



CEE

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# LEGAL MATTERS

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



Guest Editorial by Stefan Botezatu of Act Legal Romania ■ Across the Wire: Deals and Cases ■ On the Move: New Homes and Friends ■ The Buzz  
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Inside Insight: Interview with Lucie Kubenova of Pfizer ■ Inside Insight: Interview with Karol Marsovszky of Skoda Group  
Know Your Lawyer: Jonathan Weinberg of White & Case ■ The Ties That Bind: Czech-Slovak Legal Links ■ Market Spotlight: Slovakia  
Still In High Gear: Slovakia's Automotive Sector ■ Know Your Lawyer: Lucia Raimanova of Allen & Overy



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## EDITORIAL: UNBROKEN

By Teona Gelashvili

Most days, as a self-identified highly sensitive person, I tend to avoid emotionally charged and dramatic pieces of literature. Instead, when trying to unwind after work, I opt for feel-good content – I definitely avoid the news since it compensates for the emotional intensity I typically avoid these days. There has been one exception recently though – the 2019 book *Solitary: Unbroken by Four Decades in Solitary Confinement*. Here, Albert Woodfox, an African-American prisoner, recounts his life story of enduring years in solitary confinement in a former slave plantation called Angola, starting in the early 1970s.

The book, understandably, is very touching – the never-ending horrors of prison, the anguish of loss, and confronting racism and injustice. One aspect, though, caught my attention in particular – stripped of any hope from the world around him, Woodfox decides to educate himself in law. “I read case law, day and night, standing, sitting, or lying in my bunk,” he says. A lot of these efforts were not in vain: “Between filing grievances, going to court, and our constant protests on the tier to be treated humanely, we gradually gained privileges that had not been allowed in CCR [Closed Cell Restricted] before.” At one point, Woodfox recalls, the prisoners were deliberately given an edited version of a decree that outlined the privileges of prison authorities, with the purpose of creating an artificial obstacle for them in their pursuit of justice.

Stories like this – or other outrageous injustices are most definitely not limited to a particular place or moment in history. Woodfox’s experience serves as a stark reminder that the justice system can sometimes perpetuate injustices. The role of the legal profession in modern life is enormous. Lawyers are, in one way or another, addressing injustices, advocating for human rights, and ensuring fair treatment.

During my time with CEELM, I had the pleasure of getting to know legal experts from all over CEE. While the day-to-day emails and brief calls offer glimpses into their lives, my dearest memories are related to our Winter Gala gatherings, – or their after-parties, to be precise. It was during one of these gatherings in Belgrade, in 2022, when an attendee expressed her preference for heavier music, like that of Metallica, which pleasantly caught me by surprise. And deep conversations about our life missions as humans, and as lawyers, on a cold rainy November night in a small pub in Budapest in 2021. To me, these serve as reminders that despite having influence, power, and finances, unwavering pursuit for something greater persists – a rebellion, a quest for a better way, a brighter path.

But back to Albert Woodfox – after serving more than 40 years in solitary confinement for a crime he consistently maintained he did not commit, his case garnered international attention and outrage. This time, however, he was not alone – with the unwavering commitment of legal advocates, new evidence and procedural errors came to light, eventually leading to his release in 2016 at the age of 69. The period of freedom was, sadly, rather short, as six years later, Albert Woodfox passed away as a result of COVID-19-related complications.

History, according to American novelist Philip Roth, is “where everything unexpected in its own time is chronicled on the page as inevitable.” Woodfox reclaimed his life, even if only temporarily, and against all odds, become a symbol of resilience and an advocate for reform within the criminal justice system. Still, a question persists in my mind: Had the right kind of help, from people who cared found him in those critical times, could things have taken a different course? ■



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

## GUEST EDITORIAL: THE CAPTIVATING FIELD OF LAWYERING IN CEE

By Stefan Botezatu, Managing Partner, Act Legal Romania



Welcome to the captivating field of lawyering in Central and Eastern Europe (CEE), where challenges and opportunities intertwine in an ever-changing landscape. With over 24 years of experience, I have had a front-row seat to witness the remarkable journey of the legal profession in this region. In this article, I'll share my personal reflections on lawyering in CEE, discussing its progress, setbacks, and the exciting trends that have shaped its course.

### A Paradigm Shift

In the past two decades, the legal landscape in CEE has undergone an impressive transformation. As the region embraced democracy, market economies, and the rule of law, lawyers became architects of change, contributing to public policy and shaping legal systems. Gone are the days when lawyers were seen as mere technicians. Now business lawyers have a vital role in society, seamlessly combining legal skills with business advisory services. Having a dedicated external legal team that knows your sector inside out means you are not only legally compliant but able to forecast market trends and anticipate threats.

Of course, this journey hasn't been without its challenges. Bureaucratic roadblocks and clashes between old-fashioned practices and the demands of a rapidly changing world persist. But within these challenges lie opportunities for growth. Lawyers armed with strong legal expertise, experience, and a touch of boldness are championing legal innovation and striving to create a more efficient and client-focused legal ecosystem.

### The Power of Technology

In today's tech-dominated era, CEE lawyers are embracing the power of legal tech tools. From smart, automated documents to AI-assisted legal research, technology is reshaping the profession in exciting ways. Even we feel the constant need to come up with smart solutions to the benefit of our clients. Legal products streamline processes, boost efficiency, and bring added value to existing services. Embracing legal tech is no longer a choice but a necessity to stay competitive and provide exceptional client experience.

### The Power of Collaboration and International Integration

Gone are the days of local market focus and self-sufficiency. Nowadays, cross-border collaboration is the name of the game and firms who don't acknowledge this will soon find themselves having placed the wrong bet. With increased cross-border transactions and investments, there is a growing demand for cross-border legal expertise. In CEE, lawyers are embracing strategic partnerships, networks, and alliances. They share knowledge and resources and expand their reach to better serve clients with global aspirations.

In Romania, the legal landscape is an exciting blend of local and international law firms. While both play vital roles, my personal belief is that local law firms backed by international entities offer a distinct advantage. These firms possess deep-rooted knowledge of the local culture, legal intricacies, and business landscape, allowing them to provide clients with tailored, insightful assistance. By adhering to international standards, these local firms combine the best of both worlds – local intelligence and international reach. This approach ensures that clients receive top-notch legal services that are finely tailored to their specific needs while also benefiting from global expertise and resources. Building regional synergies between local firms enables us to excel in a competitive market. ■

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# ACROSS THE WIRE: DEALS AND CASES

Date Covered	Firms Involved	Deal/Litigation	Value	Country
19-Jun	Cerha Hempel; Joklik, Katary, Richter	Cerha Hempel advised Raiffeisen Property Holding International on the sale of an office building in the Neu Marx area in the third district of Vienna to the European Handball Federation via a forward purchase. Reportedly, Joklik, Katary, Richter advised the buyers on the deal.	N/A	Austria
22-Jun	Cerha Hempel; Dorda	Cerha Hempel advised IRMA Investments on Raiffeisen Beteiligung's acquisition of a 50% stake in Austrian photovoltaic module manufacturer Energetica Industries. Dorda advised the Raiffeisen-Landesbank Oberoesterreich subsidiary on its investment.	N/A	Austria
22-Jun	Schoenherr; Sullivan & Cromwell	Schoenherr, working alongside Sullivan & Cromwell, advised Rhone Capital on its public cash offer for up to 29.9% of the share capital of RHI Magnesita.	N/A	Austria
23-Jun	Freshfields	Freshfields Bruckhaus Deringer advised Roehm on its acquisition of SABIC's Functional Forms business.	N/A	Austria
27-Jun	Binder Groesswang	Binder Groesswang advised Austria Wirtschaftsservice on the launch of its new venture capital fund, AWS Gruenderfonds II, focusing on initial growth investments in innovative and sustainable technologies in Austria.	EUR 72 million	Austria
28-Jun	Held Berndnik Astner & Partner; Marriott Harrison; Raftermarsh; Schoenherr	Schoenherr, working with the UK's Marriott Harrison, advised the professional audio mixing console manufacturer Audiotonix Group on its acquisition of Austrian start-up Sonible. Held Berndnik Astner & Partner and RafterMarsh reportedly advised the sellers.	N/A	Austria
28-Jun	Herbst Kinsky; Heuking Kuhn Luer Wojtek	Herbst Kinsky advised Austria's Storylution on the entry of Thalia Buecher into the company through the acquisition of a minority stake as part of a capital increase. Heuking Kuhn Luer Wojtek advised Thalia.	N/A	Austria
28-Jun	Schoenherr; Wolf Theiss	Schoenherr advised the joint lead managers on Raiffeisen-Landesbank Steiermark's EUR 500 million issuance of mortgage-covered bonds. Wolf Theiss advised the issuer.	EUR 500 million	Austria
30-Jun	PHH Rechtsanwälte; Schoenherr	Schoenherr advised HS Timber Industrieinvest on establishing a joint venture with Hat Trick to build a sawmill in Argentina and produce and trade logs worldwide. PHH advised Hat Trick.	N/A	Austria
5-Jul	Binder Groesswang; Schoenherr	Binder Groesswang advised microbiome technology R&D company Biome Diagnostics on its investment round with Uniq Group company SanusX. Schoenherr advised SanusX on the acquisition of a stake in Biome Diagnostics through a capital increase transaction.	N/A	Austria
10-Jul	Schoenherr	Schoenherr advised Verbund – via its Verbund Energy4Business and Verbund Thermal Power subsidiaries – on the acquisition of all shares in Solarpower Holding together with its subsidiaries MSP Solarpower and IFIX-Solar from its shareholder. SCWP Schindhelm reportedly advised the sellers.	N/A	Austria
11-Jul	Herbst Kinsky	Herbst Kinsky advised Salzburg-based dietary supplement manufacturer Biogena on a public offering for crowd-investors via the Rockets Investments platform with a total amount of up to EUR 3 million.	N/A	Austria
12-Jul	Brandl Talos; Fellner Wratzfeld & Partner; Schindler Attorneys; Schoenherr	Brandl Talos advised the shareholders on their sale of Ready2Order to Zucchetti. Schoenherr advised Ready2Order early investor Franz Hoerhager, while Schindler Attorneys advised Co-Founder Christoph Zhu on the transaction. Fellner Wratzfeld & Partner advised the Zucchetti Group.	N/A	Austria
12-Jul	Hogan Lovells; Wolf Theiss	Wolf Theiss advised Bain Capital Special Situations on the acquisition of an approximately 20% stake in Intel's IMS Nanofabrication business, as part of a transaction that values IMS at approximately USD 4.3 billion. Hogan Lovells reportedly advised Intel.	N/A	Austria
13-Jul	Schoenherr	Schoenherr successfully protected the trademark rights of Jaegermeister in a dispute regarding their imitation by a discount private label by obtaining an EU-wide preliminary injunction before Austria's Supreme Court of Justice.	N/A	Austria
13-Jul	Boyanov&Co; Wolf Theiss	Boyanov & Co advised Borealis on the Bulgarian aspects of the sale of its indirect shareholding in Neochim to Agrofert. Wolf Theiss advised Agrofert.	N/A	Austria; Bulgaria

Date Covered	Firms Involved	Deal/Litigation	Value	Country
3-Jul	Eisenberger & Herzog; SSW Pragmatic Solutions; Wardynski & Partners	E+H and Wardynski & Partners advised Coveris on its acquisition of Polish packaging film company D.K. Lamin. SSW Pragmatic Solutions advised the sellers.	N/A	Austria; Poland
10-Jul	Binder Groesswang; Oberhammer	Binder Groesswang advised Orlen on its acquisition of the Turmoel filling station network in Austria via the acquisition of Doppler Energie. Oberhammer advised Doppler.	N/A	Austria; Poland
16-Jun	Tokushev and Partners	Tokushev and Partners advised non-banking financial company IpoTech Sofcom on its IPO on the BEAM growth market of the Sofia Stock Exchange.	N/A	Bulgaria
27-Jun	Wolf Theiss	Wolf Theiss, working with Ropes & Gray, advised Astorg on the separation of price-reporting agency Fastmarkets from business and financial information company Delinian.	N/A	Bulgaria
27-Jun	Tsvetkova Bebov & Partners	Eversheds Sutherland member Tsvetkova Bebov & Partners advised the Bulgarian-American Credit Bank on a EUR 15 million private placement of senior non-preferred MREL notes.	EUR 15 million	Bulgaria
6-Jul	Djingov, Gouginski, Kyutchukov & Velichkov	Djingov Gouginski Kyutchukov & Velichkov successfully represented the Miele Center Max Group before the Commission on Protection of Competition in antitrust proceedings initiated against Miele Bulgaria.	BGN 1.61 million	Bulgaria
10-Jul	Boyanov&Co; Troutman Pepper	Boyanov & Co, working with Troutman Pepper, advised the Deluxe Corporation on the sale of its Hostopia Bulgaria EOOD subsidiary to HostPapa.	N/A	Bulgaria
16-Jun	Kocian Solc Balastik	Kocian Solc Balastik advised the Vaclav Havel Library on changing its legal form from a public benefit corporation to a foundation.	N/A	Czech Republic
20-Jun	PRK Partners	PRK Partners advised the Electrostar Group on setting up its operations in the Czech Republic – including the acquisition of an industrial site in the Pilsen Region.	N/A	Czech Republic
22-Jun	JSK; Reals	Reals advised Stora Enso on a lease agreement for premises in the Organica office building in Ostrava, the Czech Republic, from Contera. JSK advised the landlord.	N/A	Czech Republic
22-Jun	Glatzova & Co	Glatzova & Co successfully represented INU.COM in licensing proceedings before the Czech National Bank, with the company being granted an investment intermediary license effective June 17, 2023.	N/A	Czech Republic
23-Jun	Allen Overy Shearman Sterling; White & Case	Allen & Overy advised the UniCredit Bank Czech Republic and Slovakia on its EUR 500 million issuance of green mortgage-covered bonds. White & Case advised global coordinator UniCredit Bank AG as well as the joint lead managers.	EUR 500 million	Czech Republic
30-Jun	Allen Overy Shearman Sterling; Cyril Amarchand Mangaldas	Allen & Overy, working with Cyril Amarchand Mangaldas, advised Zetor Tractors and its HTC Investments parent company on their agreement with Indian tractor and power tiller producer VST Tillers Tractors Limited for the establishment of a joint venture in India.	N/A	Czech Republic
3-Jul	Glatzova & Co	Glatzova & Co advised the KBC Bank on its acquisition of a 50% stake in ESG scoring and reporting start-up Digital & Legal.	N/A	Czech Republic
4-Jul	Nedelka Kubac Advokati	Nedelka Kubac Advokati successfully represented Zasilkovna in filing objections with the Czech Competition Authority against Ceska Posta's intended acquisition of the postal item delivery business of PNS.	N/A	Czech Republic
5-Jul	Hladky Legal; Kinstellar; Kroupahelan	Kinstellar advised Localazy's founder on the approximately EUR 500,000 venture capital investment into the company by Garage Angels, 12Bullets, Lighthouse Ventures, and JIC Ventures. Hladky Legal advised Garage Angels on leading the round. Hladky Legal and, reportedly, KroupaHelan also advised the other investors.	EUR 500,000	Czech Republic
12-Jul	Kinstellar	Kinstellar advised Ceskoslovenska Obchodni Banka on its EUR 85 million long-term financing for a retail and logistics real estate portfolio of the CPI Property Group in the Czech Republic.	EUR 85 million	Czech Republic
12-Jul	Glatzova & Co	Glatzova & Co advised Smartlook founders Petr Janosik and Ondrej Machek on the sale of the company to Cisco.	N/A	Czech Republic
14-Jul	Cytowski & Partners; Goodwin Procter	Cytowski and Partners advised Czech Republic-based automated network assurance platform IP Fabric on its USD 25 million Series B financing led by One Peak and including Senovo and Presto Ventures. Goodwin Procter advised One Peak.	USD 25 million	Czech Republic
19-Jun	Asters; Dentons; Siroky Zrsavecky	Dentons and Asters advised Farmak on a series of acquisitions from a portfolio company of private equity house Novator. Siroky Zrsavecky advised Novator and Xantis Pharma on the deal.	N/A	Czech Republic; Slovakia; Ukraine

