to undermine it.

CEELM: What is one thing clients likely don't know about you?

Khachatryan: My credo has always been to practice law as an art. Art inspires. I like to talk with artists, visit galleries, and buy artwork. I am proud of having a large home collection of porcelain figurines. It is a privilege to lead a project designated to exhibit Ukrainian visual art within Asters' Kyiv office. The project named ArtAsters exhibited dozens of renowned and unknown Ukrainian artists over the last 15 years and undoubtedly inspired many of Asters' clients and employees.

CEELM: Name one mentor who played a big role in your career and how they impacted you.

Khachatryan: Vladimir Lechtman, a Jones Day Partner

(now Of Counsel). Vladimir was mentoring my kick-off as a law practitioner in the US law firm in 1993, following my academic career as a law professor and researcher in Ukraine. That substantive practical training with his careful supervision and insights into the profession laid such a solid foundation on which I built my future in law, that it worked brilliantly both for me and for many of my younger colleagues to whom I kept passing the legal magic and skills well learned from Vladimir. He was an exceptional mentor with great charisma and a very big heart. He had exemplary vision, BD skills, a talent for converting an opportunity into reality, and attention to legal detail, logic, and style. I am happy that he remains active in the Washington office of Jones Day, sharing his extraordinary experience with the younger generation of lawyers who are truly lucky to still have such a great mentor.

CEELM: Name one mentee you are particularly proud of.

Khachatryan: I am proud that my professional path crossed with that of Evhen Kravtsov, whom I met as a young Associate who joined Asters in 2008 and got under my mentorship. His professional talents were noticeable immediately when we started working together and I tried to support his career all-around sharing with him my “secrets” on lawyership. I am happy that it was my recommendation that promoted him to partnership in 2014 (at the age of 28) and secondment to the largest Ukrainian company Ukrainian Railways in 2015 as an advisor to the Ukrainian Railways' CEO, assisting in the state company's corporatization. His efficiency and managerial skills were appreciated there, leading to his appointment as the head of a department, board member, and acting CEO within less than a year. That was followed by the appointment as the first deputy minister of infrastructure of Ukraine, the chairman of the board of Ukrainian Railways, and then the company's formal CEO (all within another three years).

CEELM: What is the main advice you'd give yourself fresh out of law school?

Khachatryan: Never say never. Be curious. Diversify your knowledge and skills. Work hard to enhance your personal brand – you will not be disappointed when the brand starts working for you. Work with people as well as you work with papers. Be prepared to sacrifice a lot, but do not sacrifice yourself. ■

EXPERTS REVIEW: INSOLVENCY / RESTRUCTURING

This issue's Experts Review focuses on Insolvency/Restructuring in CEE. The articles are presented ranked by time to resolve insolvency in years, i.e., the number of years from the filing for insolvency in court until the resolution of distressed assets, according to World Bank 2019 data.

Slovenia leads the way with 0.8 years to resolve insolvency, while Slovakia is the last with a 4.0-year timeline.

Country	Time to Resolve Insolvency (Years)	Page
■ Slovenia	0.8	Page 65
■ Austria	1.1	Page 66
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■ Slovakia	4.0	Page 80



SLOVENIA: AMENDMENT TO THE INSOLVENCY ACT BRINGS ADDITIONAL DUTIES TO THE MANAGEMENT AND SUPERVISORY BODIES

By Maja Erker Zgajnar, Partner, and Neza Voncina, Attorney at Law, CMS



On November 1, 2023, the amendment to the *Slovenian Insolvency Act* (ZFP-PIPP-H) entered into force and introduced a series of significant changes that should not be overlooked.

The amendment, among other things, incorporated *Directive (EU) 2019/1023 on restructuring and insolvency* into Slovenian law. This integration has led

to the introduction of the concept of *threatening insolvency*. This concept, which is applicable when a company is in danger of not being able to fulfill its financial obligations within a year, has brought an element of uncertainty into Slovenian law since it is not clear when this situation actually arises.

In Slovenian law, a company is going to be considered insolvent if it is in a situation of long-term illiquidity or long-term insolvency. This is different to some other jurisdictions where the legal prerequisite for opening an insolvency proceeding is only long-term illiquidity. Consequently, in those jurisdictions, a situation of long-term insolvency (capital inadequacy) is similar to a “likelihood of insolvency,” unless the company has already become permanently illiquid. Slovenian legal academia therefore links the newly introduced concept of *threatening insolvency* to situations of capital inadequacy and unsustainable debt (long-term insolvency), which is also used as a benchmark for the purpose and reasonableness of restructuring.

In addition, by introducing the concept of *threatening insolvency*, the ZFPPIPP-H also elevated the responsibilities of the company and its management in tackling financial issues and ensuring short- and long-run solvency. The main responsibilities are outlined below.

In situations of *threatening insolvency*, the management and other bodies of the company are now required to constantly monitor the company’s operations and identify any developments that could jeopardize its existence. If such risk is identified, management is required to take financial restructuring measures to prevent the *threatening insolvency* and promptly report these measures to the supervisory body. If the necessary restructuring measures fall under the responsibility of other corporate bodies, the management must ensure that the relevant corporate body discusses and acts on the proposed measures.

Furthermore, even at this stage, the management and other corporate bodies already have specific responsibilities concerning their business conduct to safeguard the legitimate interests of

creditors against management decisions that could affect the company’s estate.

This is particularly important when such decisions could further reduce the value of the assets available for restructuring or distribution to creditors. In such circumstances, it is crucial that management acts with due care and diligence of a prudent businessperson and for the benefit of the company.



Management must therefore, in both pre-insolvency and insolvency scenarios, ensure equal treatment of creditors (unless breaching this rule is justified and essential for preventing insolvency), consider the interests of creditors, shareholders, and other relevant parties that may be affected, and refrain from actions that could jeopardize or reduce the company’s assets or its very existence.

Given the increased pre-insolvency responsibilities, the previous requirement for management to prepare a financial restructuring report in case of insolvency has been deemed redundant and removed by the amendment. In addition, the time limits for actions upon the occurrence of insolvency have been changed. Management must now initiate insolvency proceedings immediately, but at the latest, within a month of insolvency (previously, the management had the obligation to file for compulsory settlement proceedings within three months if the probability of a successful restructuring was more than 50%, or filing for a bankruptcy proceeding within three business days if the likelihood of successful financial restructuring was less than 50%). In the case of an exceptional event causing insolvency, the deadline is three months.

Finally, an important change of the new law that should not be missed is the extension of the contestation period in insolvency proceedings. Transactions or legal acts of the insolvent debtor that took place in the period of 12 months, or 36 months for gratuitous disposals, prior to insolvency proceedings can be challenged. With the new law, transactions and legal acts can be challenged even beyond these periods if it can be proven that the debtor was already insolvent at the time of the respective transaction or that such transaction caused the insolvency. This change has introduced additional legal uncertainty for companies since, in theory, creditors will now have the possibility to challenge any legal act of the company beyond defined contestation periods if they can prove that the company was at the time of the relevant transaction insolvent. ■

AUSTRIA: SUCCESS OF REORGANIZATION PLAN AND OUT-OF-COURT RESTRUCTURINGS, YET FAILURE OF PREVENTIVE RESTRUCTURING PROCEDURES

By Susanne Fruhstorfer, Partner, and Andreas Howadt, Senior Associate, Taylor Wessing



Austria implemented *Directive (EU) 2019/1023 on preventive restructuring frameworks* with the *Restructuring Regulation*, which came into force on July 17, 2021, and introduced (further) judicial proceedings for preventive restructuring. Practice, however, has shown that the reorganization plan in insolvency proceedings and out-of-court restructuring remain the methods of choice in Austria.