Date Covered	Firms Involved	Deal/Litigation	Value	Country
19-Jun	Cobalt	Cobalt advised Indutrade on its acquisition of Labema.	N/A	Estonia
28-Jun	Ellex (Raidla); Pohla & Hallmagi	Pohla & Hallmagi advised the minority shareholders of the Mobire Group on the sale of part of their shareholding in the company to InBank. Ellex advised InBank.	N/A	Estonia
29-Jun	Pohla & Hallmagi	Pohla & Hallmagi advised Restate Property Development on its acquisition of development land in Saku Parish from Mannilatv Kapital.	N/A	Estonia
30-Jun	TGS Baltic	TGS Baltic successfully represented Swedbank before Estonia's Supreme Court against a EUR 1.75 million claim brought in a dispute with the bankruptcy trustee of Alberta Trade, a former Swedbank client.	EUR 1.75 million	Estonia
30-Jun	Cobalt	Cobalt successfully represented Estonian citizen Ivan Turogin before the Supreme Court on the admissibility of electronic surveillance as an alternative to arrest for defendants during extradition proceedings.	N/A	Estonia
3-Jul	Cobalt	Cobalt advised SmartCap on its investment in Tartu-based start-up eAgronom in a EUR 5 million financing round joined by Icos Capital and Soulmates Ventures.	EUR 5 million	Estonia
6-Jul	PwC Legal	PwC Legal Estonia advised the Wolf Group on the acquisition of the assets of its Libace business partner.	N/A	Estonia
12-Jul	Cobalt	Cobalt advised the Energy group in obtaining funding from Swedbank for the construction of a new solar park.	N/A	Estonia
12-Jul	Cobalt	Cobalt, working with Allen & Overy's London office, advised the Luminor Bank on the update of its EUR 5 billion euro medium-term note and covered bond program along with a EUR 600 million tender offer for existing notes and a EUR 300 million issuance of new restricted senior preferred notes. The London office of Clifford Chance advised the dealers.	EUR 300 million	Estonia
12-Jul	Cobalt	Cobalt advised Mirova Energy Transition in obtaining construction funding from Swedbank for the development of new solar parks in Estonia.	N/A	Estonia
13-Jul	Cobalt; Walless	Cobalt advised the City of Tallinn on renegotiating the PPP contracts with Vivatex Holding and the BCA Center for the lease of ten school buildings in the city. Walless advised the BCA Center.	N/A	Estonia
30-Jun	Cobalt	Cobalt advised AS Toode majority shareholder Amber Trust II SCA on the sale of its shares to Kingspan Group company Joris Ide NV.	N/A	Estonia; Latvia; Lithuania
22-Jun	Zepos & Yannopoulos	Zepos & Yannopoulos advised Greek pharmaceutical technology start-up Purposeful on its collaboration with investor PharOS.	N/A	Greece
28-Jun	Kyriakides Georgopoulos	Kyriakides Georgopoulos advised Blue Grid Gas & Power on the acquisition of the 999-kilowatt Biomesti biogas production unit in Mesti, Evros.	N/A	Greece
28-Jun	Kyriakides Georgopoulos	Kyriakides Georgopoulos advised the Simply Blue Group on its collaboration with Archirodon to explore the Greek offshore wind market.	N/A	Greece
12-Jul	Bernitsas; Zepos & Yannopoulos	Bernitsas Law advised note and security trustee Bank of New York Mellon on the securitization of the Senna Portfolio of non-performing loan receivables originated by Piraeus Bank through the issue of non-listed and non-rated single-tranche notes by Senna NPL Finance DAC.	N/A	Greece
27-Jun	Kinstellar	Kinstellar advised the Budapest Stock Exchange Plc on listing its shares in the BSE regulated market Standard category. The company went public on June 21, 2023, on the 33rd anniversary of its re-establishment.	HUF 541 million	Hungary
20-Jun	Domanski Zakrzewski Palinka; Hogan Lovells	Hogan Lovells and its Hungarian affiliate Partos & Noblet advised Nissan on the sale of its Polish business – Nissan Sales Central & Eastern Europe Korlatolt Felelossegu Tarsasag – to Astara Mobility subsidiary Astara NIP Poland. Domanski Zakrzewski Palinka, working with Cuatrecasas, advised Astara.	N/A	Hungary; Poland
19-Jun	Cobalt	Cobalt advised BaltCap Private Equity Fund III on its acquisition of HansaMatrix via subsidiary SIA Emsco.	N/A	Latvia
22-Jun	Cobalt; Vilgerts	Cobalt advised Hepsor Latvia on its sale of the property located at Ulbrokas Iela 30 in Riga to the East Capital Real Estate Fund IV in a share deal. Vilgerts advised the East Capital fund.	N/A	Latvia
29-Jun	Cobalt	Cobalt advised Latvian construction equipment rental company Storent Holdings on its EUR 10.5 million issuance of bonds with an 11% interest rate and December 2025 maturity as well as on their listing on the Baltic Bond List of Nasdaq Riga on June 27, 2023.	EUR 10.5 million	Latvia
10-Jul	Ellex (Klavins); Ellex (Valiunas)	Ellex advised telecommunications infrastructure company Baltic Rezo on a EUR 30 million loan from SEB Bank.	EUR 30 million	Latvia; Lithuania
16-Jun	Cobalt	Cobalt successfully represented Polish cereals seller Diaspolis in a dispute over purchased organic buckwheat deemed of poor quality.	N/A	Lithuania



Date Covered	Firms Involved	Deal/Litigation	Value	Country
19-Jun	Dentons; TGS Baltic	Dentons advised Lithuanian-headquartered energy company Ignitis Grupe on financing from Citibank. Reportedly, TGS Baltic advised Ignitis Grupe as well.	EUR 100 million	Lithuania
20-Jun	Leximum; Motieka & Audzevicius	Motieka & Audzevicius advised BaltCap Growth Fund and IAM PetCare Growth Fund joint venture Vet Ventures Europe on its strategic investment into UAB Jakovo Veterinarijos Centras. Leximum reportedly advised the sellers.	N/A	Lithuania
20-Jun	Dentons; Freshfields; Sorainen; TGS Baltic	Dentons advised the Republic of Lithuania on the issuance of EUR 1.25 billion 3.875% Notes due 2033, pursuant to the Republic of Lithuania's Euro Medium Term Note Program. Reportedly, TGS Baltic advised the Republic of Lithuania as well while Freshfields Bruckhaus Deringer and Sorainen advised the underwriters.	EUR 1.25 billion	Lithuania
20-Jun	Dentons; TGS Baltic	Dentons advised Lithuanian-headquartered energy company Ignitis Grupe on financing from MUFG Bank. Reportedly, TGS Baltic advised Ignitis Grupe as well.	EUR 225 million	Lithuania
27-Jun	Faegre Drinker Biddle & Reath; Gunderson Dettmer; Motieka & Audzevicius; Sorainen	Motieka & Audzevicius, working with Faegre Drinker Biddle & Reath, advised the shareholders of Anderson Optimization on the sale of the company to PVcase. Sorainen and Gunderson Dettmer reportedly advised PVcase.	N/A	Lithuania
4-Jul	Cobalt; Walless	Walless advised Ignitis Renewables on the acquisition agreement for a wind farm in Kelme, Lithuania, with developer E Energija. Cobalt advised E Energija.	N/A	Lithuania
4-Jul	Walless	Walless advised Siauliu Bankas on its EUR 50 million issuance of ten-year subordinated bonds in international financial markets.	EUR 50 million	Lithuania
10-Jul	Adon Legal	Adon Legal advised Alphaduct and Open Sky on their acquisition of electronic money institution UAB IBS Lithuania.	N/A	Lithuania
13-Jul	Motieka & Audzevicius	Motieka & Audzevicius advised Gera Dovana on obtaining a limited network exclusion approval from the Bank of Lithuania under the narrowed scope of the PSD2 Revised Payment Services Directive.	N/A	Lithuania
16-Jun	Komnencic	Komnencic & Partners advised MEnergy on the grid connection agreement with the Montenegrin transmission system operator for a 385-megawatt solar power plant in Cevo.	N/A	Montenegro
22-Jun	DLA Piper; Harrison	Harrison, working with DLA Piper UK, advised the EBRD on its EUR 82 million loan to state-owned electricity company Elektroprivreda Crne Gore and Green Gvozd – a special-purpose vehicle to be fully acquired by EPCG – for the construction of a new 55-megawatt onshore wind farm in Montenegro.	EUR 82 million	Montenegro
26-Jun	Karanovic & Partners; Komnencic	Komnencic & Partners advised Novi Volvox, Leitner, and Zicara Kotor-Lovcen DOO on the financing for the Kotor-Lovcen cable car project from OTP Bank. Karanovic & Partners advised OTP Bank through its CKB Bank subsidiary.	N/A	Montenegro
13-Jul	Karanovic & Partners; ODI Law	ODI Law advised Makedonski Telekom Skopje on insourcing 150 employees from the Macedonian subsidiary of Ericsson. Karanovic & Partners advised Ericsson.	N/A	North Macedonia
14-Jul	Lalicic & Boskoski Law Office	The Lalicic & Boskoski Law Office advised Mr. Bricolage on relocating its business premises in Skopje across the street from its former location through a lease agreement with landlord Tinex.	N/A	North Macedonia
16-Jun	Domanski Zakrzewski Palinka	Domanski Zakrzewski Palinka successfully represented PORR in two appeal proceedings before the National Appeal Chamber concerning the outcome of tenders for the expansion of Ore Quay III and Bytom Quay at the Port of Gdansk.	PLN 142.19 million	Poland
16-Jun	Domanski Zakrzewski Palinka	DZP advised the consortium of Centrum Elektronicznych Uslug Platniczych eService, PKO Bank Polski, and TECS Telecommunication & E-Commerce Solutions on a procedure conducted by the Ministry of Finance for the implementation of a 24/7 service for handling non-cash payments made by road toll system users in Poland.	PLN 20 million	Poland
16-Jun	Rymarz Zdort Maruta	Rymarz Zdort Maruta advised both mBank Hipoteczny and mBank on spinning off a part of mBank Hipoteczny's business and transferring it to mBank.	N/A	Poland
19-Jun	Allen & Overy; Clifford Chance	Allen & Overy advised Polenergia on a PLN 300 million financing provided by Santander Bank Polska and Bank Pekao. Clifford Chance advised the banks.	PLN 300 million	Poland
20-Jun	Clifford Chance; Freshfields; White & Case	White & Case advised the STS Holding and its majority shareholders – MJ Foundation and Fundacja Zbigniew Juroszek – on the sale of the company to Entain Holdings. Clifford Chance and Freshfields Bruckhaus Deringer reportedly advised Entain.	PLN 2.72 billion	Poland
21-Jun	Cytowski & Partners; Gunderson Dettmer	Cytowski & Partners advised Poland-based ElevenLabs on its USD 19 million series A financing with Andreessen Horowitz, Nat Friedman, and Daniel Gross. Gunderson Dettmer reportedly advised Andreessen Horowitz.	USD 19 million	Poland

Date Covered	Firms Involved	Deal/Litigation	Value	Country
22-Jun	Simpson Thacher & Bartlett; Wachtell, Lipton, Rosen & Katz; Wardynski & Partners; WKB Wiercinski Kwiecinski Baehr	Wardynski & Partners, working with Wachtell, Lipton, Rosen & Katz, advised the Barnes Group on its acquisition of MB Aerospace for an enterprise value of USD 740 million. WKB Lawyers, working with Simpson Thacher & Bartlett, advised Blackstone portfolio company MB Aerospace on the sale.	USD 740 million	Poland
26-Jun	Greenberg Traurig	Greenberg Traurig advised the PCF Group on its public offering of newly issued shares.	N/A	Poland
27-Jun	DWF	DWF successfully represented Mostostal Warszawa before the Regional Court in Warsaw in a dispute with one of its contractors regarding a contract for the construction of a specialized installation.	N/A	Poland
28-Jun	Crido Legal	Crido advised safety training company RelyOn Nutec on its investment in GoRopes.	N/A	Poland
29-Jun	MKS Partners Michaliszyn Koska Saluda; Sobczynscy i Partnerzy	Sobczynski and Partners advised Tar Heel Capital on the acquisition – on behalf of its Dentity dental chain – of a 70% stake in Warsaw's Dental Medicenter. Michaliszyn Koska Saluda advised the Dental Medicenter shareholders.	N/A	Poland
29-Jun	Gessel	Gessel advised Wroclaw-based biopharmaceutical company Pure Biologics on receiving a PLN 12 million investment from ACRX Investments Limited.	PLN 12 million	Poland
29-Jun	Balicki Czekanski Gryglewski Lewczuk	Balicki Czekanski Gryglewski Lewczuk advised Play subsidiary Redge Technologies on its acquisition of MediaTool from its founders, including Wladyslaw Prazmowski.	N/A	Poland
3-Jul	Gessel	Gessel advised the Avallon MBO fund on its acquisition of sports and branded apparel retailer SAT.	N/A	Poland
4-Jul	Goodwin Procter; Greenberg Traurig; Kirkland & Ellis; WKB Wiercinski Kwiecinski Baehr	Greenberg Traurig advised Symfonia on a growth buyout investment from Accel-KKR. WKB Lawyers, working with Goodwin Procter, advised Accel-KKR on its acquisition of a majority stake in Symfonia. Kirkland & Ellis advised the investor on the debt financing.	N/A	Poland
4-Jul	White & Case	White & Case advised issuer PKO Bank Hipoteczny and joint bookrunners Erste Group Bank and PKO Bank Polski on PKO Bank Hipoteczny's second PLN 500 million issuance of mortgage-covered bonds in 2023.	PLN 500 million	Poland
6-Jul	Kochanski & Partners	Kochanski & Partners supported insurance sector company Ergo Hestia in obtaining its ISO 27001 and ISO 27017 information security certifications.	N/A	Poland
10-Jul	Gessel	Gessel advised Genomtec on a non-brokered public offering carried out under an accelerated book-building procedure and the related private placement of the company's newly issued shares.	PLN 20.3 million	Poland
10-Jul	Accreo Legal; Gessel	Gessel advised the Avallon MBO Fund III on its acquisition of a 70% stake in mobile home manufacturer Letniskowo. Accreo Legal advised Letniskowo.	N/A	Poland
10-Jul	CMS; Gorzelnik Nentwig Ziebinski	GNZ Legal Gorzelnik Nentwig Ziebinski advised Modus Asset Management on its ten-year virtual power purchase agreement to supply 50 gigawatt-hours of solar energy per year to off-taker Zabka Polska. CMS reportedly advised Zabka Polska.	N/A	Poland
10-Jul	Allen Overy Shearman Sterling; Linklaters; Luther; Norton Rose Fulbright	Norton Rose Fulbright advised Play Group and Infravia joint venture Polski Swiatlowod Otwarty on a PLN 5.13 billion financing for the upgrade and expansion of its data network infrastructure across Poland. Allen & Overy advised the lenders. Linklaters and Luther reportedly advised Infravia.	PLN 5.13 billion	Poland
10-Jul	Greenberg Traurig; Meissner Koziol Kaczmarek & Partner	Greenberg Traurig advised Animex Foods on its acquisition of an 80% stake in DeVeris Polska from an unidentified majority shareholder and Amencer International Polska. Meissner Koziol Kaczmarek & Partner advised the sellers.	N/A	Poland
10-Jul	Baker Mckenzie	Baker McKenzie advised Huuuge, Inc. on its approximately USD 150 million time-limited share buy-back of company shares listed on the Warsaw Stock Exchange.	USD 150 million	Poland
10-Jul	Gessel	Gessel advised Bioceltix on a non-brokered public offering of shares carried out under an accelerated book-building procedure and the related private placement.	PLN 25.9 million	Poland
11-Jul	CMS; DLA Piper; Grant Thornton	DLA Piper advised Bracia Sadownicy and its founders on joining forces with minority investor Syntaxis Capital – providing a mezzanine loan – to acquire Victoria Cymes. Grant Thornton advised both the buyer and the investor on due diligence for the target. CMS reportedly advised Syntaxis Capital.	N/A	Poland
12-Jul	Dentons; DLA Piper	DLA Piper advised ONDE on its sale of two photovoltaic power plants in Gizycko with a total capacity of 18 megawatts to Engie Zielona Energia in a share deal for all shares in Cyranka. Dentons advised Engie on the acquisition.	N/A	Poland

Date Covered	Firms Involved	Deal/Litigation	Value	Country
12-Jul	JGA Ginckaj, Morawiec, Olszewski, Stankiewicz	JGA Ginckaj, Morawiec, Olszewski, Stankiewicz advised Otwarty Rynek Elektroniczny – operating under the Marketplanet brand – on its acquisition of Portal PZP.	N/A	Poland
13-Jul	Moncey Avocats; Rymarz Zdort Maruta	Rymarz Zdort Maruta, working with Moncey Avocats, advised the Market Pay Group and its private equity backer AnaCap on the acquisition of Polish financial technology company Novelpay, including its PAX France Novelpay subsidiary.	N/A	Poland
7-Jul	Allen & Overy; RTPR	RTPR and Allen & Overy advised Innova Capital on the acquisition of a majority stake in EMI Equipement Maintenance Industrie from Morphosis Capital, Belemi, and founder Jerome France.	N/A	Poland; Romania
19-Jun	CEE Attorneys	CEE Attorneys Boanta Gidei si Asociatii advised the shareholders of Expert Cleaning on its sale to Green Group.	N/A	Romania
19-Jun	Stratulat Albuлесcu	Stratulat Albuлесcu advised Undelucram.ro on its EUR 1 million late-seed funding round led by Sofia Angels Ventures.	EUR 1 million	Romania
20-Jun	DLA Piper; Vlasceanu & Partners	DLA Piper advised the Phoenix group on its joint venture with Econergy resulting in a EUR 150 million investment by the Phoenix group in renewable energy projects in Romania and Poland. Vlasceanu & Partners advised Econergy.	EUR 150 million	Romania
23-Jun	Schoenherr	Schoenherr advised the Catalyst Romania Fund II on a EUR 2 million transaction involving a sports subscription start-up by ESX.	EUR 2 million	Romania
30-Jun	Dentons; RTPR	RTPR advised private equity fund Sarmis Capital on its acquisition of a majority stake in the BMF Grup facility management company. Dentons advised BMF Grup.	N/A	Romania
3-Jul	Kinstellar; Schoenherr	Kinstellar advised Danish developer Jantzen Renewables ApS on its sale of the Helios 1 photovoltaic cluster in Romania to OMV Petrom. Schoenherr advised OMV Petrom.	N/A	Romania
6-Jul	Clifford Chance; Stoica & Associates	Clifford Chance Badea and Stoica & Associates successfully represented Orange Romania before the High Court of Cassation and Justice in a dispute with Romania's Competition Council concerning a EUR 13.5 million fine it had issued the company in the investigation of an alleged abuse of dominant position.	EUR 13.5 million	Romania
7-Jul	DLA Piper; Schoenherr	Schoenherr advised DDM Holding on the acquisition of a non-performing loan portfolio with a face value of over EUR 1 billion from Intrum. DLA Piper advised Intrum on the sale and its exit from the Romanian market.	N/A	Romania
10-Jul	RTPR	RTPR advised Baltic company Piletilevi Group on its acquisition of Departamentul Logistic Event in Romania, the owner of the bilete.ro website.	N/A	Romania
10-Jul	Ijdelea & Associates	Ijdelea & Associates announced it is advising Black Sea Oil & Gas on the development of an offshore wind farm in the Black Sea targeting a capacity of three gigawatts.	N/A	Romania
11-Jul	Clifford Chance; Dentons; Filip & Company	Clifford Chance advised the underwriters of Hidroelectrica's RON 9.3 billion initial public offering. Filip & Company advised Fondul Proprietatea on the sale of its entire shareholding during the IPO. Dentons advised Hidroelectrica on the issuance and listing on the Bucharest Stock Exchange.	RON 9.3 billion	Romania
13-Jul	Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica & Asociatii successfully represented Auchan Import Export Roumanie before Romania's High Court of Cassation and Justice in a dispute against the country's National Agency for Fiscal Administration regarding approximately EUR 2 million in additional profit taxes.	EUR 2 million	Romania
13-Jul	Tuca Zbarcea & Asociatii	Tuca Zbarcea & Asociatii successfully represented BMC Truck & Bus in two challenge proceedings arising from Bucharest Municipality's tender for the delivery of 100 electric buses and the related charging infrastructure.	RON 290 million	Romania
14-Jul	Bulboaca & Asociatii; Kinstellar; Linklaters; Morgan Lewis	Bulboaca & Asociatii, working with Morgan, Lewis & Bockius, advised the Canpack Group on contracting a new EUR 100 million revolving credit facility from a consortium of banks led by BNP Paribas Bank Polska. Kinstellar, working with Linklaters, advised the banks.	EUR 100 million	Romania
4-Jul	Esquires Attorneys at Law	Esquires helped Platipus Trading and Platipus SRL obtain a gaming supply license from the Malta Gaming Authority and the Romanian National Gambling Office.	N/A	Romania; Ukraine
22-Jun	Radovanovic Stojanovic & Partners; Zivkovic Samardzic	Zivkovic Samardzic advised US venture capital fund TinySeed on its investment in video automation software developer Plainly. Radovanovic Stojanovic & Partners advised Plainly's shareholders.	N/A	Serbia
29-Jun	Harrisons	Harrisons advised the EBRD on its EUR 5 million loan to Banca Intesa Belgrade for on-lending to women-led businesses.	EUR 5 million	Serbia

Date Covered	Firms Involved	Deal/Litigation	Value	Country
30-Jun	Radovanovic Stojanovic & Partners	Radovanovic Stojanovic & Partners advised the Soravia Group on its sale of the Radisson Collection Hotel Old Mill Belgrade – through a share deal for all shares in Prigan DOO – to the Delta Real Estate Group.	N/A	Serbia
4-Jul	Karanovic & Partners	Karanovic & Partners advised Marriott International on the development and opening of its first Moxy hotel in Belgrade, Serbia.	N/A	Serbia
6-Jul	Cvjeticanin & Partners	The BBR Bank appointed Cvjeticanin & Partners Partner Nenad Cvjeticanin as its data representative for Serbia.	N/A	Serbia
26-Jun	ODI Law; Wolf Theiss	ODI Law advised Slovenian diagnostic company MESI on the EUR 18 million investment received from SHS Capital's SHS VI Healthcare Investments fund. Wolf Theiss advised the investor.	EUR 18 million	Slovenia
16-Jun	Turunc	Turunc advised the Arya Women Investment Platform on its investment in Teleporter.	N/A	Turkey
19-Jun	Dentons; Dentons (BASEAK)	Dentons and its Turkish affiliate Balcioglu Selcuk Ardiyok Keki Attorney Partnership advised the lenders on a USD 201.5 million and EUR 353.4 million dual-currency loan to Yapi ve Kredi Bankasi.	USD 201.5 million; EUR 353.4 million	Turkey
19-Jun	Turunc	Turunc advised Bogazici Ventures in its USD 600,000 investment in Artiwise.	USD 600,000	Turkey
26-Jun	Aksan	The Aksan Law Firm advised Istanbul-based vehicle telemetry company Iugo Technology on receiving an investment from the Koc Group's Otokoc Otomotiv.	N/A	Turkey
26-Jun	Moral, Kinikoglu, Pamukkale, Kokenek	Moral, Kinikoglu, Pamukkale, Kokenek advised the minority shareholders of Turquoise Yachts on the sale of their shares to MB UAE Investments.	N/A	Turkey
27-Jun	Gowling WLG; Kinstellar; Kinstellar (Gen Temizer Ozer); Paksoy	Paksoy, working with Gowling WLG, advised UK-listed Volex on its acquisition of Turkish complex wire harness manufacturer Murat Ticaret Kablo for a total consideration of up to approximately EUR 178.1 million. Kinstellar and its Turkish affiliate Gen Temizer Ozer advised the Gora family on the sale of 100% of their shares in Murat Ticaret.	EUR 178.1 million	Turkey
30-Jun	Moral, Kinikoglu, Pamukkale, Kokenek	Moral, Kinikoglu, Pamukkale, Kokenek advised the shareholders of Univera on the sale of the company to Param.	N/A	Turkey
6-Jul	Turunc	Turunc advised Gelecek Etki Fonu on its USD 1.25 million investment in e-commerce solutions provider Rierino.	USD 1.25 million	Turkey
10-Jul	Aksan; Ozbek Attorney Partnership	The Aksan Law Firm advised Simularge Global and its founders on its investment round with a sub-fund of Turkiye Kalkinma Fonu. The Ozbek Attorney Partnership advised the fund.	N/A	Turkey
10-Jul	Bird & Bird; Paksoy	Paksoy, working with the UK offices of Bird & Bird, advised the EBRD on a EUR 125 million loan for the Ankara Metropolitan Municipality to finance the Ankara Natoyolu-Dikimevi metro line.	EUR 125 million	Turkey
12-Jul	Araoz & Rueda; Dentons; Dentons (BASEAK)	Dentons and its Turkish affiliate Balcioglu Selcuk Ardiyok Keki advised Papara on its acquisition of Rebellion from Beka Finance. Spain's Araoz & Rueda reportedly advised Beka Finance.	N/A	Turkey
13-Jul	Lexist Law Firm	Lexist advised the TWF IFM Real Estate Construction and Management joint stock company on the regulation to establish the Istanbul Financial Center.	N/A	Turkey
26-Jun	Freshfields	Freshfields Bruckhaus Deringer signed the memorandum of understanding and is providing _pro bono_ legal advice to the Ministry of Economy of Ukraine as it establishes a development fund to attract public and private sector capital for the future reconstruction and recovery of its economy.	N/A	Ukraine
27-Jun	Avellum; Sayenko Kharenko	Sayenko Kharenko advised Citibank and UK Export Finance on a GBP 26.3 million equivalent export loan provided to Ukraine under UKEF's guarantee, to finance the reconstruction of bridges around Kyiv. Avellum advised the Ministry of Finance of Ukraine on the loan.	GBP 26.3 million	Ukraine
10-Jul	Everlegal	Everlegal become the legal partner of the USAID/ENGAGE program – funded by USAID and implemented by Pact in Ukraine – in an educational project aiming to provide legal support to civil society organizations, small and medium-sized enterprises, and the citizens of Ukraine on martial law and other regulatory changes introduced during the war.	N/A	Ukraine

# ON THE MOVE: NEW HOMES AND FRIENDS

## **Austria: Vavrovsky Heine Marth Opens Office in Linz**

**By Andrija Djonovic (June 21, 2023)**

Austrian law firm Vavrovsky Heine Marth has opened a new office in Linz, in addition to the firm's operations in Vienna and Salzburg.

Vavrovsky Heine Marth is a dispute resolution and real estate-focused law firm. The new Linz office will be led by Partner and real estate expert Lisa Haslinger. Herself a Linz native, Haslinger has been with the firm since 2015 and made Partner in early 2023 (as reported by CEE Legal Matters on January 18, 2023).

"I am very happy about the new challenge and the opportunity to support clients directly on-site in the successful implementation of their projects," Haslinger commented.

"The entrepreneurial approach and personal support have always been the focus since the firm was founded ten years ago," Partner Christian Marth added. "The expansion of our legal focus to another region in Austria offers our clients more efficient and sustainable advice and support on-site." ■

## **Poland: Ro Radwan-Roehrschef Petruczenko Opens New Office in Rzeszow**

**By Radu Neag (June 22, 2023)**

On June 21, 2023, Poland's Ro Radwan-Roehrschef Petruczenko announced the opening of its new office in Rzeszow – the firm's second after its Warsaw headquarters.

Ro has been operating in the Polish market since 2010, initially focusing on dispute resolution. Since then, the firm developed an interdisciplinary team operating in the areas of construction law, white-collar crime, insurance, and corporate and M&A, among others.

"Ro's construction practice, which has become one of our

flagships, is now attracting interest from clients all over Poland. The increasing range of our projects and the need for our permanent presence in the Podkarpackie region led to the opening of a branch in Rzeszow," the firm announced.

Rzeszow is the largest city in southeastern Poland. "The city has been strengthening its economic position for more than 30 years, including through the creation of Special Economic Zones in the Podkarpackie voivodeship," Ro Managing Partner Marcin Radwan-Roehrschef commented. "Currently, Rzeszow's role has increased further – the city has become a link between Ukraine and the countries of the European Union." ■

## **Serbia: Kinstellar Teams Up with SOG**

**By Andrija Djonovic (July 4, 2023)**

Kinstellar has announced it is strengthening its presence in Serbia by teaming up with the local SOG Law Firm in a strategic partnership.

According to Kinstellar, "this new partnership brings together the collective strengths, resources, and experience of both law firms, creating a stronger offering in Serbia and the Western Balkans region. It presents a unique opportunity to achieve greater success, provide enhanced services to clients, and expand our local footprint."

SOG is a full-service law firm that has 20 lawyers, including three partners, and a total of 25 staff. The new Partners joining Kinstellar via this partnership with SOG are Managing Partner Milos Velimirovic and Partners Radovan Grbovic and Milan Samardzic. They join existing Kinstellar Serbia Partners Petar Kojdovic and Branislav Maric.

Velimirovic has been with SOG since 2016. Prior to that, he spent over eight years in-house with the Hypo Alpe-Adria-Bank and, earlier still, four years as an Adviser to the President of the Belgrade Municipality of Savski Venac.

Grbovic joined the team in 2013. Before that, he spent four

years running the Grbovic Law Office and two as an Of Counsel with the Specht Law Office. Between 2009 and 2015 he was also an Of Counsel with TARGO Telekom.

Samardzic has been with SOG since 2011. Prior to that, he spent two years as a Senior Associate with DLA Piper. Earlier, he also spent time with Specht – almost three years – and, earlier still, he spent two and a half years with the Ninkovic Law Office.

“Kinstellar is excited to join forces with such a reputable firm as SOG,” Kinstellar Managing Partner Patrik Bolf commented. “This strategic partnership allows us to leverage our strengths and resources to better serve our clients. Together, we can provide comprehensive legal solutions, expand our reach, and deliver exceptional client service. We look forward to a successful collaboration.”

“We are excited to join with Kinstellar,” SOG Managing Partner Milos Velimirovic added. “By combining our expertise and experience, we can deliver an even higher caliber of legal services. This collaboration strengthens our commitment to excellence and enables us to provide comprehensive solutions across multiple jurisdictions.” ■

## **Poland: Wolf Theiss Scoops Up Seven-Partner M&A Team from Wardynski & Partners**

**By Radu Neag (July 7, 2023)**

Wolf Theiss has announced the expansion of its Polish Corporate/M&A practice with the addition of seven Partners, at the core of a 27-strong team, from Wardynski & Partners. The move includes Partners Izabela Zielinska-Barlozek, Anna Dabrowska, and Krzysztof Libiszewski – who will also lead the WT Corporate/M&A practice – and Bartosz Kuras, Maciej Szewczyk, Marcin Pietkiewicz, and Katarzyna Wojcik-Bakowska.

“The expansion is part of the firm’s ongoing commitment to investing in its focus markets within the CEE/SEE region,” Wolf Theiss announced.

Zielinska-Barlozek focuses on M&A, cross-border transactions, and enterprise restructuring. She had spent over 26 years with Wardynski & Partners, having joined in 1997 as an Associate, before being promoted to Legal Advisor and, eventually, making Partner and leading the firm’s Corporate/M&A practice.

Dabrowska specializes in acquisitions and divestments in sectors including manufacturing, FMCG, technology, and private equity. She spent almost 19 years with Wardynski & Partners, joining as a Senior Associate in 2004 and making Partner in 2013.

Libiszewski works on cross-border M&A, takeovers, joint ventures, distressed situations, and corporate restructurings with a focus on the private equity industry. He spent over 22 years at his previous firm, having joined in 2001. Before that, he spent two years as an In-House Counsel with the Warsaw Consulting Group.



Kuras focuses on transactional advice, commercial matters, and new technologies. He spent almost 15 years with Wardynski, having joined in 2008 as a Senior Associate, and making Partner in 2020. He started his career in-house with Parexel in 2006.

Szewczyk specializes in M&A, including private equity, corporate, and commercial law. He spent 16 years with his previous firm, having joined in 2007 as an Associate. He made Senior Associate in 2013 and Partner in 2021.

Pietkiewicz focuses on equity and debt capital markets, the financial industry, and regulatory matters. He joined Wardynski back in 2004, spending 19 and a half years with his former firm.

Wojcik-Bakowska focuses on the IP, technology, FMCG, financial services, healthcare, and biotechnology sectors. She made Partner at her previous firm in 2020 and was also a Co-Head of its Insurance practice.

“We are thrilled to join Wolf Theiss, a leading regional firm that has a strong reputation for delivering high-quality legal services to clients in Poland and beyond,” Anna Dabrowska commented on behalf of her team. “We are confident that our experience and expertise will enable us to make a significant contribution to the firm’s further growth and success in the region.”

“We warmly welcome our new joiners who will strengthen our capabilities and allow us to offer our clients an even more comprehensive range of legal services in the Polish market,” Poland Managing Partner Tomasz Stasiak added.

The announcement came days after Wardynski & Partners announced it appointed Joanna Krakowiak, Jakub Macek, Wojciech Marszalkowski, Adam Pawlisz, Lukasz Sliwinski, and Maciej Zych to Contract Partner. On the same day as the Wolf Theiss announcement, Wardynski & Partners announced it appointed Partner Michal Wons to coordinate the work of the firm’s M&A team and develop the practice alongside Partners Konrad Grotowski, Kinga Ziemnicka, Jakub Lerner, Adam Pawlisz, and Lukasz Sliwinski.

Wons will Head Wardynski & Partners’ M&A practice going forward and is also a Co-Head of the firm’s Real Estate practice. He joined the Wardynski team shortly after graduating, starting in 2006 and working his way up in a career spanning 17 years. ■

## Hungary: Stanka and Team Join Dentons in Budapest

By Radu Neag (July 12, 2023)

Former Burai-Kovacs, Perlaki, Stanka, Szikla & Partners Managing Partner Gergely Stanka has joined Dentons in Hungary, along with a team of seven lawyers, as a Partner in the firm’s Litigation, Dispute Resolution, and Arbitration practice on July 1, 2023.

Stanka is a litigation and arbitration expert who focuses on banking law, investment services, and capital markets. He joins Dentons with a team of seven lawyers including three Of Counsel, two Associates, and two Junior Associates.

Before joining his new firm, Stanka spent seven years with Burai-Kovacs, Perlaki, Stanka, Szikla & Partners, which he joined in 2016 through the merger of Burai-Kovacs & Partners with his own firm of David, Stanka,

Szikla Attorneys at Law. He had established DSS in 2010. Earlier, he spent eight years with Nagy es

Trocsanyi, starting as a Trainee in 2001, being promoted to an Associate in 2003, and then a Senior Associate in 2007.

“I am delighted to join Dentons alongside my trusted colleagues,” Gergely Stanka commented. “I am excited to collaborate closely with all practice groups in Hungary and across Europe to provide innovative and effective solutions to our clients’ most intricate disputes. Our collective goal is to solidify Dentons’ position as the go-to firm for comprehensive and outstanding legal representation in all areas of disputes and arbitration.”

“We are thrilled to welcome such a highly experienced Litigation, Dispute Resolution, and Arbitration team to our ranks,” Dentons Hungary Managing Officer Gabor Kiraly added. “We firmly believe that their expertise, combined with our extensive resources, will forge an unparalleled synergy that will set us apart in the market and solidify Dentons’ position as the premier law firm in Hungary.” ■

## PARTNER APPOINTMENTS

Date	Name	Practice(s)	Firm	Country
11-Jul	Johannes Feilmair	Corporate/M&A; Private Equity; Real Estate	E+H	Austria
11-Jul	Karoline Hofmann	Insolvency/Restructuring	E+H	Austria
11-Jul	Stefan Jeitler	Corporate/M&A; Real Estate	E+H	Austria
10-Jul	Zsolt Farkas	Litigation/Disputes	Oppenheim	Hungary
28-Jun	Joanna Krakowiak	Life Sciences	Wardynski & Partners	Poland
28-Jun	Jakub Macek	Tax	Wardynski & Partners	Poland
28-Jun	Wojciech Marszalkowski	Tax; Litigation/Disputes	Wardynski & Partners	Poland
28-Jun	Adam Pawlisz	Corporate/M&A	Wardynski & Partners	Poland
28-Jun	Lukasz Sliwinski	Corporate/M&A	Wardynski & Partners	Poland
28-Jun	Maciej Zych	Litigation/Disputes; Corporate/M&A	Wardynski & Partners	Poland
6-Jul	Jan Czerwinski	Tax	Domanski Zakrzewski Palinka	Poland
6-Jul	Tomasz Michalczyk	Infrastructure/PPP/Public Procurement	Domanski Zakrzewski Palinka	Poland
6-Jul	Grzegorz Sprawka	Corporate/M&A	Domanski Zakrzewski Palinka	Poland
6-Jul	Rafal Karbowniczek	White Collar Crime	Domanski Zakrzewski Palinka	Poland
10-Jul	Michal Lisawa	Labor	Baker McKenzie	Poland
5-Jul	Oleksiy Stolyarenko	TMT/IP	Baker McKenzie	Ukraine
5-Jul	Andrii Moskalyk	Corporate/M&A; Energy/Natural Resources	Baker McKenzie	Ukraine

## PARTNER MOVES

Date	Name	Practice(s)	Moving From	Moving To	Country
14-Jul	Peter Tutsch	Corporate/M&A; Banking/Finance	Vavrovsky Heine Marth	Fieldfisher	Austria
11-Jul	David Ilczyszyn	Corporate/M&A; Insolvency/Restructuring	White & Case	Rovenska & Partners	Czech Republic
13-Jul	Jan Prochazka	Corporate/M&A	Dentons	KPMG Legal	Czech Republic
12-Jul	Gergely Stanka	Litigation/Disputes	Burai-Kovacs, Perlaki, Stanka, Szikla & Partners	Dentons	Hungary
16-Jun	Rafal Morek	Litigation/Disputes	DWF	CMS	Poland
4-Jul	Agnieszka Skorupinska	Energy/Natural Resources	CMS	Rymarz Zdort Maruta	Poland
7-Jul	Izabela Zielinska-Barlozek	Corporate/M&A	Wardynski & Partners	Wolf Theiss	Poland
7-Jul	Anna Dabrowska	Corporate/M&A	Wardynski & Partners	Wolf Theiss	Poland
7-Jul	Krzysztof Libiszewski	Corporate/M&A	Wardynski & Partners	Wolf Theiss	Poland
7-Jul	Bartosz Kuras	Corporate/M&A	Wardynski & Partners	Wolf Theiss	Poland
7-Jul	Maciej Szewczyk	Corporate/M&A	Wardynski & Partners	Wolf Theiss	Poland
7-Jul	Marcin Pietkiewicz	Capital Markets	Wardynski & Partners	Wolf Theiss	Poland
7-Jul	Katarzyna Wojcik-Bakowska	TMT/IP	Wardynski & Partners	Wolf Theiss	Poland
10-Jul	Aleksandra Polak	Corporate/M&A	B2RLaw	LSW Bienkowski, Laskowski, Lesnodorski, Melzacki & Partners	Poland
4-Jul	Milos Velimirovic	Banking/Finance	SOG Law Firm	Kinstellar	Serbia
4-Jul	Radovan Grbovic	Litigation/Disputes	SOG Law Firm	Kinstellar	Serbia
4-Jul	Milan Samardzic	Competition	SOG Law Firm	Kinstellar	Serbia



## IN-HOUSE MOVES AND APPOINTMENTS

Date	Name	Moving From	Company/Firm	Country
11-Jul	John Giannakakis	G+P Law Firm	ELTA Hellenic Post	Greece
22-Jun	Ausra Surviliene	SEB Lietuvoje	Ellex Valiunas	Lithuania
12-Jul	Katarzyna Kucharczyk	CMS	Orsted	Poland
22-Jun	Alexandru Coras	Prime Kapital Development	Stalfort Legal-Tax-Audit	Romania
11-Jul	Gamze Sandurac	ISS Turkey	ISS Turkey	Turkey
4-Jul	Markiyan Kliuchkovskiy	Asters	International Register of Damage Caused by the Aggression of the Russian Federation against Ukraine	Ukraine

## OTHER APPOINTMENTS

Date	Name	Firm	Appointed To	Country
21-Jun	Lisa Haslinger	Vavrovsky Heine Marth	Head of Linz Office	Austria
10-Jul	Stephan Kyutchukov	Djingov, Gouginski, Kyutchukov & Velichkov	Co-Managing Partner	Bulgaria
10-Jul	Zdravka Ugrinova	Djingov, Gouginski, Kyutchukov & Velichkov	Co-Managing Partner	Bulgaria
13-Jul	Michal Wons	Wardynski & Partners	Head of M&A	Poland
13-Jul	Weronika Achramowicz	Baker McKenzie Warsaw	Co-Managing Partner	Poland
13-Jul	Marcin Chylinski	Baker McKenzie Warsaw	Co-Managing Partner	Poland
13-Jul	Lukasz Hejmej	Baker McKenzie Warsaw	Co-Managing Partner	Poland
3-Jul	Milica Pestic	Bojovic, Draskovic, Popovic & Partners	Head of ESG Department	Serbia



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- Full information available at: [www.ceelegalmatters.com](http://www.ceelegalmatters.com)
- Period Covered: May 16, 2023 - June 15, 2023

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# 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.