Even after the introduction of preventive restructuring proceedings, the reorganization plan – essentially a debt cut subject to the approval of creditors as part of insolvency proceedings – continues to be the central element in the reorganization of companies under Austrian insolvency law. Around one-fifth of Austrian companies' insolvencies end with a reorganization plan. The basic prerequisite is the offer of a 20% quota (or 30% in the case of self-administration) to all insolvency creditors, with the claims of secured creditors remaining unchanged. The instrument is flexible and can be used not only in proceedings that have been applied for by the debtor itself but also during bankruptcy proceedings (even if applied for by a creditor).

Although not regulated by law, out-of-court restructurings also continue to be of significant importance. According to a study conducted by JKU Linz University Professor Stefan Mayr, 70% of attempted out-of-court restructurings in Austria are successful.

In contrast, preventive restructuring procedures have always been a wallflower in Austria. Back in 1998, Austria introduced the pre-insolvency restructuring *Corporate Reorganization Procedure (Unternehmensreorganisationsgesetz)*. While it is still in place, it has never become mainstream. In the last 25 years, there have only been roughly six proceedings under this law. Solely the crisis indicators created alongside its introduction (equity ratio below 8%, notional debt duration over 15 years) are of practical relevance. Even after Austria implemented the directive on preventive restructuring frameworks, the situation did not change. The newly created *Restructuring Regulation (Restrukturierungsordnung)* has been in force for more than two years, but there have not been any proceedings to date.

Why have pre-insolvency reorganization proceedings yet to become well-established in Austria? The answer seems simple.

On the one hand, companies are often not prepared to take (ear-

ly) court-ordered restructuring measures. Even within traditional insolvency proceedings, restructuring measures are usually only applied for when there is no other way out and when the statutory obligations to file an application (i.e., within 60 days of the occurrence of insolvency or over-indebtedness) can only barely be met, if at all.



On the other hand, there simply seems to be no need for pre-insolvency restructuring proceedings as the advantages of preventive restructuring proceedings over other debt relief options are hardly recognizable.

Judicial reorganization proceedings, provided they are well prepared, can be completed within four months. They therefore last just a little longer than the pre-insolvency proceedings available in Austria, which are required by law to last between 30 and 60 days. Austrian insolvency law is also flexible enough to allow debtors to discharge their debts by offering a reorganization plan for the entire duration of bankruptcy proceedings.

On the other hand, many restructurings are conducted out of court and customized agreements are made with the respective main creditors. Those are much more flexible than preventative restructuring procedures. Although out-of-court restructurings are not regulated by law, the *INSOL Principles* were adapted to Austrian specifics in April 2013 upon the initiative of three major Austrian banks and a law firm.

Although these guidelines, consisting of eight principles, are not legally binding, they document the common understanding of best practices. They are to be applied in cases with liabilities of more than EUR 30 million and the involvement of at least three banks.

It should be noted that the restructuring procedure created in 2021 would be a suitable instrument, especially for larger companies with financial liabilities, especially if a settlement has already been reached with the majority of financial creditors and only a few so-called “chord disruptors” are preventing the completion of the restructuring. Due to the well-functioning practice of out-of-court restructurings based on the above-mentioned principles though, the preventive restructuring procedure is obviously still not perceived as an actual alternative in Austria. However, the expected future developments suggest that this could change. ■

NORTH MACEDONIA: SAVING BUSINESSES – RESTRUCTURING VS. LIQUIDATION

By Marija Filipovska Jelcic, Partner, and Martin Ivanov, Attorney-at-Law, CMS



As a result of the challenges that the local market has been facing over the past years brought on by the recent pandemic, wars, and other changes in the market, the majority of businesses are faced with losses and accumulating high levels of debt.

Consequently, enormous pressure is imposed on businesses, including on their viability, which, in turn, pushes the need to explore methods for overcoming these

obstacles.

Different trends aimed at avoiding liquidation are present globally, such as: so-called “out-of-court restructuring agreements with creditors” – a US concept that reduces leverage by exchanging existing debt for new securities; or the Australian concept of a *Small Business Restructuring Process* entailing benefits that include directors maintaining day-to-day control over the business, lower professional costs, higher success rates, and simpler reorganization plans during the restructuring process.

Reorganization, unlike company liquidation, facilitates the revitalization of financially ailing companies. It allows debtors to retain operational control while renegotiating financial obligations. This strategic maneuver enables debt restructuring, fostering collaboration between debtors and creditors to salvage economic value, enhance stakeholder interests, preserve the company, and mitigate potential job losses. While a positive contributor to the economy, reorganization demands a concerted commitment from stakeholders, translating into protracted, resource-intensive legal proceedings.

Although Macedonian legislation tries to keep up with emerging trends, it has yet to be aligned with the EU *acquis*. Our *Law on Bankruptcy* introduces the concept of a *Reorganization Plan*. Namely, upon passing the report on the economic and financial standing of the debtor (i.e., the company in distress) on the first reporting creditors’ assembly, creditors are able to decide whether to proceed with closing the business or its temporary continuation. If decided that the business is to continue, a *Reorganization Plan* is prepared by the bankruptcy administrator. As an exception favorable for the creditors, the initiative for passing a *Reorganization Plan* or a proposal for such a plan may be submitted to the court by each bankruptcy creditor and creditor with segregation rights prior to the creditors’ assembly. The reorganization procedure prior to the initiating of the bankruptcy procedure may be conducted solely if the debtor, alongside the proposal for initiating a bankruptcy procedure, also submits a *Reorganization Plan*.

The law stipulates a strict form and content of the *Reorganization Plan* as well as precise procedures preceding the approval of such a plan (i.e., assessment of the plan). This also includes procedures that involve separate discussions, the opening of the restructuring procedure, a preliminary procedure for the termination of the conditions for the initiation of bankruptcy in accordance with the *Reorganization Plan*, etc., ending with the adoption of the *Reorganization Plan*. Once approved by the court, the *Reorganization Plan* is considered to be an enforceable deed. All parties involved are then obliged to strictly follow all stipulated obligations, steps, and provided methodology. The bankruptcy administrator is responsible for strict supervision and controls the implementation of the *Reorganization Plan* to ensure it is executed as adopted.

When defining the rights of the creditors, the *Reorganization Plan* must make a distinction between creditors with the rights and creditors of a higher payment rank. Creditors with segregation rights are to be settled separately and are not part of the *Reorganization Plan*. Another mechanism favored by creditors is the possibility to sell the debtor or parts of the business of the debtor, subject to strict limitations (i.e., prior approval by the creditors’ assembly, limitations with regard to the buyer, etc.).

In contrast to reorganization, liquidation is a pragmatic solution viewed favorably when financial situations are irreparable. Assets are systematically sold and proceeds are used to discharge outstanding debts through court-initiated proceedings, concluding with equitable distribution among creditors. However, this leads to the cessation of business activities and entity dissolution, potential asset value depreciation during the process, compromising overall stakeholder recovery, etc. Though swifter, liquidation demands acceptance of business closure and compromises on asset realization. In practical terms, creditors usually get less in bankruptcy cases compared to reorganizations due to a longer and more expensive process than a reorganization.

Aligning with European Union trends, a shift toward favoring company revival through restructuring is evident. Anticipating future legislation in North Macedonia, it is expected that updates will provide better legal options for restructuring, improve the business environment, and preserve employment and property values. Simultaneously, it should address legal solutions for the swift removal from the market of companies posing insolvency risks to others. ■



HUNGARY: A GENERAL OVERVIEW OF THE CURRENT SOLUTIONS FOR INSOLVENCY IN HUNGARIAN LAW

By Peter Barta, Head of Tax Litigation and Indirect Taxes, Jalsovszky



If someone is unable to pay their outstanding and due debts (or is just partly able to do so), that person is considered insolvent. This applies to companies and to natural persons as well. The number of companies that had to cease operations because of insolvency increased in 2023. Although the Hungarian legal environment provides several solutions to this problem, these have different effectiveness

and have different consequences for both debtors and creditors. Below is a general overview of the four typical procedures for dealing with insolvency in the current Hungarian law.

If the Debtor Is Not a Natural Person: Bankruptcy, Liquidation, or Restructuring Proceedings

After the change of the regime in 1989-90, the development of the market economy made it necessary to establish procedures tailored to the insolvency of enterprises, so the law regulating bankruptcy and liquidation proceedings was adopted in 1991. Since then, it has undergone numerous amendments, but it still retains the traits that characterized Hungarian legal-economic thinking at the time of its creation, which, in fact, poses many problems today.

Bankruptcy Proceedings

Bankruptcy is the first of the two procedures that can be considered by a company in payment difficulties. Bankruptcy proceedings are based on the fact that the debtor is still solvent and is only threatened with insolvency, in view of which the debtor is granted a moratorium on payments when proceedings are opened and is also given the possibility of reaching an arrangement (bankruptcy agreement). The bankruptcy procedure is a highly formalized public procedure in which the parties have less room for maneuver. A bankruptcy agreement between the debtor and the creditor(s) is approved by the court and can be enforced at a later date, but if no such agreement is reached, or it does not comply with the legislation, the court orders the debtor's liquidation.

Liquidation Proceedings

Liquidation proceedings come into the picture when the debtor becomes insolvent, so instead of saving it, the court has to terminate the company. In this regard, liquidation proceedings

are – potentially – the last stage in the life of a company, with a dual purpose: to terminate the debtor's operation and the debtor's capacity to act as a registered person (i.e., to remove it from the economic mainstream) and to provide at least a partial satisfaction to the creditors' claims. Although it is possible to reach an arrangement between the debtor and the creditors in liquidation, thereby saving the entity from dissolution, this occurs rarely. The after-effects of liquidation proceedings can be very serious. For instance, members or directors may be later prohibited by the court to hold such functions or titles in other companies.

Restructuring Proceedings

Among other things, to address these problems in compliance with *Directive (EU) 2019/1023*, a long-awaited new solution, the restructuring procedure (SZAT), was introduced in Hungary from July 2022. The SZAT is conceptually very similar to bankruptcy proceedings, but there are some essential differences. One advantage of the SZAT is that it is mostly non-public, and the debtor can choose which creditors to involve. It may also involve a restructuring expert who is able to support the debtor and take into account the fair interests of the creditors. During the procedure, the agreement can be reached by the majority of the votes, so creditors cannot really form a blocking minority. Finally, once the court approves the agreement, it becomes a compulsory agreement, so it is in the interest of all parties to cooperate.

If the Debtor Is a Natural Person: Debt Settlement Procedure for Natural Persons

From 2015, Hungary introduced in its legal system the debt settlement procedure for natural persons, who in many cases face a risk of losing their livelihoods. The regulation was necessitated by the mass expiry and termination of leasing and loan contracts in foreign currency. The essence of the procedure is to achieve a legal arrangement between a natural person and their creditor to ensure bankruptcy protection for the natural person, in which the role of the court is limited mainly to coordinating in order to reach a settlement.

Conclusion

Hungarian insolvency law is evolving. It has undergone many positive changes in its more than 30-year history, but many of its teething problems have persisted over time. The aim should be to create a uniform set of rules that strikes a balance between a sufficient degree of flexibility and firmness. ■

KOSOVO: INSOLVENCY AND RESTRUCTURING FOR BANKS AND OTHER FINANCIAL INSTITUTIONS – WHAT IS THERE TO KNOW?

By Mentor Hajdaraj, Partner, and Art Sylaj, Legal Associate, RPHS Law



In Kosovo, there has been a diverse blooming of local and international companies. In the daily transactions of these companies, financial institutions continue to act as a catalyst that affects industries' development. However, as opposed to these companies, financial institutions in Kosovo are regulated exclusively by the *Law on Banks* and the *Law on Insurances*.

One important aspect of these laws is the procedures for the establishment, recovery, and liquidation of financial institutions in Kosovo, where an active role is foreseen for the Central Bank of the Republic of Kosovo (CBK) as a regulatory body in issuing guidelines and also approvals in cases of restructuring and voluntary dissolution of the financial institutions.

Leaving the establishment of financial institutions aside, in this article, we will focus solely on insolvencies and restructurings in the financial sector in Kosovo, including banks and other financial institutions, and the role of the CBK as a regulatory institution in supervising and, on some occasions, even taking charge of these procedures. One of the reasons for honing in on this matter relies on the specific steps that the *Law on Banks* and the *Law on Insurances* require to be taken on a case-by-case basis. Another relies on the authority and powers of the CBK to have full control in leading these procedures.

Any unregulated company in Kosovo that enters the procedure for voluntary dissolution does so upon passing a resolution for winding up and submitting a request to the Commercial Court of Kosovo, which then will appoint an official receiver. Moreover, other companies in Kosovo go through non-voluntary (forced) liquidation only when they're found to be insolvent by this court. Financial institutions in Kosovo, on the other hand, as regulated companies, go through restructuring and voluntary liquidation only upon approval from the CBK. The law requires that financial institutions in Kosovo should first submit the plan for recovery or voluntary liquidation to the CBK, which then grants approval along with all the guidelines that must be followed during those procedures.

In the applicable laws on financial institutions, three types of procedures are recognized for these institutions to undergo. In

two of them, financial institutions are taken under the control of the CBK through an appointed administrator or official receiver. In the third one, financial institutions have to strictly follow the guidelines provided by the CBK and its regulations.



The two occasions where the CBK takes direct charge of the financial institution are when the license for such an institution is withdrawn and the institution is sent into forced liquidation, and also when the CBK considers the necessity of rehabilitation or recovery of the financial institution, so it appoints a temporary administrator to take such measures. During rehabilitation or recovery procedures of the financial institution, the temporary administrator can also propose restructuring plans in order to achieve the rehabilitation or recovery of such institution. The difference between the first two occasions and the third one is that, on the third occasion, the financial institution chooses to declare voluntary liquidation and, throughout that process, it is not taken under the full control of the CBK but just has to follow the CBK guidelines and regulations.

However, insolvency is not the sole criterion for the financial institution to go under these procedures. Even if a financial institution is solvent, the CBK can still withdraw the license of such an institution or send it to a temporary administrator for the mere reason of not being in compliance with the law and CBK regulations. This can also occur in cases when the financial institution is not complying with the CBK guidelines and regulations while going through approved voluntary liquidation.