## Calm Seas and Fair Winds in Albania: A Buzz Interview with Enklid Milaj of Tonucci & Partners

By Andrija Djonovic (June 22, 2023)



Following the recent administrative elections, Albania is enjoying a period of calm, political stability, and a strengthening currency, with a draft on medical cannabis production and the first issuance of corporate bonds through a public offer at the top of the agenda, according to Tonucci & Partners Partner Enklid Milaj.

“Currently, the legal market in Albania is experiencing a period of relative calm following the administrative elections that took place a month ago,” Milaj begins. “It is common for the Albanian market to slow down during and after elections. Consequently, legislative activity has slowed down as well, with few major novelties occurring recently.”

One significant legislative development that Milaj mentions is the governmental proposal for a legal framework that will legalize and regulate the production of medical cannabis in Albania. “The production of medical cannabis can commence very soon in the country, provided that certain legal requirements are met, and it will be interesting to see how this impacts any parallel public order issues and whether it could potentially provide a boost to the market and meet certain demands that have been outlined for some time” he explains.

Additionally, for the first time, Albania has witnessed a public issuance of bonds. “Bonds were, and still are, mainly issued through a private offer by the financial institutions in Albania, and this will likely continue. But now, for the first time, they are being introduced to the public markets through the stock exchange. It will be fascinating to observe who invests in these

bonds, whether the issuance proves successful, and how it ultimately unfolds,” Milaj says. “The Albanian Financial Authority oversees the entire process. Although the issuance will likely not be too large, there is an optimistic outlook for its success.”

Albania seems to also be enjoying a period of political stability. “Interestingly, Albania’s currency, the lek, has been growing stronger,” Milaj says. “While there might not be a straightforward explanation for this occurrence, tourism seems to be a contributing factor. The country has experienced an increase in activity, and this is expected to further surge during the summer season.”

Additionally, Milaj reports that the Albanian government is planning to “launch a tender for the construction of the New Port of Durres (Porto Romano project), which holds great significance for the country. However, NATO has requested some amendments to the project’s outline in response to the war in Ukraine, causing a delay in its launch.” According to him, “the feasibility study is expected to be finalized by the end of the third quarter and, immediately after, the government will release an international tender for the first development phase.” Moreover, according to Milaj, an “uptick in the number of solar energy producers in Albania, with domestic entrepreneurs (but not only) leading the way. The administrative landscape is being prepared to support this growth, and we may anticipate potential project financing to be even more present in the market.”

Finally, Milaj notes “the Albanian government is involved in various international disputes, which are ongoing and will be intriguing to follow in the coming months.” According to him, “these disputes have more of a legacy nature and involve mainly administrative or concessionary matters. International law firms are typically engaged in handling these cases, and they find them particularly interesting, while local lawyers are involved for the domestic legal aspects.” ■

### Strike Two for Croatia's Judicial System: A Buzz Interview with Mario Krka of Divjak, Topic, Bahtijarevic & Krka

By Teona Gelashvili (June 23, 2023)

Croatia's energy and real estate sectors are well-positioned for growth, while frequently changing legislation and an ongoing strike by judicial clerks complicate the lives of lawyers, according to Divjak, Topic, Bahtijarevic & Krka Senior Partner Mario Krka.

"The past few months have been relatively less dynamic in Croatia, but still, there is quite some buzz surrounding various industries, particularly energy and real estate," Krka begins. "The energy sector, especially the solar market, is booming, and Croatia has significant energy production capacities to offer." However, he says "the market is heavily regulated and – due to a large number of requirements and limitations, some of which are yet to be determined by the government – the processes are relatively slow. Although there are certain developments, uncertainty persists regarding when things will start moving forward and gain momentum."

As for real estate, Krka notes that another prosperous tourism season is anticipated, resulting in continued success in the development of hotels, and points out "there is also an increase in interest regarding the expansion of mixed-use and residential buildings. However, we have yet to witness major international players taking on larger construction projects of that kind, especially residential." According to him, in Zagreb, several ideas and projects are in the works, aiming to develop mixed-use and residential structures. As for hotels, "it seems that Marriott is expected to enter the market, with plans for their 5-star facility to open its doors by the end of next year."

On the political side, Krka says that a recent strike by judges in Croatia has now come to an end. "However, the strike by judicial clerks is currently causing some issues, leading to the postponement of hearings in some cases," he continues. "The strike primarily centered around the issue of stagnant salaries that haven't increased for years. Many professionals within the judicial system are underpaid, pushing for the strike to occur just before next year's parliamentary elections. Fortunately, the judges' strike didn't last long enough to cause significant damage, but we still expect to feel its impact. Negotiations are underway to reach agreements on these matters," he explains.

Moving to specific legislative updates, "we anticipate new amendments to the Companies Act, specifically aimed at transposing a new directive on cross-border mergers," Krka says. "This practice of quite often amending our statutes, including general ones like the Companies Act, is quite demanding on lawyers, let alone companies."

"In the context of M&A, this year has been relatively slower," Krka notes. "However, the market has a keen interest in the playout of Fortenova and the potential sale of its shares. The company is in an unfavorable position of having a significant part of its shares linked to sanctioned entities, so the companies involved are actively seeking a resolution to this situation."

Finally, Krka highlights that an interesting trend in Croatia is related to businesses showing cautiously increasing interest in ESG initiatives: "While this is still in a development stage, we have observed our clients raising some questions regarding ESG, albeit to a limited extent." ■



*The strike primarily centered around the issue of stagnant salaries that haven't increased for years. Many professionals within the judicial system are underpaid, pushing for the strike to occur just before next year's parliamentary elections.*

## Montenegro Plays the Hits: A Buzz Interview with Jelena Vujisic of Law Office Vujacic

By Radu Neag (June 26, 2023)



With a new president and parliament – and a new Bar Association President and Management Body – the elections’ results still hold the front page for lawyers in Montenegro, while the country plays to its strengths with energy, tourism, and real estate all thriving, according to Law Office Vujacic Partner Jelena Vujisic.

*The real estate market in Montenegro is currently experiencing a boom, particularly along the seaside. There has been a significant increase in interest from German investors this year, overtaking Turkish and Ukrainian investors who held the top spots in 2022. The lower costs of living and real estate, combined with a favorable climate, are attracting individuals and companies to take up residence and establish businesses in our country.*

“The election cycle in Montenegro slowed down business developments to some extent,” Vujisic begins. “We have a new president and parliament, but the formation of a new government is still expected, and the markets have been cautious while waiting for it. We expect legislative and regulatory efforts to likely resume in September or October.” According to her, this should help restore confidence and provide clarity for businesses.

And the Bar Association of Montenegro recently held elections of its own. “The elections resulted in the appointment of a new president and a new management body. It’s worth noting that the previous president’s mandate was extended for three years, since 2020, due to the challenges posed by the COVID-19 pandemic,” Vujisic explains. “Going forward, we expect positive developments and incentives that will further enhance the working engagements of lawyers, both in court and administrative settings.”

Turning to economic matters, Vujisic reports on important investments in Montenegro’s renewable energy sector. “The EBRD has supported Elektroprivreda Crne Gore, the national electricity and utility company, with EUR 82 million for the Green Gvozd project. This project is an extension of the Krnovo wind farm, Montenegro’s first wind energy project, which we also worked on,” she explains. Additionally, there is an “interesting project called ‘Solary’ that aims to further develop the solar power sector in the country. We anticipate more wind and solar projects in the near future, leading to the overall development of Montenegro’s energy sector.”

And the tourism sector stands to be enriched as well. “Starting on July 13, an important tourist attraction will begin its operations in the City of Kotor,” Vujisic says. “A cable car will link Kotor to the Lovcen National Park, providing not only a convenient connection between the two locations but also offering impressive views of Boka Bay. This project has been in the works for almost two decades, and its opening coincides with the National Day of Montenegro,” she adds.

Aside from the energy and tourism sectors, real estate has also been on the up and up in the Adriatic country. “The real estate market in Montenegro is currently experiencing a boom, particularly along the seaside. There has been a significant increase in interest from German investors this year, overtaking Turkish and Ukrainian investors who held the top spots in 2022,” Vujisic reports. “The lower costs of living and real estate, combined with a favorable climate, are attracting individuals and companies to take up residence and establish businesses in our country. On the other hand, Russian citizens still face difficulties when trying to open bank accounts in Montenegro, so they are less present overall.”

Finally, Vujisic reports that Montenegro is feeling the impact of mergers taking place across the region, with the Italian and Serbian markets standing out. “Those required notifications of the local regulatory body, so the legal market has been experiencing a kind of a spillover effect.” At the same time, “considering that the courts in Montenegro collectively take a summer break in August, people are busy wrapping up projects and cases before then. But we do expect a more relaxed pace of work come August,” she concludes. ■



**Legal**



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**Solid Slovenia:****A Buzz Interview with Jan Gorjup of Kirm Perpar**

By Radu Neag (July 4, 2023)



The business situation in Slovenia remains solid, although several challenges worsening prospects for the future are present – from the worker shortage to increasing prices and indications of a potential slowdown – while the country works on its green transition and considers reforming its tax, pension, and health systems and

employment legislation, according to Kirm Perpar Partner Jan Gorjup.

“For the last few years, both businesses and lawyers in Slovenia were dealing with multiple challenges, including a shortage of raw materials and workers, and consistent price increases leading to inflation,” Gorjup begins, noting that “those challenges are not unique to the country, but are prevalent among medium-sized and larger companies, particularly those focused on exports.” To mitigate the increased costs, he says “businesses seek to pass them on to customers and buyers. However, the ability to do so varies across different sectors. It is crucial for European countries to work together to address these challenges collectively, as the consequences extend beyond the borders of any single state.”

*There are indications of a potential decrease in business activity. We are still busy, as are our clients, but there is a sense of change in the market.*

As an example, Gorjup mentions “the recent announcement from Germany regarding changes to their criteria for foreigners to start working or be employed in Germany. Slovenia acts as a transit country for people from the Balkans who are seeking employment in Germany and other northern European countries. The easing of restrictions by Germany, particularly for less qualified positions, could potentially impact Slovenian companies that rely on foreign workers.”

And while the shortage of raw materials has somewhat improved, Gorjup reports “there are indications of a potential decrease in business activity. We are still busy, as are our clients, but there is a sense of change in the market.” One contributing factor, according to him, “is the increasing interest rates, which are still on record levels. Additionally, concerns have been raised about high real estate prices across Europe, all this potentially leading to a slowdown in economic activity.”

For instance, in Slovenia, “we recently saw a notable change in the trend with a decrease in real estate prices in Ljubljana during the first quarter, marking the first time since the COVID-19 pandemic began,” Gorjup says. “This could be seen as a natural slowdown following a period of high economic activity. The impact of the pointed out market conditions varies across different fields, making it difficult to provide a comprehensive overview.”

The regulation of prices has also been a prominent topic in Slovenia, driven by the government’s objective to curb inflation and its negative consequences. According to Gorjup, “initially, the focus was on energy products, with the reintroduction of regulations for fuel prices, followed by electricity and gas prices. More recently, attention has turned to regulating prices for additional health insurance.” And broader reform discussions in Slovenia are ongoing, he points out, “with not much clear other than scarce information of such reforms on taxes, the pension and health systems, as well as on employment relations, especially in the public sector.”

Turning to the green transition, Gorjup says “Slovenia remains committed and has recognized the need for a second nuclear power plant. The project is to be developed near Krsko, but limited information is available to the public about its current stage.” According to him, “the green transition topic is significant across Europe, with ESG the natural next step from a legal perspective. The EU is developing legislation in this area, and states will follow, but large corporate systems are already introducing their own ESG rules, which are relevant for Slovenian companies operating in the global market today.” ■

## Serbia's Long Fuse: A Buzz Interview with Slobodan Dokleštic of Dokleštic Repic & Gajin

By Radu Neag (July 6, 2023)



Despite a recent M&A slowdown, updates to the capital markets and land rights laws, renewable energy auctions, and business migration heavily impact Serbia's legal and business landscape, according to Dokleštic Repic & Gajin Partner Slobodan Dokleštic.

“Over the past few months, we have observed a slight slowdown in M&A activity both in Serbia and other countries in our region,” Dokleštic begins. “The exact reasons for this slowdown are difficult to pinpoint, but it could be attributed to the delayed impact of the slowdown in Western European M&A markets,” he posits. However, he reports there being “a resurgence in markets like London, which indicates that the effects will likely reach the Serbian market as well. We anticipate the market to pick up again starting in September.”

Apart from the M&A slowdown, Dokleštic highlights several booming areas. In particular, he mentions “the new law on capital markets, which came into effect at the beginning of this year and is now gaining traction. The key novelty of this law is the introduction of substantial fines for non-compliance by public companies,” he says. These fines can reach up to 15% of the company's annual turnover. “The introduction of these significant fines is a game-changer and will likely lead companies to approach compliance in Serbia more seriously going forward.”

And there is another regulatory change expected by the end of this year, Dokleštic says, regarding land rights. “Currently, most companies that were privatized in the early 2000s only have the right to use the land and cannot obtain construction permits until they convert this right to ownership. The current process for conversion is complicated and may involve paying fair market value for the land, leading to delays and difficulties,” he explains. “However, under the new rules, land use

rights should be automatically converted to ownership rights without incurring any costs.” He expects this change to attract new investments for “many companies with production facilities in Serbia, allowing them to expand.”

Additionally, Dokleštic reports there is an exciting new development in the renewable energy sector. “The government announced at the beginning of June that they are finally conducting an auction for energy produced from renewable wind and solar sources.” He elaborates that the auction period will run until “mid-August and will continue over the next two years with subsequent auctions. These auctions offer contracts for difference (premiums) for 15 years, with maximum prices for electricity at EUR 105 per megawatt-hour for wind and EUR 90 per megawatt-hour for solar,” he explains. “Incentives will be awarded to the investors that offer the lowest prices compared to the price ceiling. The government will provide the winning bidders with the difference between the quoted price and the market reference price. For the three-year cycle, they plan to auction a gigawatt of wind and 300 megawatts of solar in total.”

*Over the past few months, we have observed a slight slowdown in M&A activity both in Serbia and other countries in our region. The exact reasons for this slowdown are difficult to pinpoint, but it could be attributed to the delayed impact of the slowdown in Western European M&A markets. However, there is a resurgence in markets like London, which indicates that the effects will likely reach the Serbian market as well.*

Finally, “the migration of businesses from Ukraine and Russia, as well as the relocation of businesspeople and IT professionals to Serbia, has had a significant impact as well,” Dokleštic reports. “The IT landscape has undergone substantial changes, with start-ups and young, educated IT engineers arriving in the country. In the medium term, we anticipate the IT market to continue booming, leading to numerous investments and transactions over the next few years,” he concludes. ■

## Tall Order for Kosovo's Assembly: A Buzz Interview with Visar Ramaj of RPHS Law

By Radu Neag (July 10, 2023)



The healthcare industry is undergoing reform and the renewable energy sector is shifting to foreign-investment-friendly auction-based strategies, while the new Civil Code and large investment projects – including healthcare digitalization and infrastructure development – are

on the books in Kosovo, according to RPHS Law Partner Visar Ramaj.

“The healthcare sector in Kosovo is currently undergoing significant reforms, with a new legal framework taking shape,” Ramaj starts. “The Assembly has passed the first laws, starting with a law on the pricing of pharmaceutical products. This law is expected to come into effect by the end of July.” Additionally, there are drafts for new laws on pharmaceutical products, the healthcare system, and the health insurance fund. “These draft laws have been prepared by the government and passed to the Assembly for parliamentary procedure, to be passed by the end of the year,” he reports. “With the adoption of the new laws, there will be an increased need for legal services to ensure compliance not only for local players but also for marketing authorization holders of foreign pharmaceutical manufacturers.”

*The auction sets the stage for future energy projects in Kosovo. The country aims to have 35% of its energy from renewables by 2030, which is quite ambitious. The auction offers a guaranteed 15-year power purchase agreement and a minimum 30-year land lease.*

Turning to the energy sector, Ramaj outlines that there has been a shift “from feed-in tariffs to auction-based strategies for increasing renewable energy sources. The government recently published the first project for a 100-megawatt solar energy project, with allocated land plots and grid connection

agreements, utilizing a competitive auction,” he says. According to him, this has generated a lot of foreign investor appetite. “We anticipate the government establishing practices to increase the scope of such projects.”

Furthermore, according to Ramaj, “the auction sets the stage for future energy projects in Kosovo. The country aims to have 35% of its energy from renewables by 2030, which is quite ambitious.” Continuing, he says that “the auction offers a guaranteed 15-year power purchase agreement and a minimum 30-year land lease.” The opening of bids is expected to take place by the end of August.