That said, in the daily practice of our law firm, we recognize the need for the *Law on Banks* and the *Law on Insurances* to be amended by providing a certain degree of involvement of the shareholders of the financial institutions in the procedures of forced liquidation. Such amendments might include the rights of the shareholders to access the relevant information from the appointed receiver in the forced liquidation and eventually to oppose the requests of creditors throughout the liquidation procedure that the *Law on Bankruptcy* gives to the shareholders of a company. ■

ALBANIA: INSOLVENCY AND RESTRUCTURING

By Anisa Rrumbullaku, Partner, CR Partners in cooperation with Karanovic Partners



Albania underwent a substantial overhaul in its approach to insolvency and restructuring proceedings with the enactment of *Law No. 110/2016 “On Bankruptcy”* in 2017.

This legislative stride replaced a prior law that had been in effect since 2002, often leading to disputes and difficulties in uniform enforcement.

The new law, designed to align with international best practices, represented a pivotal moment in bolstering the country’s economic landscape. Its primary aim was to establish coherent guidelines for debt restructuring, meticulously defining the roles of debtors, creditors, and the judiciary throughout the various stages of the process. By precisely outlining the powers and responsibilities of court-appointed bankruptcy administrators, the law aimed to ensure the efficiency and effectiveness of insolvency procedures. However, owing to its recent introduction, a comprehensive assessment of its impact is yet to materialize, pending further judicial practice and academic scrutiny.

Under this legislation, only the debtor or any creditor possesses the right to initiate judicial proceedings, contingent upon providing evidence of the debtor’s insolvency – either an inability to meet existing obligations or imminent insolvency in the near future. Additionally, the law imposes personal liability on the management of the debtor if insolvency proceedings are not commenced within 60 days after insolvency becomes foreseeable, thereby fortifying creditor interests.

The destiny of the debtor’s assets, both preceding and during bankruptcy proceedings, hinges upon the court’s evaluation of the particular situation. The court might opt to appoint a temporary administrator who either assumes possession of the assets or oversees the debtor’s activities without altering asset possession.

Formal insolvency proceedings are set in motion once the court confirms the debtor’s insolvency status and initiates proceedings. At this juncture, the process may unfold toward either debtor restructuring or liquidation. However, both avenues necessitate that

the debtor’s assets cover the proceedings’ costs and the expenses of the court-appointed administrator.

Regarding restructuring, the law offers two distinct options. The regular restructuring procedure entails crafting a comprehensive restructuring plan submitted to the court, contingent upon obtaining majority creditor approval based on claim size and priority ranking. Conversely, the expedited reorganization procedure allows the debtor and qualifying creditors (holding at least 30% of total claims) to negotiate a restructuring agreement before court involvement, although final court examination and certification of the agreement remain obligatory.

While restructuring remains the preferred choice over liquidation, the latter becomes inevitable if restructuring efforts prove unfeasible. In forced liquidation, creditors are classified into five classes, with each higher class enjoying absolute priority over the lower ones. Although the norms predominantly favor creditors, they also strive to balance interests among the involved parties. Creditors are mandated to file claims within a stipulated deadline – late filings diminish entitlements and, in extreme cases, might render claims untreated if submitted too late (a year or more after proceedings commence).

Overall, the prevailing legal framework governing restructuring and insolvency empowers courts with a central role, allowing creditors to safeguard their interests through organized participation in various phases, thus preventing unnecessary delays and rigorously managing assets throughout the process.

The Albanian insolvency law of 2016 stands as a monumental leap in modernizing the country’s insolvency framework, with its aspirations to stimulate economic growth, protect creditors’ rights, and facilitate the recovery of financially distressed entities. Its impact and effectiveness in addressing insolvency issues are destined to continue evolving through ongoing refinements and practical applications in the foreseeable future. ■

SERBIA: NAVIGATING INTERNATIONAL INSOLVENCY – INFORMING, LODGING CLAIMS, AND LEGAL FRAMEWORKS

By Jovana Velickovic, Partner, Nikola Ivkovic and Vasilije Boskovic, Associates, Gecic Law



All domestic or foreign creditors can lodge claims in insolvency, but international practice shows a stark disadvantage for foreign creditors despite supposed equality. This article delves into two key aspects – how foreign creditors are informed and lodge claims – shedding light on their status within Serbia's legal framework. Key insights stem from major international documents like the *UNCITRAL Model*

Law on Cross-Border Insolvency (MLCBI), *EU Regulation 2015/848 on Insolvency Proceedings* (Regulation), with Serbian insolvency primarily governed by the *Insolvency Act* (Act).

Informing Foreign Creditors

Informing foreign creditors is crucial for their participation in insolvency proceedings. Without such notification, they cannot register claims as they wouldn't know about the initiated procedure. Unfortunately, no global or regional unified registry exists for open insolvency proceedings. The rules of where insolvency proceedings commence (*lex fori concursus*) define the entity responsible for informing creditors. However, international documents such as the *European Convention on Certain International Aspects of Bankruptcy* and the Regulation remain neutral, mentioning that it could be the competent court of that state or the appointed liquidator.

Foreign creditors often lack practical means for consistent updates on initiating insolvency proceedings, while occasionally specific rules for informing them are non-existent. Foreign creditors are individuals or entities without an address in the state where insolvency proceedings commence, as per the MLCBI, or creditors whose habitual residence, domicile, or registered office is in a Member State other than the one where the proceedings are initiated, as per the Regulation. Rules on informing foreign creditors constitute specific methods, formats, required elements in notifications, and the timing of informing these creditors.

Lodging Foreign Creditors' Claims

All creditors of the insolvent debtor, whether domestic or foreign, have the right to lodge their claims. This upholds the insolvency principle of equal treatment and equality among all creditors, thereby preventing discrimination against foreign ones. The MLCBI not only addresses the right of foreign creditors to notify claims but acknowledges their equal rights regarding the initiation and participation in insolvency proceedings. In con-

trast, the Regulation adopts a narrower approach where foreign creditors are explicitly granted the right to lodge claims.

According to the Regulation, the notification of claims by foreign creditors involves using standard claim forms, ensuring a uniform procedure that typically includes the creditor's name and address, the basis of the claim, the value of the claim, and the maturity date for that claim. The foreign creditor's notification must also specify whether their claim holds priority under the rules of *lex fori concursus*; whether their claim is secured, and which assets serve as collateral following the rules of *lex rei sitae*; and whether the creditor exercises the right to compensate claims.

Position of Foreign Creditors in Serbia

Specific regulation regarding the notification of foreign creditors or the notification of their claims does not exist. This is unsurprising, given that Serbia has not ratified any international agreements governing international insolvency matters. However, this does not mean that the rules of Serbian insolvency law do not apply to foreign creditors. The Act doesn't explicitly favor or discriminate against foreign creditors; it emphasizes equal treatment. Applying the same rules may, however, unintentionally disadvantage foreign creditors, whose situation differs from that of domestic creditors envisioned during the legislation drafting.

The Act uses public notifications to inform and invite creditors to lodge claims during insolvency proceedings. A notice of the initiation of insolvency proceedings is published on the notice board and electronic notice board of the court, in a widely circulated Serbian daily newspaper, and in the *Official Gazette of the Republic of Serbia*. It may also be published in other domestic and foreign media outlets.