Additionally, Ramaj reports that “private projects in the area of renewable energy are also underway, with two projects currently in the development phase. These projects are still confidential, but negotiations, development, and financing are all ongoing,” he elaborates.

On a different note, Ramaj says that a new Civil Code is expected to enter into force later in 2023. “This will be the first time Kosovo has a unified Civil Code, replacing dispersed laws. The plan is for the Civil Code to be passed by the Assembly by the end of the year, which is quite an ambitious goal,” he explains. Given the ongoing reforms in the healthcare and energy sectors as well, he expects a “continued high demand for legal services in Kosovo.”

Finally, Ramaj reports that “Kosovo is expecting several big investment projects, including the digitalization of healthcare, infrastructure projects, and the development of tourist resorts.” However, many of these projects are still pending, with their timelines yet to be specified. “The government has been primarily focused on political issues with Serbia in recent months, which has overshadowed other projects. Still, Kosovo needs to unlock the potential of these pending projects,” he notes. ■



## Busy and Increasing Headcounts in Ukraine: A Buzz Interview with Timur Bondaryev of Arzinger

By Radu Neag (July 11, 2023)



Despite the challenges, Ukraine's internal economy remains strong – and there are significant opportunities for those who can navigate the complexities of the current situation – with lawyers busy with litigation and arbitration, sanctions and anti-trust, as well as restructuring and privatization matters, according to Arzinger Founding and Managing Partner Timur Bondaryev.

“Over the past year and a half, both colleagues and clients have been closely monitoring the war situation. It has been a challenging period, but it has also made us stronger,” Bondaryev begins. “We are grateful to the people and governments from other jurisdictions who have supported us during this time. It took a while, but we appreciate everyone who has stood by us.”

“We are confident that Ukraine will survive and ultimately win the war with Russia and it's just a matter of time before we can resume our operations as before,” Bondaryev says. “Our pipeline is solid, although not as active as before the invasion. However, once the war is over or there is a framework for peace, we anticipate a significant increase in workload.” He believes that “for the next two decades, lawyers will be busy rebuilding and shaping the new Ukraine while also pursuing the necessary legal actions to claim damages from the aggressor.”

Sharing more about his firm's workload, Bondaryev points to litigation, sanctions, white-collar crime, and arbitration: “We have been involved in international litigation to claim damages from Russia, which has kept us extremely busy. Additionally, our IP, patent, and tax departments have seen a substantial workload. Disputes, including patent, tax, commercial, and arbitration cases, have been booming across all sectors.” Furthermore, he reports an increase in mandates related to insolvency and debt restructuring, as well as the privatization of state-owned assets. “We were lucky that we always had

work,” he explains. “While it wasn't always great, or interesting, or that profitable, we were busy. And now we're busier, having to increase headcounts, and we're bringing people back to Ukraine.”

“And the infrastructure sector has had to adapt to the disruption of sea routes and transition to rail transportation, complicated by the wide-gauge/narrow-gauge disparity between railways in Ukraine and Romania or Poland,” Bondaryev reports. “Rebuilding supply and logistics chains, especially for grain exports, has been a priority for the country, and our lawyers as well.” Additionally, a privatization process has been initiated by the government, “focusing on keeping national champions and selling off other state-owned assets. And that pool of assets has increased with the freezing and nationalization of formerly Russian-owned assets that are now also up for sale. This has opened up opportunities for both investment and legal work,” he says.

In Ukraine, the antimonopoly agency plays “a significant role in controlling investments and outflows,” Bondaryev notes, “and is incredibly busy right now. Although we do not work for Russians, some of our clients have JVs or business relationships with Russian entities. It requires a lot of careful navigation to ensure the smooth progression of transactions for our clients.”

In terms of clients, according to Bondaryev, “the war and subsequent currency restrictions have led to a significant amount of capital being stuck in Ukraine. This has fueled M&A activity, as companies are utilizing their available capital for acquisitions and privatizations.” Due to the circumstances, “the assets are usually undervalued significantly and many local players, who recognize the value of these assets, have been active in privatization processes.”

“Most of our clients are companies that have been operating in Ukraine even before the war started. These clients have a deep understanding of the market and are adept at managing the associated risks,” Bondaryev explains. “We also work with foreign investors, particularly those in the agriculture sector, who have a long-standing presence in Ukraine. Furthermore, we have observed opportunistic risk-takers from outside Ukraine, especially in private equity, eyeing formerly Russian-owned assets.” ■

## Staying on Top of Trends in Austria: A Buzz Interview with Martin Brodey of Dorda

By Teona Gelashvili (July 14, 2023)



These days, Austrian lawyers are primarily focused on the topics of the prevailing economic climate and its future trajectory, the implications of ESG trends, and the impact of artificial intelligence on the legal profession, according to Dorda Managing Partner Martin Brodey.

“In Austria, as elsewhere, the trends in M&A deals serve as a barometer of market activity,” Brodey begins. “The amount of ongoing deals in the pipeline reveals the state of the market. We note concerns raised by lawyers, particularly in the Anglo-Saxon world and in Germany. Private equity players accustomed to accessing capital at low costs face deal constraints at current interest levels. In Germany, two consecutive negative quarters, formally considered a recession, show effects on the flow of deals.”

Additionally, Brodey says “there is a general concern about inflation, which in Austria stands at more than 8%, well above the European average. Numerous issues suggest that it could dampen the overall economy. Fortunately, however, our country remains relatively settled and resilient, and we are not easily swayed by sudden developments,” he notes. “The main objective is to ensure the maintenance of a predictable environment and stability.”

Brodey is confident that the legal business in Austria is not in a downward spiral. “The pipeline of deals is good, in particular in the mid-cap area, presenting an opportune time for strategic moves and exits,” he says. “Also, in times of crisis, there is typically an increase in litigation, arbitration, and other areas such as compliance and ESG, which have become prominent topics due to extensive regulatory requirements.”

“ESG requirements carry significant implications for all participants in the economic sector,” he continues, “and companies face a substantial burden in determining the specific components of ESG requirements. Countries like Germany have taken the lead by enacting relevant legislation, and we often turn to them as a benchmark for understanding the associated challenges.” Brodey expects that many of the anticipated legislative updates will also encompass the topic of ESG.

“And another buzz topic in Austria is AI for lawyers – or instead of lawyers – as some are concerned,” Brodey says. “The prevailing opinion is, however, that AI will not replace lawyers but rather assist those who are able to utilize it. Many larger law firms have taken steps to incorporate AI capabilities in some way.” Clients now anticipate cutting-edge user-friendliness, regardless of whether they use the AI tool directly, he highlights: “It is crucial to adapt as, quite soon, it will become a standard tool in the legal profession. The main focus is on ensuring adaptation to the current trends and maintaining visibility by encompassing all that accompanies them and staying up-to-date with new developments. Our firm dedicates considerable resources to face the challenges of rapid technological development.”

Finally, Brodey mentions that several Austrian law firms have launched dedicated Start-Up practice groups which, in Dorda’s case, include lawyers from the Corporate, M&A, IP, and Life Sciences fields. “It’s a market trend we have been watching with heightened interest. Founding a business as well as start-up investing in Austria are now accessible options to a larger number of people than ever before.” ■



*In times of crisis, there is typically an increase in litigation, arbitration, and other areas such as compliance and ESG, which have become prominent topics due to extensive regulatory requirements.*

### Bright-Eyed Romania: A Buzz Interview with Iustinian Captariu of Kinstellar

By Andrija Djonovic (July 17, 2023)

There is still room for optimism in Romania, as the economy is seeing continued investments across a number of sectors, with the energy transition and renewables, automotive, defense, and infrastructure projects driving growth, according to Kinstellar Partner Iustinian Captariu.

“High interest rates, inflation, energy prices, the war in Ukraine, and the local political landscape all pose several challenges and generate uncertainty, but these do not seem to significantly discourage investors just yet,” Captariu points out.

“The energy sector, renewable energy in particular, as well as the ongoing energy transition effort, has been a driver of growth in the past few years,” he continues. “We have witnessed a diverse range of investors from across the globe seeking to place their bets on the future of Romania’s renewables industry, with notable transactions such as the 710-megawatt photovoltaic cluster recently traded between Jantzen Renewables and OMV Petrom.”

Moreover, Captariu shares that the “nuclear sector is experiencing significant development as well, with the potential construction of new reactors and the refurbishment of existing ones, although things here are moving at their own pace, which is normal for the industry”. According to him, “these energy-sector trends have been keeping the markets, as well as lawyers, pretty busy.” Additionally, he reports that the automotive sector has been experiencing new investments as well: “this is especially the case with battery manufacturing and charging infrastructure, which still has a lot of room to grow” he explains.

On a separate note, Captariu shares that the “defense sector has also witnessed an upswing, with a number of contracts for strengthening Europe’s eastern flank. These involve government-to-government contracts and also local tenders that have recently been launched.”

In addition, Captariu also stresses that the country is heavily invested in the renewal of its infrastructure: “Romania has seen a number of infrastructure projects pick up, such as airports, terminals, and highways, all of which bring about opportunities for our economy, as well as legal work.”

And finally, another cause for lawyers to be optimistic in Romania: foreign direct investments are becoming, according to Captariu, a “focus for lawyers, as an increasing number of transactions require notification and approval. The shifting legislative landscape and the rise of FDI regulation draw on more work for legal practitioners,” he shares. ■



*The energy sector, renewable energy in particular, as well as the ongoing energy transition effort, has been a driver of growth in the past few years. We have witnessed a diverse range of investors from across the globe seeking to place their bets on the future of Romania’s renewables industry, with notable transactions such as the 710-megawatt photovoltaic cluster recently traded between Jantzen Renewables and OMV Petrom.*

## E-Registries and New Certifications in Hungary: A Buzz Interview with Orsolya Kovacs of Nagy es Trocsanyi

By Teona Gelashvili (July 17, 2023)



Hungary has adopted new laws covering various areas, prioritizing electronic registration processes and the construction industry, while also making significant advancements in the energy field, according to Nagy es Trocsanyi Partner Orsolya Kovacs.

“Digitalization is a constant point of discussion for Hungarian lawyers, and it goes beyond just concerns about artificial intelligence,” Kovacs says. “In particular, the recent legislative updates related to e-procedures make it one of the prominent topics in Hungarian lawyers’ live.”

*Recently, our focus has shifted towards energy and renewable energy sources laws. It applies not only to energy regulations but also incentives, subsidies, and the various company structures involved in operating energy businesses, including both renewables and non-renewables. The prices of energy have become a significant topic of discussion here in Hungary, particularly due to the increase in energy prices during the crisis and following the onset of the war.*

According to Kovacs, starting from February 1, 2024, there will be a new property and real estate registry system in Hungary, known as the e-land registry system. “This transition is not merely an electronic system update but a multifaceted procedure,” Kovacs emphasizes. “Lawyers will be required to take an exam to acquire a certificate enabling them to access the electronic system and perform official registrations. Given that this process encompasses legal and technical complexities, it may be particularly demanding for lawyers.”

Another notable legislative development, according to Kovacs, is related to the construction and real estate sectors. “The entire construction industry is affected by the impending implementation of laws, such as the changes in the law on public construction and the new Act on Construction, which is still in the preparatory phase. These changes are scheduled to be implemented this autumn. In addition, there is new legislation on the construction right which is a marketable right based on which the holder has the right to construct a building and use the real property for this purpose, as well as the right to possess, use, and benefit from the building constructed” she says. “Numerous discussions have been made by the concerned sectors regarding these developments.”

“Additionally, recently, our focus has shifted towards energy and renewable energy sources laws,” Kovacs continues. “It applies not only to energy regulations but also incentives, subsidies, and the various company structures involved in operating energy businesses, including both renewables and non-renewables. The prices of energy have become a significant topic of discussion here in Hungary, particularly due to the increase in energy prices during the crisis and following the onset of the war.” According to her, the conclusion of PPAs at high prices has become a major issue for the economy, “as all participants in the economy are burdened with these elevated costs. As a result, production expenses have risen, making it challenging to manage economic stability.”

“In terms of litigation, we are facing a special type of litigation cases in Hungary related to cartel damages,” Kovacs says. “The key concern is how to effectively recover these damages if any. In Hungary, a specific law is known as the ‘presumption of 10%,’ which assumes that the prices are 10% higher than normal prices, making litigation a very complex process,” she adds. “Other than that, the economy is facing challenges with slow growth, but specific e-commerce transactions are experiencing a notable increase,” Kovacs concludes. ■

## Bulgaria Plays Catch-Up: A Buzz Interview with Boris Lazarov of Penkov Markov & Partners

By Radu Neag (July 21, 2023)



Bulgaria's outlook is improving, with its elected government working hard to catch up on crucial EU legal updates, while the country continues to attract investments in banking, energy, healthcare, and technology, according to Penkov Markov & Partners Associated Partner Boris

Lazarov.

“The political situation in Bulgaria has been challenging, with the constant changes in government making it difficult to maintain a consistent legislative agenda,” Lazarov begins. “However, we now have a working government that is diligently catching up and prioritizing major changes to the energy act, an update to the commercial act, and of course FDI controls – if we don't implement this now, we'll be in trouble with the EU, so that's crucial.”

“We're also currently working with several NGOs to implement essential changes to Bulgaria's commercial act,” Lazarov notes. “Among others, some financial instruments, such as option agreements like call, put, drag, and tag options or the role of escrow agents are not officially recognized in the Bulgarian legal system. It is crucial to update the law to acknowledge and regulate these instruments properly,” he explains.

Despite the political difficulties, Lazarov says “Bulgaria's stable economic fundamentals have maintained its appeal to investors. Factors such as the geopolitical situation in the region, with issues in North Macedonia, Turkey, and the war in Ukraine, have led investors viewing Bulgaria as a comparatively safer investment destination.” Additionally, he reports that the Bulgarian National Bank's “decision to set interest rates at 3%, lower than neighboring countries with rates between 5% and 6%, has made financing more affordable in Bulgaria, bolstering investor interest.”

“And ESG is also becoming increasingly important in business transactions, with clients showing a lot of interest in understanding and complying with ESG regulations,” Lazarov says. “As of now, there are draft bills addressing ESG-related matters, and we expect them to become a crucial part of due diligence in M&A transactions in the future,” he points out.

All the while, the banking sector in Bulgaria has seen a period of consolidation, according to Lazarov, “with the KBC Group acquiring the business of the Raiffeisen Group and Post Bank buying Bulgarian Branch office of PNB Paribas Personal Finance. This trend is likely to continue, with more transactions in the next three to five years, primarily small local banks being acquired by international players.”

And the energy sector is witnessing considerable interest from both local and foreign investors, particularly in renewable energy projects. Lazarov says they “recently advised the Global Biomet Group on their acquisition of a 100-megawatt project in Bankso, Bulgaria, and are advising another client on purchasing a 230-megawatt solar project.” Bulgaria's compliance with the EU's green deal and renewable energy regulations is making it “a prime destination for solar investments,” he explains.

In the healthcare sector, “we were involved in advising on the Fidelis deal in the biospecimen sector, which proved to be one of the best exits by a Bulgarian equity fund,” Lazarov highlights. “Though there have been fewer transactions in this sector so far this year, it remains an area with significant potential for future investment and development.”

Finally, Bulgaria's tech sector has indeed seen remarkable growth, according to Lazarov, “with 40% of all transactions in 2022 occurring in this field. The success of notable acquisitions like VMware Bulgaria and the merger between the Chaos Group and Enscape has showcased Bulgaria's potential as a tech hub.” Several factors contribute to this success, he explains, “including equity funds' willingness to invest in startups, a skilled and talented developer workforce, and capable managers who can turn innovative ideas into world-class products.” ■

# THE DEBRIEF: AUGUST 2023

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

July was a busy month in Poland as some employment and life sciences legislation took effect. “As of July 1, 2023, the state of epidemic emergency has been lifted in the territory of Poland,” Wolf Theiss Counsel Agnieszka Nowak-Blaszczyk says. According to her, “the lifting of the state of epidemic emergency affects the legality of the stay in Poland of those third-country foreigners whose validity of the legal title to stay and work” in the country has been extended under the COVID-19 crisis-related act – the so-called “Anti-Crisis Act.”

“Pursuant to the Anti-Crisis Act, the legal stay of foreigners on the basis of, in particular, a Schengen visa or a national visa or a temporary residence permit, the validity of which would expire during the state of epidemic emergency or a state of the epidemic, was extended until the expiry of 30 days from the day on which the state of epidemic emergency or state of the epidemic was canceled, regardless of which of these states was in force last,” she notes. “The same rule also applies to the validity of work permits, seasonal work permits, and declarations of entrustment of work to a foreigner whose validity ended during the state of epidemic or state of epidemic emergency. All these documents have been extended until July 31, 2023.” As a result, “employers should review the documents allowing third-country foreigners to stay and work in Poland,” she says, adding that the foreigners concerned must submit their applications for new documents by the end of July 2023.

Additionally, NGL Legal Junior Associate Paulina Roslon-Horosz highlights that a new regime for medical device advertising is coming into effect in Poland. “Due to the end of the transition period, all advertisements, starting from July 1, 2023, must comply with the requirements set forth in the Polish *Medical Devices Act* of April 7, 2022, and the *Regulation of the Minister of Health of April 21, 2023, on advertising of medical devices*,” she notes. “Furthermore,” she adds, “from July 1, 2023, the manufacturers of custom-made devices, authorized representatives of a manufacturer of custom-made devices who are not residents or established in

a member state, and importers of custom-made devices are obliged to submit an application for registration of their activities to the President of the Department of Registration of Medicinal Products before placing the device on the market. This obligation applies to entities with residence or seats in the territory of Poland.”

## This House – The Latest Draft

According to Roslon-Horosz, a revision of the reimbursement act in Poland is also currently underway. “In June 2023 a new version of the draft act on amendments to the act on reimbursement of medicinal products, foodstuffs for special dietary purposes and medical devices, and certain other acts were passed to the Parliament,” she reports, adding that “currently, the draft act includes, among other things, changes to the reimbursement procedure, adopting amendments to wholesale and pharmacy margins, the possibility of reimbursing OTC medicines, amendments to pricing, including a mandatory reduction in the price of innovative medicine, and new obligations of recipients of reimbursement decisions to ensure the supply of adequate quantities of medicines.”

## The Verdict

Albota Law Firm Senior Associate Mihai Macovei highlights the Bucharest Tribunal’s recent ruling concerning real estate issues. “On June 7, 2023, the Bucharest Tribunal canceled the 2nd District coordinating Zonal Urban Plan (PUZ) and suspended the PUZ until the final resolution of the case before the courts,” he notes. “According to the claimants – the USR Save Romania Union party – the PUZ issued in August 2020 by the former administration reduced the green areas of the district by allowing building on tens of hectares of such areas, including parks, lake shores, sports grounds, etc.”