Although the provisions of the Act concerning international insolvency reflect evident influence from the MLCBI, the legislature opted not to foresee individual notification for foreign creditors as doing so would place foreign creditors in a more advantageous position than domestic creditors. The Act allows every insolvency creditor, whether domestic or foreign, to lodge their claim against the insolvent debtor. However, in all other aspects, foreign creditors are in a subordinate position as there are no specific rules for them regarding the content of the claim or the language in which they can submit it. ■



CZECH REPUBLIC: PREVENTIVE RESTRUCTURING INTRODUCED

By Petr Sabatka, Partner, DLA Piper



On September 23, 2023, the *Act on Preventive Restructuring* came into force in the Czech Republic. It transposes *EU Directive 2019/2023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt*, and amending *Directive (EU) 2017/1132*.

Objectives of the Act

The aim of the new act is to enable entrepreneurs to solve financial difficulties at a time when they're not yet in insolvency and when it's realistic that they can restore and maintain the effective operation of the entrepreneur's business enterprise (going concern). Preventive restructuring will be open to all entrepreneurs regardless of their size and form of business.

Initiation of Preventive Restructuring

The entrepreneur initiates preventive restructuring by sending out an invitation and rehabilitation plan to its selected creditors (affected parties). The purpose of the rehabilitation plan is to define the scope of the intended restructuring measures, to determine the extent of the interference with the rights of the affected parties, and to provide sufficient information on the operation of the undertaking and the prospects for rescue. Initiating a preventive restructuring must be notified to the restructuring court, but the notification is not public.

Moratoria

Preventive restructuring can be accompanied by a general moratorium of up to three months, with the possibility of extending it for a further three months. During the moratorium period, no insolvency proceedings can be initiated. And creditors can't take any other formal enforcement action. If the necessary contracts are performed during the moratorium period, the relevant business relationships will be protected from termination. However, by declaring a general moratorium, the entrepreneur will lose the advantage of the non-public nature of the preventive restructuring. Entrepreneurs will also be able to apply for an individual moratorium against specific (a maximum of three) creditors.

Restructuring Plan and Approval

The entrepreneur has to describe the detailed form of restructuring proposed in a restructuring plan. They then have to submit the plan to the affected parties (i.e., the creditors identified by

the entrepreneur in the rehabilitation plan) for a vote within six months of the start of the process.

The affected parties will vote on the restructuring plan within the groups defined by the entrepreneur. A restructuring plan is approved if it's accepted by all groups, and within groups it's approved if 75% of the affected parties of the relevant group vote in favor of it. Voting can be replaced by an agreement accepting the restructuring plan in the form of a notarial deed.

The Imposition of a Restructuring Plan (Cram-Down)

If a creditor votes against the restructuring plan (or abstains) but the restructuring plan is accepted by all creditor groups, the restructuring plan must be confirmed by the court under the regime of the accepted restructuring plan. Confirmation is required even if a single creditor disagrees, irrespective of the amount or nature of their claim. If the restructuring plan is not accepted by all creditor groups, it must always be confirmed by the court under the non-accepted restructuring plan regime. In both cases, the court typically assesses whether the restructuring plan complies with the law, whether the process preceding its non-acceptance was proper, or whether the entrepreneur pursued a dishonest intention. The court also assesses any objection by a dissenting creditor according to which it will be in a less favorable position than if the situation of the entrepreneur is resolved in insolvency proceedings.

In addition, in the case of an unaccepted restructuring plan, the court assesses whether: each claim is treated equally within the groups that voted against; any of the groups will not receive more than the total nominal value of their claims; and the restructuring plan is fair to creditors (best interest test). Court approval is also required if the restructuring plan includes the provision of new financing or reduces the number of employees by at least a quarter.

Restructuring Trustee

A restructuring trustee can be appointed. The role of the restructuring trustee is primarily that of control and supervisory.

Tax Aspects

Failure to achieve corresponding tax changes during the legislative process creates a risk that the forgiveness of part of the debt during the preventive restructuring may constitute taxable income for the entrepreneur. ■

MOLDOVA: NAVIGATING THE INSOLVENCY LEGAL LANDSCAPE

By Adrian Sorocean, Head of Restructuring, Insolvency, and Bankruptcy, ACI Partners



Moldova faces significant challenges in terms of insolvency in the future. In exploring the factors influencing this area of law, we examine the current state of affairs, anticipate trends, and look at how legal practitioners are gearing up to meet the expected rise in demand. Let's break down the key points.

Weathering Economic Shift

Despite concerns about a surge in insolvency cases due to the lasting effects of COVID-19, Moldova's economy has proven resilient against insolvencies. Official data from September 2023 shows a slight increase in insolvency proceedings for the previous period starting in January compared to the 2022 period. However, the prolonged war in Ukraine might lead to a rise in insolvency filings. As Ukraine is one of Moldova's strategic business partners, the economic aftermath of the conflict, coupled with the state of emergency declared in February 2022 (extended to December 2023), has exacerbated existing financial challenges. Despite the inflation rate surging to 30.24% in December 2022, National Bank's intervention during 2023 reversed the trend, leading to a deflation of 5.45%. Unfortunately, this has not translated into reduced borrowing costs or improved credit access for businesses. Therefore, businesses are struggling to secure favorable credit terms or renew existing ones.

Moldova's vital agricultural sector faces challenges from two consecutive years of drought and persistent low grain prices. Farmers have been proactively submitting various requests to the government through their associations. Their appeals include measures to reduce the tax burden, prevent the import of low-priced grain from Ukraine, and secure state subsidies. The government is actively seeking viable solutions to meet these demands and address the agricultural community's pressing issues.

Building Capacities for Anticipated Demand

Moldovan lawyers are gearing up for a rise in financially troubled companies. They offer services to identify and address insolvency risks, primarily focusing on salvaging struggling companies through reorganization. The aim is to prevent insolvency rather than address it once it becomes inevitable. The economic situation in the region is challenging, with problems like logistical issues, higher interest rates, and less access to credit. Banks too are acting to help struggling businesses. They're adjusting loans, selling claims, and dealing with distressed assets to avoid long-term insolvency procedures. This teamwork between lawyers

and banks is all about creating a solid system. The goal is to spot insolvency issues and actively find ways to solve them.

Upcoming Legislative Changes to Business Concerns

Acknowledging the challenges faced by Moldova's business community, the Ministry of Economy has announced plans for legislative changes related to business insolvency in 2022. These proposed changes address issues such as the need for a minimum threshold for creditors, delays in the insolvency process, evaluation of pledged assets, and non-compliance with restructuring plans. While the contemplated legislative changes have yet to materialize, a notable update in 2023 introduced a technical enhancement to proceedings. Now, the court must transmit data directly from the judgments to open insolvency proceedings to the public registers of state records, improving efficiency in the legal processes. A more efficient legal framework for insolvency remains a priority.

Critical Legislative Needs for the Future

Looking ahead, legal experts emphasize the urgent need for a comprehensive revision of *Moldova's Law No. 149 on Insolvency* dated June 29, 2012. To tackle ongoing challenges, the government is urged to adopt measures tailored to the viability of businesses. Viable companies could benefit from loan moratoria and payment flexibility, while non-viable ones may require faster liquidation rules and more straightforward insolvency procedures to reduce time and costs. Additionally, it's crucial to establish explicit provisions regarding over-indebtedness, including the legal presumption of late payments persisting for more than 60 days. This should lead to the initiation of the insolvency procedure by specific creditors who must substantiate their claims. Clear guidelines are crucial for imposing financial sanctions to counter bad-faith misuse of insolvency filing rights. In practice, certain creditors exploit this institution to hinder the debtor's activity by applying interim measures during the examination stage and compelling transactions for their benefit. This abusive practice may trigger intentional insolvency in today's economic conditions.

As Moldova grapples with the complex dynamics of insolvency in 2023, legal practitioners are pivotal in guiding businesses through these challenging times. Legislative reforms, collaborative efforts between policymakers and the business community, and proactive consultancy services lay the foundation for a resilient legal framework adaptable to evolving business needs amidst economic uncertainties. Government interventions, safeguard measures, and community initiatives are essential for providing a safety net for businesses facing financial strain, ensuring the long-term sustainability of Moldova's business backbone. ■

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UKRAINE: DEBT RESTRUCTURING TRENDS

By Olexiy Soshenko, Managing Partner, Redcliffe Partners



The Ukrainian economy has endured unprecedented shocks resulting from the unprovoked invasion by Russia, which led to the seizure of assets in the occupied territories, massive destruction of or damage to

assets throughout Ukraine, closure of a number of markets, disruption of various transport routes, huge losses in trade, flight of capital and human resources, etc.

Consequently, many businesses have been negatively affected by several of these factors, resulting in a number of restructuring and distressed asset scenarios. In spite of this, to date, we have yet to see many big debt restructurings compared with those seen during and after the 2008 and 2014 crises. Below are the factors which we believe are leading to this not happening.

First, a number of big players had already disappeared during those previous upheavals. These include steel giants like Industrial Union of Donbass and Donetskiel, a number of agricultural groups, such as Mriya and Creative, and some 100 banks, wiped out or nationalized by the state in 2014-2015 and later.

Secondly, the status of the war makes it practically impossible to provide feasible new business plans to achieve a meaningful restructuring.

Thirdly, Ukrainian martial law imposes a number of restrictions for foreign lenders (with certain exemptions for international financial institutions and foreign development or export agencies) to repatriate loan proceeds ahead of the agreed amortization schedules while martial law is in effect. Creditors can, in theory, accelerate and commence insolvency, but they will not be able to repatriate the funds from Ukraine. The lack of perspectives of obtaining good returns in the current environment is another general deterrent.

As a result, with just a few exceptions, now typical means to resolve distressed situations are quick amend-and-extend solutions or the sale of an NPL. Recently, there was also a high-profile refinancing of Eurobonds by loans from several international financial institutions and a foreign development institution. The transaction providing for 'new money' to restructure payment obligations of the large agricultural group was truly remarkable in the midst of the war in Ukraine. A unique element of that transaction was usage of off-shore bank accounts structure, which is not typical for Ukraine.

Also, recently, the National Bank of Ukraine allowed state-owned enterprises to transfer funds abroad to fulfill their obligations to a non-resident under a loan that has been restructured on terms agreed by the Cabinet of Ministers of Ukraine. ■

POLAND: OUTLINE OF THE COURT RESTRUCTURING AND BANKRUPTCY LEGAL FRAMEWORK

By Karol Czepukojc, Head of Restructuring and Insolvency, Baker McKenzie



In a time of economic turmoil, company directors and owners focus on maintaining their businesses as going concerns, ensuring financial stability, and managing relationships with their creditors, contractors, and employees. When necessary, that includes considering strategic debt management options. On the other

hand, creditors and contractors concentrate on properly assessing and understanding the risks associated with a dynamically changing commercial environment, evaluating their strategies toward clients, and implementing adequate safeguards and responses to emerging threats.

Polish law provides for two types of court proceedings that may be initiated when a company finds itself in crisis: (1) semi-court or court restructuring and (2) bankruptcy. Bankruptcy proceedings are initiated when a company becomes insolvent and are governed by the *Bankruptcy Act 2003 (as amended)*. As an alternative to bankruptcy proceedings, it may be possible for the debtor to enter into one of the restructuring procedures available under the *Restructuring Act 2015 (as amended)*. This act provides for four types of restructuring proceedings: (1) proceedings for approval of an arrangement, (2) accelerated arrangement proceedings, (3) standard arrangement proceedings, and (4) remedial proceedings. Restructuring procedures are available to insolvent debtors and also to debtors threatened with insolvency. The law specifies two different criteria for establishing company insolvency: (1) insufficient liquidity and (2) over-indebtedness.

The main objective of restructuring proceedings is to save the debtor from having to declare bankruptcy by allowing it to restructure under an arrangement with its creditors. In Poland, restructuring processes are given precedence. If a restructuring application and a bankruptcy application are submitted simultaneously, in general, the court will first examine the former.

The restructuring of a company's liabilities may provide for, in particular: postponements of payment deadlines, scheduling repayments via instalments, a reduction in the total amount, a conversion of creditors' claims into shares, or changes, replacements, or repeals of collaterals. Arrangement proposals may also provide for the satisfaction of creditors through the sale of the

debtor's assets (referred to as a "liquidation" arrangement). The law provides for certain restrictions with regard to debt restructuring, for example with regard to the debtor's liabilities relating to state aid, liabilities under employment contracts, or liabilities for social security contributions.

On the other hand, the purpose of bankruptcy proceedings is to ensure that creditors' claims can be met to the fullest extent possible and that, if reasonable considerations allow, the debtor's enterprise is preserved. Bankruptcy proceedings generally conclude with a total liquidation (sale) of the bankrupt's assets and, in the case of entities entered in the register of entrepreneurs, the deletion of the bankrupt entity from the National Court Register. It is possible, however, on an exceptional basis, to conclude a non-liquidation agreement with the bankrupt's creditors, providing for the restructuring of the bankrupt's debt and continuation of the business.

The *Bankruptcy Act* provides that any entity entitled to file a bankruptcy petition against a debtor is also authorized to file an application for approval of the terms of a pre-packaged sale of the debtor's assets. This includes, among others, the debtor itself or a personal creditor, including a creditor secured on the debtor's assets. An entity planning to apply to the court for approval of a pre-packaged sale of the debtor's assets may search for a potential buyer and negotiate therewith the terms of the sale. A pre-packaged sale to a buyer affiliated with the debtor is permissible. The applying creditor may also become the buyer. Consent of the bankrupt debtor – the owner of the assets – is not formally required. The terms of sale agreed with the potential buyer are subject to approval by the bankruptcy court along with the announcement of the debtor's bankruptcy.

Filing a bankruptcy application is the duty of the company's directors. The application should be filed no later than within 30 days of the date of the event of insolvency. Persons obliged to file the application for a declaration of the debtor's bankruptcy are liable for damage caused by failure to submit the application within the prescribed time limit. Failure to file a bankruptcy application on time may also result in the director's liability for the debts of the company, a temporary ban on conducting business activity, or criminal responsibility. ■

CROATIA: INSOLVENCY AND RESTRUCTURING

By Dora Horvat, Partner, Petra Marijanovic, Senior Associate, and Nela Perisic Varosanec, Junior Associate, Ilj & Partners in cooperation with Karanovic & Partners



In Croatia, the legal landscape governing insolvency and restructuring is meticulously outlined in the *Insolvency Act (Official Gazette no. 71/15, 104/17,36/22)* providing a comprehensive framework for the initiation and execution of pre-insolvency and insolvency proceedings, outlining the ensuing legal consequences, and delineating the respective rights and obligations of debtors and creditors. With the recent amendment to the *Insolvency Act* introduced in 2022, solutions from the European Union have been adopted to encourage early restructuring of sustainable businesses, maintaining the continuity of company operations, and preventing insolvency. With these new changes, emphasis is being placed on insolvency prevention while also providing a strong framework for the protection of the creditors.