According to Macovei, “the new administration in Bucharest seems determined to remove all coordinating PUZs issued by the former administration: at the beginning of 2021, the new administration issued a decision suspending for one year all the PUZs issued for districts 2, 3, 4, 5, and 6. The suspension was followed by various suspensions and cancellations of the PUZ ordered by the courts, including the 2nd District



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PUZ.” However, he reports that “in March 2023, the case concerning the 2nd District PUZ was rejected by the court in the first instance, meaning that the PUZ was once again effective,” adding that “until the latest suspension of the PUZ, the 2nd District City Hall issued a number of building permits based on the PUZ in question.” According to Macovei, “the 2nd District Mayor argues that the applications for building permits were complete and there was no legal justification to refuse to issue the building permits.”

### In the Works

July 2023, according to CMS Sofia Managing Partner Kostadin Sirleshtov, was an intensive month for the Bulgarian energy sector with a particular focus on renewables. “Global Biomet – one of the largest renewable energy investors with ten operational photovoltaic plants – successfully licensed its 100-megawatt AC Aratiden project with the Bulgarian Energy and Water Regulatory Commission,” Sirleshtov points out. “Furthermore, the largest photovoltaic project in Bulgaria to date (Verila 123-megawatt peak) was put in operation by a joint venture between local investors S Solar and CZG. This project entered into the biggest corporate power purchase agreement in the Bulgarian renewable energy sector to date with Yettel and Cetin.” Additionally, “on June 15, 2023, Westinghouse Electric and Nuclear Power Plant Kozloduy signed a Front-End Engineering & Design agreement for a new reactor using AP1000 technology for Bulgaria,” Sirleshtov points out. “This marks yet another attempt to build a new nuclear reactor in Bulgaria following the shut-down of Units 1-4 of the Kozloduy nuclear power plant, which was completed in 2007.”

### Done Deals

Throughout June and July, the M&A market in Serbia has experienced substantial activity, with the IT and real estate sectors being in the spotlight. “For instance, the US venture capital fund TinySeed recently invested in Novi Sad-based start-up Plainly, a video automation software developer,” Radovanovic Stojanovic & Partners Partner Sasa Stojanovic reports. “Regarding real estate, family-owned real estate development company Soravia Group sold the Radisson Collection Hotel Old Mill Belgrade to regional real estate project developer Delta Real Estate Group in June.” Stojanovic further points out that the consolidation trend in the pharma sector is continuing and suggests that the industry will likely see more developments in the near future.

### Regulators Weigh In

Lastly, Sirleshtov draws attention to the recent decision of the Bulgarian regulator: “At the end of June 2023, the Bulgarian Energy and Water Regulatory Commission set up the new reference price for those renewable energy projects, which are supported under the *Contracts for Guarantees* scheme. Many of the investors (both local and international) challenged the levels of the reference price adopted by the Regulator before the Bulgarian administrative courts.” ■

## NAVIGATING HARDSHIPS: WHEN THINGS GO AWRY

By Andrija Djonovic

At the **CEE Legal Matters GC Summit** in Istanbul, legal experts from across the region and beyond tackled the importance of crisis management – even when nothing is burning. Summit attendees were briefed on how companies can navigate gray areas, manage global supply chain disruptions, and, overall, be prepared for whatever comes their way.



### Weathering the Storm

The ever-changing corporate landscape prompts companies to be prepared for any kind of potential crisis – at all times. From environmental disasters to accounting fraud, there is no shortage of risks that could cause management more than quotidian trouble – especially with the uptick of cybersecurity threats and attacks.

Discussing the essential notions of how companies can prepare for all that's out there, legal experts from all across Europe sat down at the Summit and shared their insights during a panel talk that included Slaughter and May Partner Jonathan Marks and Associate Olga Ladrowska, TurkNet's Merve Oney Barlas, Henkel's Selin Evrem Pattni, and Domino's Turkey's

Muge Bulat Cetinkaya.

To put the crisis management discussion into practical context, the panel introduced a fictional scenario. The scenario involved an employee unknowingly downloading ransomware from a phishing email, which resulted in company data being collected and the attackers demanding a substantial ransom payment in bitcoin. Ladrowska, who was moderating the panel discussion, observed that “various factors, including cyber-security threats, a growing culture of accountability, and increased regulation, mean that there is no limit to what the issue causing a corporate crisis can be, and in-house and outside counsel need to be prepared to respond to a variety of different situations.”





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**Jonathan Marks,**  
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**Selin Evrem Pattni,**  
Senior Corporate Director,  
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Discussing cybersecurity, the panelists stressed the importance of associated cyber insurance and its increasing momentum. “It can be difficult to obtain adequate insurance coverage,” Marks said, “seeing as how insurers worry about their own exposure due to high numbers of state-backed cyberattacks. Additionally, premiums are getting higher every time there is a cyber incident, so these two effects compound.” Furthermore, all panelists stressed that “companies ought to communicate effectively with their insurers and make sure they are within the terms of the policy they have. However, always be vigilant – the attackers may align the requested ransomware payment to match the level of insurance the company likely has.”

Providing for the existence of adequate insurance, having a plan in place, and reducing the risk of being hacked as a consequence, the panel agreed, is all part of a director’s duties within a company. “Businesses should make sure that directors are acting in accordance with their duties both before and during the actual crisis,” Cetinkaya stressed.

Focusing more on the specific framework within which in-house legal counsels find themselves during a crisis period, the panel participants concurred that speed and precision are of the essence. “Making sure that regulatory obligations are complied with by definition, informing the requisite regulatory bodies of the issue, as well as reaching out to customers and stakeholders immediately – this is what the crisis-reaction agenda should look like,” they said. Of course, there is much to do before the actual crisis strikes.

In the case of the cybersecurity attack example, the panel indicated that “providing cybersecurity training to employees would minimize the financial impact of the breach – preparing the groundwork for quick reaction over a multitude of potential issues is crucial.” Moreover, it was stressed that, consequently, the role of in-house counsel has shifted to a more specialized one on account of “highly regulated markets and the frequent cost-cutting measures that companies undertake.”

The panelists agreed that in-house counsels now have significant responsibilities that include “supervising executive committees, handling legal issues across industries, and serving as *survival kits* for companies in times of crisis,” Barlas outlined. “There is a much higher expectation of knowledge and expertise these days – as well as a much more evident need to work hand in hand with external counsel to provide quality legal advice.” For this reason, Barlas concluded that fostering relationships with external lawyers could lead to “ensuring that the right kind of external expertise is enabled.”

### Supply Chain Management

Given the occurrences of the past several years, supply chain management has become increasingly complex, with businesses facing multifaceted challenges almost daily, including wars, transportation interruptions, raw material shortages, and the global pandemic. According to Henkel's Selin Evrem Pattni, these challenges are impacting companies' operations in different ways and require proactive measures to ensure continuity.

"With the wide plethora of particularities and specificities that global supply chain management structures face, it is advisable to have a diverse approach on the side of in-house counsels," Pattni said. "Legal departments play a significant role in managing supply chains, requiring businesses to navigate different jurisdictions, local and regional regulations, and customer preferences, both in B2B and B2C operations."

To ensure business continuity, Pattni advised engaging external legal experts at "crucial stages (i.e., sanctions, tax, and insurance requirements). Other than the traditional way of working, law firms are becoming more specialized in working within particular frameworks, at a level commensurate with how global markets are becoming more specialized themselves," she said. "Developing their expertise in digitalization, including analytics, visualization, sensorics, and robotics, for example, allows law firms to better understand the potential risks and opportunities in supply chain management – which could provide the in-house legal team with invaluable help to navigate the operation."

Indeed, Pattni went on to stress that the necessity for legal expertise is quite high, especially when it comes to "drafting supply contracts. It is essential that these are drafted with sufficient detail to avoid any misunderstandings and/or disputes that may arise," she said. "Moreover, contracts should be reviewed on a regular basis to ensure they remain up to date considering the market dynamics and thoroughly compliant considering the frequently changing local regulations," she concluded.

### Operating in Gray Areas (in Highly Regulated Industries)

Another potentially problematic area to navigate a company through, from a legal perspective, is within highly regulated industries. With regulatory frameworks shifting continuously to keep up with the changes in technology and society, which are often dynamic and sophisticated, accurately identifying

their gray areas can be a daunting challenge to begin with. Shedding some light on the matter during the GC Summit was Takeda's Inan Ozcan.

"This landscape of complexity can make it difficult to know how to act, but it is important for businesses to take a proactive approach to ensure compliance and maintain ethical standards," Ozcan said. She strongly emphasized the need to consider other factors beyond the law when navigating gray areas. "This includes government policies, regulators' position papers, industry associations' guidelines, administrative and criminal investigations, the warnings and penalties issued as a result of those investigations, room for lobbying efforts, and court decisions – to name but a few. Whereby, the tone, the depth, and the direction of all the above would be quite decisive and can bring guidance to assess the scope of risk appetite."

Additionally, it is also important to understand cultural differences in the interpretation of the law, particularly when operating across borders and in diverse communities: whether it would be safe to "freely explore the alternative options and test our limits when a matter is not yet regulated, or we would rather expect the adoption of statutory codes of law to enlighten the manner in which to act in certain, *numerus clausus*, pre-determined areas of freedom" she stressed.

Acting in such a pre-emptive manner, however, is no small feat, and Ozcan stressed that a "disciplined approach to having established a good, functioning corporate governance model, proper decision-making mechanism, full clarity on the empowerment and accountability, and a commitment to doing the right thing" is paramount. "Businesses must also make a distinction between what is legal and what is ethical. This requires a focus on the values and principles that guide decision-making, rather than simply following the letter of the law," she continued. "As laws and regulations continue to evolve and become more complex, the role of Legal is becoming more critical not only in adjusting the ways of working whilst navigating these changes in an agile manner, but also in unfolding the opportunities to implement and further expand the business strategies in restricted fields. It is up to legal professionals to stay informed and up to date on legal developments, while also considering the broader societal and ethical implications within the 'living law'," she concluded. ■

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A Step Ahead

## BEYOND BANKS: NON-BANKING FINANCIAL LANDSCAPE IN CEE

By Teona Gelashvili

The financial services landscape in the CEE region has been shifting, as local non-banking financial institutions (NBFIs) are gradually gaining ground in an area historically dominated by the banking sector.



In Moldova, “NBFIs are not as common as traditional banking institutions,” ACI Partners Head of Banking and Finance Marina Zanoga begins. “Historically, the banking sector in Moldova has been more dominant and widespread. Banks provide a wide range of financial services, including deposit-taking, lending, and payment services.”

“Czech society has been rather conservative and reticent when it comes to the use of financial products and services,” PRK Partners Senior Attorney-at-Law Norbert Hink continues. “To a certain extent, this attitude may also be a consequence of the historical experience of Czech society where some NBFIs and financial products and instruments were used for fraud and unfair practices.”

However, these days, the financial sector landscape is witnessing some changes. “NBFIs aim to offer simple services to ‘un-bankable’ customers,” Zanoga points out, noting that “while NBFIs may not be as prevalent as traditional banks, their presence and significance have been increasing over time. The growth in recent years shows that NBFIs are seen as an important instrument in the diversification of the financial sector, aiming to provide alternative financing options for small and medium enterprises and stimulate competition in the industry.”

### Gaining Market Share

In many CEE markets, NBFIs are, by now, commonplace. For example, they “represent a major player in the Romanian lending markets,” Tuca Zbarcea & Asociatii Partner Gabriela Anton points out. “Overall, Romanian lending-seeking clients are quite familiar with this type of institution, especially for leasing instruments and short-term consumer loans. Currently, there are 177 NBFIs licensed by the National Bank of Romania (NBR) to operate in Romania, so it is a very active segment.” She adds that “last year seems to have been an exceptional year for the NBFIs, as they doubled their year-on-year growth rate.”

And that is increasingly the case in other markets, such as Ukraine and Bulgaria, according to Avellum Managing Partner Mykola Stetsenko and Schoenherr Bulgaria Local Partner Tsvetan Krumov. “We have pension funds, insurance companies, credit unions, payment systems, etc.,” Stetsenko says, adding that “it is definitely very significant and it is growing year by year.” In Bulgaria, according to Krumov, NBFIs are quite common and diverse depending on the type of non-bank financing they provide.

Even in Moldova, where NBFIs are not as common, accord-



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ing to Zanoga, “from 2016 to 2023 there has been an increase of over 350% in total assets of NBFIs,” while “the total number of NBFIs increased from 116 in 2016 to 160 in 2023.” Similarly, in Turkiye, NBFIs “are still in the developmental stages, their participation in the financial system is growing steadily,” Nazali Tax & Legal Partner Nilay Goker Duran adds. “According to the Association of Financial Institutions consolidated data for NBFIs for 2022, transaction volume TRY 569 billion, total assets TRY 382.7 billion, shareholders’ equity amounted to TRY 55.2 billion, and the number of customers reached 5.8 million.”

However, in Serbia, NBFIs have yet to really gain traction. “In terms of alternatives to banking/finance, NBFIs’ market share is very low as only payment service institutions have a very limited ability to provide credits (only three of them have the license for that),” Gecic Law Counsel Miodrag Jevtic says. “Serbia has no legal framework for microfinancing, making way for pawn shops to provide such financing using the legal gap. The National Bank of Serbia (NBS) opined

that pawn shops are not allowed to provide microfinancing in terms of lending, which represents a criminal offense. However, pawn shops are not under the competence of the NBS, they are not regulated, and there are no official records of their market shares and numbers.”

### Show Me the (Lent) Money

“Looking into the Romanian non-banking financial sector which includes also investment and pension funds, as well as insurance companies, they became the second largest component of the non-banking financial sector by value of assets (with a share of 23.1% of the non-banking financial sector market in December 2022),” Anton notes.

In terms of volume of loans though, NBFIs still have quite some ground to cover to catch up with their traditional counterparts. “In terms of the volume of loans granted, NBFIs still cover only a small percentage of the market in the Czech Republic,” according to Hink. “Banks provide more than 92% of loans in the Czech market, which leaves NBFIs with less than 8%.” In Bulgaria, Krumov says “the market share of local non-banking financial institutions is small, and they are exclusively active in lower-segment financings.”

However, Hink highlights there is progress: “Since the COVID-19 pandemic, the lending market share for NBFIs has seen a modest increase relative to banks. For example, between 2021 and 2022, the volume of loans provided by NBFIs increased by 7.2% while the volume of loans provided by banks increased by only 5.8% over the same period.”

And niches seem to be developing, with both Krumov and Duran emphasizing a trend among the specific types of NBFIs. Specifically, as Krumov explains, “notably, venture capital financings (for up to EUR 3-5 million) and private equity financing (for up to EUR 10 million) have developed rapidly in recent years mostly due to available EU funds and the European Investment Fund’s activity, providing most of the sources to Bulgarian funds specialized in such financings.”

But traditional banking finance might simply not be the hill to conquer for NBFIs. In Serbia, Jevtic explains that “in terms of other financial services, NBFIs are common. The most frequent ones are currency exchange offices, due to the volume of everyday transactions in EUR and Serbian Dinar, respectively. Other common NBFIs include payment service institutions, insurance companies, financial leasing, factoring companies, and pawn shops.” According to him, “There are

*Banks provide more than 92% of loans in the Czech market, which leaves NBFIs with less than 8%.*

over 2,000 exchange offices, 16 financial leasing companies, and 11 payment institutions. Also, there are four management companies managing the assets of seven voluntary pension funds. Finally, there are 22 companies licensed for factoring. Investment funds have also become increasingly popular as means to achieve long-term financial goals.” In Türkiye too, Duran notes that “the factoring sector increased its receivables by 113.8% to TRY 127.2 billion,” and adds that “the sector’s asset size increased by 108.7% to TRY 135.6 billion, with a 110% increase in transaction volume.”

### Open Regulators, For Now

While customary national bank supervision seems to be the norm, the regulatory environment with regard to NBFIs seems fairly liberal across CEE. “As mentioned, Serbia remains passive in allowing NBFIs to provide financing in a banking fashion,” Jevtic notes. “However, Serbia very much encourages financial services which are common for NBFIs.” He further adds that tokenization and digitalization of financing will be likely a subject of future regulatory discussion.

Stetsenko notes that “Ukraine is fairly liberal in this respect, but all non-banking financial institutions are subject to prudential supervision by the National Bank of Ukraine, including sources of funds and shareholding structure.”

For Hink, the cautious approach to consider is that of the market rather than the regulator: “Generally speaking, there is a rather more cautious approach towards NBFIs and their services and products in the Czech Republic when they represent an alternative (substitute) to banking services. It usually takes longer for Czech society to gain confidence in a new NBFI and to start using its services to a greater extent.” That said, according to him, “the level of legal regulation of NBFIs in the Czech Republic is basically the same as in other EU countries as the financial market is subject to significant unification and harmonization within EU law. It should be added that in cases where European legislation is implemented into Czech law, it is not uncommon for the Czech legislator to adopt legislation that is stricter in some aspects than the implemented legislation requires.”

Anton and Krumov also highlight relatively smooth registration requirements in Romania and Bulgaria respectively. “In

our experience, the legal procedure for the incorporation and authorization of an NBFI with the NBR is generally smooth, as the Romanian regulator has shown a fairly open approach towards such applications,” Anton says. Still, she notes, “the regulator has used the capital requirements applicable to the NBFIs as a tool to deter the practice of excessive interest rates practiced to short-term consumer loans granted by certain institutions. From this perspective, there is a clear orientation of the national supervision authority to increase the capital and prudential requirements applied to the institutions registered with the Special Registry, in a manner similar to



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the credit institutions.” Additionally, Anton says that “as of January 1, 2023, NBFIs are required to apply the International Financial Reporting Standards as the basis of accounting and for the preparation of individual annual financial statements and for prudential supervision purposes.”

“Regarding non-banking classic lending (where the lending sources have not been raised publicly), as well as leasing, factoring, and trade finance only registration with the Bulgarian National Bank is needed where the procedure is quite straightforward,” Krumov emphasizes. “Venture capital and private equity finance are not regulated activities per se in Bulgaria. Theoretically, licensing under the EU alternative investment funds directive may be applicable but the relevant thresholds for managed assets in private equity/venture capital funds, triggering such licensing are very high for the Bulgarian market.”