In line with recent developments, a noteworthy change is that now, only debtors have the authority to propose the initiation of pre-insolvency proceedings and restructuring plans. Additional changes pertain to the substance of the proposal in the restructuring plan, the timeframe for submitting the plan to the court (set at 21 days following the decision on acknowledged and contested claims), and the voting procedure (creditors who fail to submit a voting form at the start of the session will be presumed to have voted in favor of the plan). The law clearly outlines the essential elements of a restructuring plan, including details on planned costs and measures for operational and financial restructuring. Additionally, the plan must provide a rationale, demonstrating how it is likely to effectively prevent the debtor's illiquidity and ensure long-term business sustainability. Once the plan is accepted, the court decides whether to approve it. The amendments specify conditions for court rejection of approval, such as when the debtor can settle debts without impending insolvency. The court no longer oversees the scrutiny of reported claims, deeming them established unless challenged by the debtor, pre-insolvency administrator, or a creditor within the stipulated timeframe. It now oversees the examination hearing. Pre-insolvency proceedings duration has been reduced from 300 to 120 days (an extension of up to 180 days is permissible under exceptional circumstances).

The latest amendments enhance existing solutions, promoting and encouraging restructuring as a viable option. Ultimately, a well-crafted and feasible restructuring plan remains a powerful

strategy for mitigating the negative consequences of insolvency, providing an efficient, impactful, and cost-effective approach.

It's crucial to recognize that in certain scenarios, insolvency may be the sole viable option. Insolvency proceedings can be initiated through a proposal submitted by the debtor, creditor, and in some cases, the Financial Agency. Reasons for initiating insolvency include incapacity for payment and over-indebtedness, but the procedure can be conducted even when these circumstances are not met if it seems likely that the debtor will not be able to fulfill its obligations in a timely manner. Before the actual insolvency proceedings, a preliminary procedure can be initiated by a decision of the competent court. The purpose of this procedure is to determine whether conditions for initiating insolvency proceedings are met, and if so, insolvency proceedings are initiated. Also, it allows the court to implement protective measures preventing detrimental changes in the debtor's financial position.

A recent change allows the debtor to submit the insolvency plan concurrently with the proposal for initiating insolvency proceedings. Additionally, following the commencement of insolvency proceedings, both the insolvency administrator and the debtor hold the right to present an insolvency plan to the court. This plan can deviate from legal provisions on cashing out and distributing the estate. Secondly, it's crucial to highlight that the insolvency administrator takes over control of the business, inheriting the rights of the debtor's bodies. Creditors play a role by registering claims, subject to validity examination. The overall process involves monetizing the debtor's assets or implementing the insolvency plan. Finally, distribution occurs, settling creditors based on varying payment orders. Following the court's decision and successful distribution, the company is deleted from the court register, resulting in its cessation.

In conclusion, Croatian legislation diligently oversees insolvency proceedings, striking a balance between safeguarding creditors' interests and providing opportunities for the debtor's business survival. Aligned with European legislation, legal regulations on restructuring and insolvency proceedings are tailored to practical needs, with a notable emphasis on preventing insolvency. The intention here is to spotlight achievements and positive attributes, with future discussions possibly exploring challenges or refinements. ■



ROMANIA: LONGSTANDING LEGAL DEBATE OVER IMPROPER BOOKKEEPING SETTLED BY HIGH COURT

By Sorina Olaru, Partner, and Razvan Savin, Managing Associate, NNDKP



The Romanian High Court has recently settled a long-standing legal debate over the conditions for holding administrators personally liable in cases of improper bookkeeping of an insolvent company. This issue has been a point of contention within the legal system since 1995, creating divergence in jurisprudence that required resolution.

One of the primary challenges in insolvency proceedings is to maximize the value of the debtor's assets and facilitate debt recovery. When traditional methods prove insufficient, insolvency practitioners and creditors often explore alternative avenues, such as pursuing claims to hold a company's administrators or directors personally liable for the debtor's insolvency.

Some unscrupulous administrators attempt to obscure the company's financial trail and impede the identification and liquidation of all debtor assets through improper bookkeeping practices. Recognizing this, the Romanian insolvency rules, initially outlined in *Law no. 64/1995* and then updated in *Law no. 85/2006* and the current *Law no. 85/2014 on insolvency prevention and insolvency proceedings*, penalize administrators or directors who maintain fictitious accounts, conceal accounting documents, or fail to adhere to lawful accounting practices.

A significant point of contention in jurisprudence revolved around whether liability could be established when administrators or directors failed (or refused) to comply with the legal obligation of providing accounting documents to the insolvency practitioner. This handover is crucial for analyzing the debtor's economic situation and identifying the root causes of insolvency.

Law no. 85/2014 aimed to enhance existing legislation and harmonize conflicting case law by simplifying the task for judicial practitioners handling liability claims related to the failure to provide accounting documents. The law introduced a relative legal presumption that, in the event of such a failure, both fault and the causal link between the act and the damage would be presumed. Prior to this presumption, plaintiffs often faced the daunting task of proving that accounting records, which were unavailable, were not maintained according to the law (*probatio diabolica*). Despite this legislative effort, a complete unification of case law has not been achieved. The law addressed the presumption of fault and the causal link between the act and the damage but did not specify the link between the failure to keep accounting records in accordance with the law and the company's insolvency, considering

that the liability established by the judge cannot exceed the damage causally linked to the act in question.

Some have argued that the law established a relative legal presumption regarding the conditions of tort liability. In their view, if the defendant did not hand over the accounting documents, the plaintiff's claim should be admitted without the need

to prove an additional causal link between the act and the state of insolvency. Others have argued that the mere failure to provide accounting documentation could not lead to personal liability. According to this perspective, the plaintiff must present evidence of the act's existence, of the damage, and evidence substantiating a second causal link, namely the fact that the failure to fulfill the obligations laid down in the accounting regulations contributed to the insolvency. In a recent landmark decision, the Romanian High Court addressed this protracted legal debate through *Decision No. 14/June 27, 2022*, an interpretative appeal for the unification of the law.

The High Court ruled that the first judicial opinion was the correct one and affirmed/explained that the legal presumption relieved the plaintiff of the obligation to prove the conditions for patrimonial liability. In their deliberation, the judges highlighted that the violation of the legal obligation to provide accounting documents cannot be construed as a defense for individuals whose legal responsibility is to hand over such documents, as allowing such an assumption could potentially incentivize them to refrain from submitting the required accounting documentation and would be contrary to the intention of the law. Furthermore, the High Court clarified that the defendant could challenge the presumption by providing evidence that they were not notified that they had to deliver accounting documents, or that non-delivery resulted from circumstances beyond their control.

The decision not only clarifies a long-standing legal ambiguity but also underscores the importance of complying with accounting regulations to avoid personal liability in cases of insolvency. Administrators and directors should take heed of this ruling, ensuring transparency in accounting practices and cooperation with insolvency practitioners to mitigate legal risks. The decision marks a significant step toward a more coherent legal framework in Romania's insolvency landscape, providing clarity for practitioners, creditors, and stakeholders involved in the intricate process of insolvency proceedings. ■



BULGARIA: A STEP CLOSER TO A MORE EFFECTIVE INSOLVENCY AND RESTRUCTURING REGIME

By Svilen Issaev, Co-Head of Restructuring & Insolvency, Kinstellar



The extended deadline for the implementation of the *Directive (EU) 2019/1023* has expired on July 17, 2022. More than a year later, in August 2023, the amendments to the *Bulgarian Commercial Act* concerning, among other things, insolvency and restructuring rules and procedures were finally published in the *Bulgarian State Gazette*. Apart from pure alignment

with the European legislation, the amendments are aimed at certain long-standing shortcomings of the Bulgarian insolvency and restructuring regime.