But the smooth waters might soon be behind NBFIs with many predicting a more conservative approach in terms of the regulator landscape. Zanoga, for example, draws attention to the changing nature of Moldova’s NBFIs regulation: “We believe that the market will become more and more conservative. It is dictated by several factors. Firstly, the banking crisis showed the need for conservative payouts. Moldovan legislators enacted important legislative changes aiming to fight the over-indebtedness of micro borrowers, a common concern in recent years. Strict rules on responsible lending applicable both to NBFIs and banks have been enacted in 2022.” Secondly, she says, “Starting on July 1, 2023, the supervision of NBFIs is passed to the National Bank of Moldova (NBM) which will exercise the supervision of banking and non-banking financial institutions. The announced priority of the NBM is to ensure sound corporate governance of NBFIs and strengthen the internal control functions in each entity, to obtain better public accountability from them.”

Similarly, Hink adds: “With regard to the regulation of NBFIs in the Czech Republic, I expect the level of regulation to increase in line with the trend in recent years and to extend to areas that have not been regulated at all or minimally.” And Ukraine too can expect a tightening of oversight with Stetsenko noting that “several years ago supervision of non-banking financial institutions was transferred from the old regulator to the National Bank of Ukraine. The latter is more rigorous in its oversight function and I would expect it to monitor market participants even closer in the future.”

### Looking Ahead: What’s to Come

Overall, sentiments about the future of NBFIs seem to be positive. “Due to its regional location and fintech operations, Turkiye has the potential, and, therefore, is open to becoming an important center for the collection and channeling of regional financial resources for the Middle East, Central Asia, North Africa, and Eastern Europe,” Duran says, adding that “the banking and non-bank financial industry in Turkiye still has significant room for expansion. The finance and banking sector must continue to draw in foreign permanent capital and this capital investment and employment for Turkiye to reach the 2023 targets.” Echoing Duran, Stetsenko says that “without a doubt, the role and share of non-banking financial institutions will only grow in Ukraine.” Additionally, Krumov says that “as the expected EU funds allocated for venture capital/private equity financing under the ongoing post-COVID-19 recovery plan for Bulgaria are significant, such financings may well double in volume in the next five years.”

*We believe that the market will become more and more conservative.*

For others, while acknowledging there is potential, there are questions left, the answers to which will very much impact the outlook of NBFIs: “As for Serbia, this will mostly depend on two factors – the financial stability of the market and the demand for retail and corporate financing,” Jevtic says. “If there is a positive trend in both factors, it is likely that there will be more openness in the future. We expect future incentives regarding the tokenization of lending, to be led by NBFIs.”

“I do not expect the general sentiment and attitude of Czech society towards NBFIs and their products and services to change significantly in the next five years,” Hink notes. “I expect that a rather conservative and cautious approach and greater trust in banks and their services will continue to prevail in the Czech Republic. At the same time, however, it can be expected that some types of NBFIs and their products (which are currently perceived as riskier in the Czech Republic, e.g., crowdfunding), may gain more trust in society and be used to a much greater extent than is currently the case within next five years as a result of their longer successful presence on the market.” ■

## THE CORNER OFFICE: THE SUMMER SLOWDOWN

In **The Corner Office**, we ask Managing Partners at law firms across Central and Eastern Europe about their backgrounds, strategies, and responsibilities. As the summer is likely to bring a brief lull, this time we asked: **How do you tend to use the general downtime during the month of August?**



**Kostadin Sirlishtov, Managing Partner,**

**CMS Sofia:** With the general caveat that my personal utilization has been much higher every August for the past 20 years, and despite the fact that we see a similar trend with the entire CMS Sofia office, I am happy to share some of the “downtime routine” that we apply.

As CMS is offering a free-of-charge service for regulatory alerts called *Law-Now*, the team is usually busy putting together such updates in less busy times. Furthermore, as we aim to be what we call the *Leading Relationship Law Firm*, we are very often offering secondments to our clients, especially in situations where the need for extensive legal support is temporary. As collaboration between CMS offices is really deep, in periods of downtime, we also often provide assistance to our colleagues abroad. For instance, when the war in Ukraine started, our team there made itself available and we managed to complete many successful and challenging cross-border mandates. We also encourage additional qualifications for our lawyers, as well as ESG/CSR activities.



**Andrej Leontiev, Managing Partner, Taylor**

**Wessing Slovakia:** To secure continuity for the next decade and to cater to the needs and legitimate expectations of the next generation of lawyers, we commenced a major reconstruction project in our premises.

The works on our new office will culminate in August and if everything goes as planned, we shall move into the refurbished premises in mid-September. We believe it will provide an amicable and comfortable, yet stimulating and environmentally sustainable workspace for our team and clients.



**Gabriel Zbarcea, Managing Partner, Tuca**

**Zbarcea & Asociatii:** When the present time is uneventful, I usually do two things. On one hand, I analyze the past – I check graphs, revenues, and expenses, compare them with past years, look at the lawyers’

efficiency, etc. On the other hand, I look at the future – I make plans: what projects, which clients, what new marketing strategy, etc. Then, as August is a summer holiday month, and I am an absolute fan of the Black Sea, each year I spend a part of my holiday on the fine sand of the beaches close to Constanta. I love the salty fragrance of the sea, the smell of fish, and the way the breeze feels at our seaside.



**Ewelina Stobiecka, Managing Partner, Taylor**

**Wessing Poland:** In recent years it has been difficult to predict the intensity of our work during the summer. But it is important for us, first and foremost, that our lawyers and staff take time off during the summer to

recharge their batteries. This allows them to rest and maintain a healthy work-life balance, which ultimately promotes overall well-being and productivity.

In addition, when workloads allow, we try to use the downtime in a variety of ways to add value for our clients. This period provides an opportunity for professional development, where our lawyers and staff can participate in training programs (now available even during the summer) and continue their education to keep abreast of the latest legal developments.

We also use this time to identify potential new clients, nurture existing ones and explore new opportunities for collaboration. Knowledge management is also an important aspect, as this is the time when we update internal databases and create practice guides to improve knowledge sharing within our teams, and also with clients.



## CEELM TOP 10: MOST-READ INTERVIEWS

The **CEELM Top 10** series looks back over the past ten years and celebrates the milestones we have achieved together. The list below highlights the most-read interviews, with a short description of each.

**1. CMS Poland's Man with Two Hats: Interview with Partner Andrzej Posniak About His Unique Dual Role (February 22, 2018, Hits: 55,488)**

Andrzej Posniak talked about his career path in law, starting at CMS in 2003 as a corporate trainee and step by step, becoming a Partner, as well as the General Counsel and Risk Manager for the firm in Poland.

**2. Inside Insight: Interview with Helena Kokot of Zagreb International Airport (August 1, 2018, Hits: 54,770)**

Helena Kokot – at the time the Director of the Legal Affairs Department at the Zagreb International Airport – discussed her choice of profession, her transition from a law firm to working in-house, as well as the challenges of working in the legal department of an international airport.

**3. Inside Insight: Interview with Linda Szegvari, Chief Legal Counsel of MET Hungary (March 9, 2018, Hits: 54,287)**

MET Hungary Chief Legal Counsel Linda Szegvari discussed her career and the changes in the Hungarian market since she began practicing law. She also highlighted the challenges she has faced as a woman in a leading position and the importance of possessing legal and personal skills, when representing a company like MET Hungary.

**4. Inside Insight: Interview with Jovan Velkovski, GC of JAT Tehnika (April 27, 2018, Hits: 53,928)**

Jovan Velkovski – the former Head of Legal at JAT (Yugoslav Airlines) Tehnika and a Senior Legal Advisor at Privredna Banka Beograd – delved into his career trajectory, the progression from entry-level roles to more senior positions and notable milestones along the way, as well as the differences between his experience of working in-house in the aviation and banking sectors.

**5. Inside Insight: Interview with Miljan Malovic of Banca Intesa (August 30, 2018, Hits: 53,167)**

Banca Intesa Belgrade Head of the Business Legal Advisory Office Miljan Malovic talked about his motivation to join Banca Intesa in 2006 and to stay in the banking sector generally, his decision to work in-house instead of private practice, and his impressions on Serbian legislation in the banking sector.

**6. Real Talk on Real Estate in Hungary: Interview with Laszlo Krupl, Attorney at Law and Head of the Real Estate Practice in Hungary at Schoenherr (October 2, 2020, Hits: 52,870)**

Laszlo Krupl discussed the status of the Hungarian Real Estate Market in a COVID-19 world, and the measures put in place during the different waves of the pandemic.

**7. Zieba & Partners: A New Plan in Poland (March 14, 2019, Hits: 52,857)**

Zieba & Partners founders Rafal Zieba, Adam Piwakowski, and Przemyslaw Kordel discussed the split of Kochanski Zieba & Partners into two new firms – Zieba & Partners and Kochanski & Partners – and talked about their new firm's plans.

**8. Hot Practice: Andras Nemescoi on DLA Piper Hungary's Litigation and Regulatory Practice (September 22, 2020, Hits: 52,678)**

Andras Nemescoi talked about DLA Piper Hungary's busiest practice in 2020 – the litigation and regulatory team – and the ways in which COVID-19-generated legal uncertainty and a set of opportunities arising from a relaxation on state-aid rules fuel the workload.

**9. Turkey's Focus on Renewables (February 27, 2018, Hits: 52,000)**

Schoenherr Partner Levent Celepci explored Turkey's commitment to developments in the renewables sector, its regulatory framework, as well as ongoing and planned projects.

**10. Octavian Popescu Talks About Setting Up Popescu & Asociatii (May 22, 2019, Hits: 51,947)**

Octavian Popescu discussed his decision to leave Musat & Asociatii to set up Popescu & Asociatii and his plans for the new firm.



# MARKET SPOTLIGHT: CZECH REPUBLIC



# ACTIVITY OVERVIEW: CZECH REPUBLIC

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

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



116



41

Jan Juroška



107



38

Milos Felgr



97



33

Tomas Dolezil



92



32

Emil Holub



86



28

Vladimir Cizek



### Activity Overview:

■ Full information available at:  
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 ■ Period Covered:  
 December 17, 2013 - July 15, 2023

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# ESG TAKES CENTER STAGE IN SHAPING THE CZECH REAL ESTATE MARKET

By Teona Gelashvili

With ESG having been a buzzword in the Czech real estate market for a few years now, **Clifford Chance Partner Emil Holub, Kocian Solc Balastik Partner Jiri Hornik, VIDD Partner Ondrej Hampl, Taylor Wessing Counsel Radka Nenickova, and Act Legal Czech Republic Partner Tomas Slaby** look at how ESG principles are being applied in practice and in what areas there is still room for improvement.

## A Real (Estate) Hype: ESG

“Sustainability and ESG have had a direct impact on the real estate market for a long time, regardless of labeling,” Hornik points out. “Investors and developers incorporate ESG considerations into decision-making on investment strategies, development projects, and property management practices.”

Nenickova adds that “the times when ESG used to be just a buzzword in the Czech Republic are over. There are now many entities trying to implement such principles into their daily activities and long-term strategies.” According to Slaby, “the acronym ‘ESG’ and the word ‘sustainability’ today, unlike in previous years, resonate more and more across the entire real estate sectors.”

The increased demand for ESG compliance can be attributed to multiple contributing factors. “Some ESG concepts and ideas have been rather swiftly transformed into reality in the Czech Republic and have been picked up by businesses particularly due to the adverse implications of the war in Ukraine and the associated energy instability,” Hampl continues. “Everyone understands that the age of energy freeriding and unrestricted consumption is over, and businesses need to take into account certain factors which were considered irrelevant for years if they want to succeed – or in fact survive.”

In addition, “in the real estate sector, the impact is quite substantial as buildings are generally responsible for approximately 40% of greenhouse gases,” Nenickova notes. “It is well known that the majority of residential buildings in the Czech Republic are older than 50 years, lacking up-to-date energy efficiency, but the same issue is also relevant for commercial buildings that need to be adopted continuously in order to comply with the increasing energy efficiency demands of the current world.”

“There are more reasons,” Slaby continues. “Customers’ interest in cost-saving and sustainable projects, EU legislation, and bank loan conditions, which take into account ESG

criteria and sustainable projects, can be mentioned in the first place. The above-mentioned reasons already play a significant role in the preparation of new projects.”

## Leading the Way: Greener Developments

In practical terms, the implementation of ESG principles results in a substantial effect: “Although many ESG ideas remain a ‘ticking the boxes’ exercise for the time being, we experience the evident trend of the proliferation of ESG into daily operations e.g., through solar power-plant rooftop installations or the increasing demand for energy flexibility services,” Hampl says. “Developers see that no institutional investor nor bank will risk investing into assets that are not complying with the new environmental trends and measurable targets that are pushed at the EU level,” Holub continues. “All planning and projecting are ready to accept the challenge of ‘near zero emission’ new buildings.”

“The emphasis on energy efficiency, sustainability, and the lowest possible carbon dioxide footprint of new projects is obvious,” Slaby notes. “It originates not only from the legislative requirements for construction adopted at the EU level or from the legal regulations of the Czech Republic but also from the requirements of investors or customers who, among other things, are very aware of the rise in energy prices and emphasize their savings.”

Hornik draws attention to specific developers that are currently in the spotlight: “Office space developers, in particular, routinely obtain various environmental certificates for their buildings and this is slowly also being implemented for warehouse and industrial buildings too. Residential projects have mostly still to catch up, but this can be a good way to also attract buyers for whom sustainability is a core lifestyle value.”

## Building Momentum: Green Financing

On the flip side, there are areas where ESG is just now gaining traction, including green financing. “Green financing is already a hot topic and it is expected that it will become much

more relevant in the future,” Nenickova points out. “Currently, banks are mostly collecting information, as the implementation of ESG strategies is not compulsory yet, but it is not rare to obtain green financing (green bonds or better rates for green projects).”

According to Slaby, an increasing interest in green financing “corresponds to the increasing volume of green bonds subscribed by development companies or even bank loan products oriented towards sustainable projects, which are supported by banks, for example, with lower interest rates.”

That said, “the CEE region is not yet as far along in green financing as some of its other larger EU neighbors, nevertheless both investors and financial institutions are increasingly recognizing the financial benefits of environmentally conscious projects,” Hornik notes. “One such example is the *Green Bond Framework* introduced by the leading Czech bank Ceska Sporitelna to achieve environmental objectives as speci-

fied in the *EU Taxonomy* framework.”

However, Hampl expresses some doubts: “I am rather skeptical as to whether the concept of green financing can function well outside a state-subsidized environment,” he notes. “Although it is up to each financier to decide which business to finance, profit expectations remain key for private sponsors and green labeling seems to serve as a nice bonus at best. For this reason, private financiers may prefer green projects over non-green ones only as long as the former are equally profitable – and once this is the case, there is no need to distinguish between green and other financings.”

### On the Path to Progress: Green Leases

There seems to be progress in green leases as well, in particular, in relation to commercial lease agreements. “We see an interest of clients to insert into their newly negotiated leases a number of provisions seeking environmentally friendly behavior from their contract counterparties – be it a tenant or a landlord,” Holub says. “This in particular relates to logistics and partially to office segments. Such provisions are necessary to claim that the leased asset is environmentally friendly (on top of its technical features) which is accordingly relevant to seek green financing.”

“Clauses which may be considered a part of what is called ‘green leases’ were first spotted in the market several years ago,” Nenickova continues. “Initially, those clauses were searching for ways to align the interests of the tenant and the landlord around energy performance and efficiency of buildings, water conservation and re-use, and other environmentally friendly measures in the construction, operation, and use of commercial premises.” She adds that “the current period of energy crisis has also increased the interests of tenants in focusing on economically sustainable energy consumption and smart operation of buildings as they bring huge costs savings if adopted properly by the property management.”

However, Hampl notes that “the idea of green leases is dependent on the outfit of the property in demand. The less green the buildings are, the less willing landlords are to accept green commitments. If buildings are not suited well for the purpose, tenants tend to give up and give preference to other priorities, such as location or accessibility.” Notwithstanding the above, Hampl says that the “pressure towards a greener product exists among (prospective) tenants – and the building owners and developers are well aware of it. As a matter of must, refurbishments of projects which are unable to serve tenants’ green needs today will have to reflect reasonable ESG requirements to become future-proof.” ■



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Partner,  
Clifford Chance



Jiri Hornik,  
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Radka Nenickova,  
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Taylor Wessing



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Act Legal Czech Republic

## INSIDE INSIGHT: INTERVIEW WITH LUCIE KUBENOVA OF PFIZER

By Teona Gelashvili

**Pfizer Eastern Europe Cluster Legal Lead and Legal Director Lucie Kubenova** talks about her career leading to her current role and managing her team at Pfizer.

**CEELM:** Let's start with a quick overview of your career.

**Kubenova:** I joined the Fiala Profous Maisner law office in 2001, upon completion of my law degree. It was a key step to fulfilling the bar exam requirement, which I later passed in 2004. However, soon I faced a common challenge that many new parents encounter – balancing the demands of a small kid with the rigorous work schedule at a law office. Consequently, I decided to pursue a different career path. At that time, an opportunity arose in the banking sector – at Komerční Banka, and I spent five years working in that industry.

**CEELM:** What drove you to later transition from the banking industry to pharmaceuticals then?

**Kubenova:** My career in the pharmaceutical industry began in 2009. When I had my second daughter, an intriguing offer came my way from Medtronic. I started as a Legal and Compliance Manager, responsible for both the Czech and Slovak markets. This offer allowed me to enter a field that I had always admired: the pharmaceutical industry. I was captivated by the industry and its potential to improve lives. Since then, I have dedicated almost 14 years of my professional life to working in the life sciences sector, and I have developed a deep love for it.

Specifically, I continued my professional journey by joining AstraZeneca in 2013 as the CE Compliance Coordinator and CZ/SK Compliance Officer, covering the Central European region. Prior to joining Pfizer, I also had the opportunity to work for a French-owned pharmaceutical company – Sanofi – where I spent over three years. Since 2017, I have been working with Pfizer, which initially, I joined as a Legal Director for the Czech Republic and Slovakia. Over time, I took on additional responsibilities and began overseeing legal matters in Ukraine as well. Most recently, as of December 2022, I was appointed to the position of Eastern Europe Cluster Legal Head and Legal Director for the Czech Republic at Pfizer.

**CEELM:** Looking back, how was the process of transitioning in-house?

**Kubenova:** Since the outset, I developed a deep passion for my work. Back when I was employed in the contracts department of a bank, I held the responsibility of managing major contracts for credit card issuers and facilitating commercial deals. I found the work to be intriguing and similar to my experience in the pharmaceutical industry. In both fields, it is hard to predict what kind of requests or challenges may arise. Although my clients were primarily internal rather than external, the dynamic felt somewhat akin to working in a law office.