Amendments to the Insolvency Regime

An important change concerns the legal concept of *over-indebtedness* as a ground for the opening of insolvency proceedings. Over-indebtedness now encompasses the inability of a company to meet not only its monetary obligations but all its liabilities, thus introducing the negative equity balance-sheet test.

The procedural rules for the insolvency process are also amended. In particular, the competent court to hear the case will be determined based on the debtor's seat, provided that it has not been changed in the previous six months. This is aimed as a measure against so-called "forum shopping" practices where debtors change their seats shortly before insolvency proceedings.

In the past, the first meeting of creditors, based on those listed in the trading books of the debtor and held in the early stages of the insolvency proceedings, has proven to be inefficient. As a result, this step is eliminated altogether, allowing creditors with accepted claims to meet and decide on the appointment of the permanent insolvency administrator.

One of the main reasons for delays in the insolvency process under the previous regime was the variety of grounds for suspension of the proceedings. Now, the use of suspension grounds is refined, bringing the insolvency framework closer to achieving efficiency.

Important changes are introduced also in the process of liquidation and sale of assets from the insolvency estate. Insolvency administrators are now required to prepare a liquidation plan with specific content, including a quarterly forecast of the anticipated disposals of assets. Further, it is now possible to organize the tender for the sale of such assets electronically. This is expected to increase the transparency of the liquidation procedure and lead to a higher collection rate for creditors.

Amendments to the Restructuring (Stabilization) Regime

The latest amendments refine the options available to entities seeking to avoid insolvency. Protection for new and interim financing is introduced, incentivizing creditors to provide much-needed funding.

The period during which the debtor must be at risk of not meeting its obligations is extended from six months to 12 months, and the range of entities that are allowed to benefit from the stabilization proceedings is expanded to include entrepreneurs.

The latest amendments also introduce a number of changes related to the content, submission, and approval of stabilization plans.

Insolvency Proceedings of Entrepreneurs

A major change is the insolvency proceedings for natural persons – entrepreneurs, i.e., craftsmen, self-employed persons, etc., who are not traders. Prerequisites for repayment of debts are introduced, as there are no restrictions or limitations on the subsequent conduct of business activity. For this purpose, a special procedure has been established to verify the prerequisites.

Early Warning Tools

Together with the major changes in the *Commercial Act*, a new ordinance on insolvency early warning tools has been proposed by the government.

The ordinance aims to provide tools to help businesses assess their current financial situation and be informed about the likelihood of insolvency proceedings being initiated. It also provides for certain support to address the current or future financial distress of companies. The tools under the ordinance include: (a) a free online self-assessment system for enterprises at risk of insolvency; (b) general guidance on options for identifying the likelihood of insolvency and for taking appropriate preventive measures; (c) the use of special consultants in the field of finance, law, accounting, and management that have the required education and professional experience; and (d) educational courses.

Traditionally, insolvency proceedings in Bulgaria have been lengthy, lasting over three years on average, which makes them more costly. Separately, the pre-insolvency restructuring (stabilization) introduced in 2016 has been largely ineffective and very rarely used. It still remains to be seen to what extent the latest amendments to the insolvency and restructuring regime will improve the process to not only save time and costs for the parties involved but also ensure greater efficiency, greater use of restructuring options, and preservation of viable businesses. ■

SLOVAKIA: DAWN OF A NEW ERA FOR INSOLVENCY PROCEEDINGS?

By Radovan Pala, Co-Managing Partner, and Michal Michalek, Associate, Taylor Wessing



For a long time, the Slovak insolvency law landscape was overshadowed by deep structural problems that resulted in a dire outlook for creditors in insolvency and restructuring proceedings.

On the insolvent liquidation side, an overwhelming portion of corporate insolvencies were entered into at a very late stage (deep insolvency), leaving the creditors no possibility of utilizing any assets. Consequently, in most cases, the proceedings were terminated due to insufficient assets on the debtor side.

On the other hand, the restructuring option offered an effective delaying strategy for debtors. Too often did restructuring measures focus merely on limiting creditors' repayments as a sole solution rather than a last resort option after exhausting other restructuring options.

Previous attempts by the legislator to react and remedy the worst excesses led to a severe limitation of restructurings – a minimum statutory threshold of 50% satisfaction for unsecured creditors introduced in 2017 still is the most visible and criticized limit that effectively prevents most restructurings from being successful.

The necessity to implement the *EU Directive on preventative restructuring frameworks* (PRD) has given the Slovak legislator a much-needed impetus to review the (pre-)insolvency regulation. The law introducing preventive restructuring procedures entered into force in July 2022. In addition to insolvent restructuring that can be attempted by insolvent corporate debtors, it offers two options for companies that face imminent illiquidity and are threatened with insolvency.

Public preventive restructuring provides for a possible standstill against creditor enforcement actions. Similarly to insolvent restructurings, it includes voting of the creditors on a public plan (the 50% satisfaction rate threshold does not apply, however, the plan must be approved by at least 75% of each class of unsecured creditors).

Non-public preventive restructuring is aimed at restructuring debts owed to financial institutions and requires creditors' consent. In the case financial creditors and the debtor reach an agreement, it is approved by a court.

There have been no cases of successful preventive restructurings since their introduction. The main obstacle regarding the use of

the regulation remains the unfavorable tax treatment of debts discharged in preventive restructuring schemes compared to those discharged in an insolvent restructuring. Nevertheless, market actors such as advisors to distressed companies already indicate that preventive restructuring is regularly considered, and it is only a matter of time until we see preventive restructurings in practice.



Even more important for the future of Slovak restructuring and insolvency practitioners, in our view, are further amendments to the insolvency law that were also part of the implementation of the PRD. It is important to note that, for the first time, the regulation emphasizes the role of advisors who are responsible for the viability of the proposed preventive restructuring plan. This opens the door for specialized professionals to become advisors to the debtor.

The legislator has also finally recognized the requirement for specialized courts and insolvency administrators. Judges from only three courts (the District Courts in Nitra, Zilina, and Kosice) currently handle preventive or insolvent restructurings and large insolvent liquidations concerning companies with assets or turnover exceeding EUR 10 million. Restructurings and large insolvent liquidations, though, can only be administered by insolvency administrators who have passed a special exam and operate in an office that safeguards the handling of complex cases. Currently, there are five special insolvency administrators in Slovakia and the regulation foresees that there should be at least 10 in the future. This specialization should provide for more legal certainty and professional administration of difficult restructuring and insolvency cases that affect large groups of creditors and employees and that have an impact on the business environment.

The next, much-anticipated, step is the Ministry of Justice announcing the digitalization of all insolvency procedures. This is a much-needed measure as the current state of insolvency registers and insolvency files is very user-unfriendly. Creditors face substantial technical obstacles when filing their claims or trying to receive full information on the state of proceedings. Digitalization will stir up discussions about the benefits and risks connected to a much higher degree of transparency, which it will inevitably bring. Digitalization will be introduced by the end of 2024 as it is a milestone of the *Slovak National Resiliency and Recovery Plan*. ■

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