**CEELM:** How has the in-house work shifted throughout the years?

**Kubenova:** Reflecting back on my tenure at Pfizer, the COVID-19 pandemic brought the biggest shift in my focus as we swiftly transitioned to remote work. Back in 2004-2005, the concept of working from home was virtually unknown and impractical. However, as the idea of remote work gained traction, I gradually started dedicating Fridays to work from the comfort of my home. It was a valuable opportunity to engage in uninterrupted thinking and minimize the abundance of meetings.

Then, the COVID-19 pandemic struck, and remote work became an integral part of my daily routine. Almost overnight, I had to adapt to a home office setup. I take great pride in the fact that our legal department was able to maintain exceptional standards and implement best practices throughout the entire pandemic. Witnessing this transformation unfold was both fascinating and challenging. It was remarkable to observe how remote work evolved and adapted to the ever-changing circumstances brought about by the pandemic.

**CEELM:** How is your in-house team structured, and what changes have occurred in the team management over time?

**Kubenova:** The management team in the Eastern Europe

cluster has undergone changes in recent times. Since most of my team is not located in the Czech Republic, our cooperation remains virtual, just as it was during the pandemic. However, there is now a difference in that we have the option to work from the office and conduct virtual calls from there. As the lawyer covering the Czech Republic, my role continues unchanged. This arrangement persisted even after the pandemic. However, for my colleagues in the Czech and Slovak Republics, there has been a return to the pre-COVID way of life. They are able to have face-to-face meetings and provide the best legal services in person.

**CEELM:** When picking external counsel for a project, what criteria do you use?

**Kubenova:** Having a background in a law office has been a significant advantage for me. It allowed me to bring a unique perspective to the table, having experienced the opposing side firsthand. This experience remains relevant and valuable, particularly in periods of intense cooperation required in various projects. I highly value the expertise of my colleagues and consider their collaboration an essential part of my work.

We have a selection of preferred law offices that we choose based on the specific type of work we require. The choice of which office to use depends on the nature of the legal matter at hand.

**CEELM:** What do you consider to be the main challenges for GCs in the Czech Republic at the moment?

**Kubenova:** The Czech Republic has recently faced significant challenges, such as a severe energy crisis. However, one of the most daunting tasks has been supporting Ukraine since 2022. For those of us hailing from the CEE region, it is an unimaginable predicament in the twenty-first century. It is disheartening to even hear about it during our conversations, especially when communicating with our Ukrainian colleagues.

Despite the challenges, one thing that I'm personally very proud of is that we have successfully participated in and supported our colleagues during the pandemic. ■



## INSIDE INSIGHT: INTERVIEW WITH KAROL MARSOVSZKY OF SKODA GROUP

By Andrija Djonovic

**Skoda Group General Legal Counsel Karol Marsovszky** talks about the Skoda Group's legal team and what shapes his in-house team's workload.

**CEELM:** You've been working in-house since 2009. Looking back, what was the biggest shock when transitioning from the private practice world?

**Marsovszky:** That's a tough question!

As an Attorney, you are providing legal advice to your client and, more or less, once you provide the advice and the contract is signed, you're done. As an in-house counsel, your responsibilities and tasks related to a matter are much broader, from the very stage of the idea all the way to implementation.

**CEELM:** On the flip side, what was the most pleasant surprise?

**Marsovszky:** I would say that these two – the biggest shock and the most pleasant surprise – are, in fact, the same. In some situations, you perceive this difference as a pleasant aspect, and in others less so – but that's the biggest change in perspective that happens when transitioning from an external attorney to an in-house lawyer.

Being involved in implementation aspects was the most colorful surprise for me – finding out how layered, complex, and surprising even the implementation part of a project can be. In some cases, the underlying legal transaction itself is less complicated than the legal issues that arise during a transaction's implementation stage.

Of course, you gain experience with time. Compared to when I first started in-house, I can now foresee and even expect in some cases certain issues to arise. Based on that experience, one is better prepared for the worst while still hoping for the best.

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

**Marsovszky:** My team consists of 15 lawyers right now, myself included. It's structured relatively straightforward – we provide legal support for the entire Skoda Group, i.e., to all group companies worldwide. I have two deputies, one that

will start in September and one that is already here, and the rest are legal counsels.

It is not as much about the structure of the team, as it is about the organization of work tasks and workstreams. We tried to develop an effective system to support our colleagues across all group members so that there is a general platform for contact and communication used for legal support. The tasks are then distributed centrally, ensuring that the work is distributed equally, which greatly optimizes the usage of our capacities.

Given the fact that the Skoda Group operates primarily on a project basis, each of our in-house lawyers is also working as a project contract manager, meaning that they take care of the legal issues related to a specific project from the initial phase all the way to the project's execution. This ensures that the person who is dealing with a particular project already has the requisite knowledge. Again, this serves the optimal use of our capacities as no time is lost with onboarding team members onto projects that they are not already familiar with.

**CEELM:** What would you say most influences the workload of your team?

**Marsovszky:** I would say that, in general, the legal department has been kept quite busy lately – and will be kept busy – by our projects. Projects-related work involves cooperating with other departments and other teams and is therefore very complex and interactive. The Skoda Group is a project-oriented business, with 99% of our customers being public contractors that order goods and services based on public procurement procedures, i.e., tenders we participate in.

Our duties and tasks start with the tender phase and contracting phase. When it becomes a project, we run with it until completion and execution.

A high percentage of our work often takes place in diverse countries and markets – it is all very international. While there are common elements, there are also considerable differences,





so we are never bored. We often work with external lawyers to ensure the utmost levels quality of legal advice.

**CEELM:** What has been keeping you and your in-house team busy over the last 12 months? What about the upcoming 12 months?

**Marsovszky:** In the last 12 months, we were kept busy with legal issues related to two major force majeure events – the COVID-19 pandemic and the war in Ukraine. These had a negative impact on all industries, including that of the Skoda Group, and we are still dealing with their impact.

Looking at the horizon, I'd mention two things as most likely to dominate our work. The first is that the Skoda Group recently signed two major contracts in Egypt which will likely keep us as busy during the implementation stage as it did during contracting.

Second, there is the ongoing perfection of the compliance system of the Skoda Group, for which we are working day and night on enhancing our compliance systems to be prepared for all ESG-related and other requirements that we will have to fulfill in the nearest future. I do expect that ESG will evolve into an even more interesting and important topic in the future and we, as lawyers, are already quite intensively involved in the “G” part of it.

**CEELM:** You mentioned external lawyers. How do you decide if you are outsourcing a project or using internal/in-house resources?

**Marsovszky:** It is relatively simple. In our team, we have people who have been educated and exposed to diverse jurisdictions. For example, we have a colleague in Finland who is very experienced in public procurement, so when we do business in Finland, we do not need an external partner for Finnish public procurement matters. On the flip side, if we do not have a personnel asset that was exposed to a particular jurisdiction or an area of law we go to an external lawyer.

Other instances involve special topics where we need some highly specific legal advice for which we don't have sufficient internal capacity or know-how. For example, for very specific IP-related issues or certain aspects of employment law in diverse markets, we turn to externals.

We do reach out to external advisors quite often. That said, even when we do reach out, it is never us working with external lawyers in a way that we completely outsource the matter. There is always somebody from our internal team who is acting as the quarterback for the project.

Local and expert knowledge complement our knowledge of the Skoda Group ambitions and internal capacities and capabilities – it is all about synergy, at all times.

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

**Marsovszky:** It is very hard to answer at a broad level as it really depends on the background of the GC and the sector they operate in.

For example, if we are focusing on industry and manufacturing, then I'd say that the application of ESG principles and the changing environment of public tendering will be the biggest challenge in the near to mid-term future. ■

# MARKET SNAPSHOT: CZECH REPUBLIC

## ESG: THE TIME TO PREPARE IS NOW!

By Vaclav Rovensky, Partner, Kocian Solc Balastik



The impact and perception of ESG considerations in the CEE region, and specifically in the Czech Republic, is still in the early stages of its evolutionary path, compared to, say, the U.K., the U.S., or larger Western European economies. There is certain skepticism and uncertainty as to what this new trendy acronym means and if, at the end of the day, it will really impact a Czech industrial family business, a hotel, or a high-tech start-up. ESG considerations, policies, and metrics are likely to be more familiar (and implemented to a certain degree) to a large Czech company – moreover, when it's a part of an international corporate group – rather than a smaller Czech enterprise, but of course, there are exceptions to the rule.

Nevertheless, sustainability/ESG law has been showing phenomenal growth within the EU (simply by the sheer number of new directives and guidelines addressing the three pillars of ESG, Environment, Social, and Governance, with some of the major directives being the CSRD, the SFDR, the CSDDD, the *EU Taxonomy*, and the newly proposed *Green Claims Directive*). Taking a bird's eye view of the European and global ESG environment, it is hard to disagree with commentators who refer to ESG as “the new GDPR” – ultimately, it will affect nearly all businesses in their operations, it is just a matter of time. And from a legal adviser's perspective, it's a matter of due and necessary preparation to aid clients in bringing their businesses and operations into ESG alignment.

As a matter of good corporate governance (itself one of the three ESG pillars), all Czech companies, regardless of size or industry, are obligated to address all relevant risks in their management, and these days, this clearly also encompasses sustainability/ESG risks. ESG is gaining traction as an employer-branding tool as employees, particularly the younger generation, have new demands for their prospective employers and workplaces. This ESG awareness and demand from future employees is something that we already actively see in the Czech Republic job market among young graduates who now “evaluate” potential employers in terms of alignment with their values. The global push for companies, stakeholders, and consumers to increasingly require a credible demonstration of ESG metrics will no doubt also start taking hold in the CEE region, but within a slower time

frame. International companies, for example, are progressively emphasizing adherence to ESG criteria within their supply chains, particularly in light of Germany's new *Supply Chain Due Diligence Act* which is effective since January 2023 and will indirectly affect suppliers outside of Germany, including in CEE. CEE companies forming part of a supply chain for German clients will need to prepare themselves for inquiries about their and their suppliers' practices concerning environmental protection, social working conditions, diversity, and anti-corruption measures, among others. This is an effective exercise in preparing for the eventual impact of the *EU Corporate Supply Due Diligence Directive* (CSDDD) which will come into effect within the next few years.

Although the initial corporate and legal reaction to ESG principles and resultant regulatory measures might be to consider these as being compliance/risk management/obligatory issues, companies are, in fact, now realizing that the reframing of global, regional, and local business along ESG principles presents a big opportunity for significant value creation. ESG concepts have thus been shifting away from the former old-school CSR/*pro bono* perspective (handled at some reputational risk management level, especially with regard to greenwashing, by the company's PR department). There was a halfway station for ESG in the compliance department and now, increasingly, ESG is handled at the board and top management level, as companies realize that a proactive approach to ESG can unlock commercial opportunities and value creation.

The most fundamental point for clients to take home on ESG issues is that the necessary preparation in respect of the upcoming EU directives is a long-horizon exercise which cannot be hastily compiled one month in advance of the implementation of an EU directive. From a business perspective, it's fair to say that the need for CEE companies and their lawyers to prepare for ESG alignment will in the short term be driven by commercial and contractual considerations and only in the medium term by actual new legislative deadlines. This is, in fact, an inverse situation to the usual case of being driven purely by legislative factors, but it demonstrates the very far-reaching changes which ESG considerations are making to business worldwide (and yes, this will include CEE!).

As always, the Boy Scouts' motto applies: “Be Prepared!” ■

## NEW OBLIGATIONS RELATED TO THE INTRODUCTION OF WHISTLEBLOWING IN THE CZECH REPUBLIC

By Helena Hangler, Head of Labor and Employment, and Marie Gremillot, Attorney-At-Law, Schoenherr



After several unsuccessful attempts, the Czech Republic has finally adopted a law that introduces institutional protection for whistleblowers in accordance with European legislation. The *Whistleblower Protection Act* (Act) will come into force on August 1, 2023.

### New Obligations

The Act introduces new obligations, such as launching an internal whistleblowing system, designating a competent person to handle reports, and publishing a range of information. The obliged entities are determined by the Act. In general, the Act prohibits the application of retaliatory measures by organizations against whistleblowers and other protected persons.

### Who Is an Obligated Entity?

The above obligations apply to organizations with more than 50 employees, public contracting authorities with respect to public procurement (except for municipalities with up to 10,000 inhabitants), and other selected entities from regulated market areas and state organizations.

Large companies with 250 or more employees must comply by August 1, 2023, while smaller companies with between 50 and 249 employees must do so by December 15, 2023.

### Implementing an Internal Whistleblowing System Step-by-Step

First, the obliged entity needs to adopt an internal regulation governing the operation of an internal whistleblowing system to enable whistleblowers (usually employees) to safely report infringements that they become aware of in the context of their work activities. Like any other measure concerning a larger number of employees, the introduction of an internal whistleblowing system should be discussed with a trade union if one is active in the obliged entity.

Furthermore, the obliged entity will be obliged to designate a competent person(s) who will receive and assess the legitimacy of the reports submitted and propose measures to remedy or prevent the infringement following the submitted report. The competent person may be either an employee of the obliged entity or an external person (e.g., external legal counsel).



The obliged entity must inform the competent person of their rights and obligations under the Act, and a record must be made of this. The competent person must act impartially and must maintain the confidentiality of the facts of which they become aware in the performance of these activities. Given that the Act penalizes breaches of obligations not only by obliged entities but also by competent persons (fines of up to approximately EUR 4,000), it can be assumed that these persons will need to be properly motivated to take on this responsibility.

Obligated entities are also required by law to publish certain information in a way that allows remote access, typically via their websites. This includes information on the means of reporting via the internal reporting system, the identification of the competent person with contact details, and, where applicable, whether the receipt of anonymous reports is excluded.

When setting up the internal system, it will also be important to ensure that only the competent person can see the received reports and that the reporting system is technically secured (e.g., by means of encryption, etc.).

The Act allows obliged entities to use third-party services and products to operate the internal whistleblowing system (e.g., software). Some obliged entities (in the private sector with no more than 249 employees) may share the internal whistleblowing system with another obliged entity, usually a parent company or within the group if they designate a competent person for receiving reports. However, the use of these options does not affect the obliged entity's liability for compliance with its obligations under the Act.

### Voluntary Introduction of an Internal Whistleblowing System

Even if a company is not an obliged entity under the Act, it is a good idea to introduce a whistleblowing system voluntarily as it is an effective tool for preventing possible violations and can identify possible misconduct at an early stage. It is also of great importance toward nurturing a compliant corporate culture, strengthening the company's integrity, and building a positive public image (e.g., in the context of ESG compliance). Lastly, companies may benefit when problematic conduct is communicated internally rather than notified to state authorities. ■



**KNOW YOUR LAWYER:  
JONATHAN WEINBERG  
OF WHITE & CASE**

**Career:**

- White & Case; Partner; 2007-present
- Cadwalader, Wickersham & Taft LLP; Counsel; 2003-2007
- Watson, Farley & Williams; Associate; 1999-2003

**Education:**

- London School of Economics; LL.M.; 1996
- Osgoode Hall Law School; LL.B.; 1993

**Favorites:**

- **Out of office activity:** Anything with the kids
- **Quote:** “Any man who can hitch the length and breadth of the galaxy, rough it, slum it, struggle against terrible odds, win through, and still knows where his towel is, is clearly a man to be reckoned with.” – Douglas Adams, *The Hitchhiker’s Guide to the Galaxy*
- **Book:** *The Naive and Sentimental Lover*, by John le Carre
- **Movie:** *Love Liza* (2002)

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

**Weinberg:** Nidan Soki, the first leveraged acquisition financing by a Western financial sponsor in Russia, before The Fall. The deal involved plenty of on-the-fly problem-solving and was so intense that we had to snatch brief cat-naps in the corners of offices and on boardroom chairs. Only when, bleary-eyed at four o’clock in the morning, I sent out a draft dated “32 September,” did the banks mercifully call a halt for a few hours, to let us catch up on sleep. It was one of those transactions which demanded so much of you that you hated living in your own skin by the end of it. But there was something of the camaraderie of battle about it, and I have rarely since felt quite so much a part of a team. It is also the deal that got me to Prague, where I met my wife and built my family.

**CEELM:** And what was your main takeaway from it?

**Weinberg:** Never give up – there is always a solution or at least a workaround. A team is much more than the sum total of its parts; every member has a role to play, and it’s often the shy, retiring ones who surprise you with sudden brilliance or grim determination, and a team that finds its rhythm hums along just like a dinghy’s vibrating daggerboard. Also, the best teacher of succinct drafting is a novel problem on an impossible deadline.

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

**Weinberg:** I once rebuilt a Victorian house in Toronto, with some friends. A girlfriend I had at the time found it more than a little ridiculous, when visiting the building site, to find

**Top 5 Projects:**

- Acting for Goldman Sachs in connection with a USD 315 million senior leveraged financing for Lion Capital as a sponsor. The target was the Russian Alcohol Group. Goldman Sachs, ING London, Bank Austria, and Raiffeisen acted as mandated lead arrangers;
- Representing Banca IMI, BNP Paribas Fortis, Ceskoslovenska Obchodni Banka, ING Bank, Komerčni Banka, Societe Generale, and UniCredit Bank Czech Republic and Slovakia, in their role as coordinators of CZK 32 billion financing of Ceska Telekomunikacni Infrastruktura;
- Representing Carlyle on the financing of the acquisition of Tescan Orsay Holding;
- Representing the PPF Group in both the financing and M&A aspects of its acquisition of Central European Media Enterprises;
- Representing the IFC in connection with the provision of loan facilities to Vjetroelektrana Rudine and RP Global Danilo, subsidiaries of RP Global, to finance two wind power plant projects in Sibenik and Rudine in Croatia.

us all perched up ladders, heads through the joists, leafing through tradesmen’s textbooks trying to figure out how to do electrical this or plumbing that.

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

**Weinberg:** Stephen Mostyn-Williams is an obvious candidate, as is Jan Matejcek, both of them larger-than-life characters and superb teambuilders. But if I had to choose anyone it would be Christopher Kandel, perhaps the best black letter lawyer I have had the privilege to work with, and in the end a friend. I followed Christopher to White & Case from Cadwalader, and he was our captain on the Russian deals for Goldman Sachs. It was he also who suggested I meet with Jan and make the move to Prague.

**CEELM:** Name one mentee you are particularly proud of.

**Weinberg:** Tomas Jine, though from my office I can hear his teeth grinding at the idea he was ever my mentee. From early on, Tomas struck me as someone who could balance technical skill and commercial pragmatism, which is only possible if you examine every technical or structural problem from both the treetops and the forest floor, and at the same time.

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

**Weinberg:** Think ahead and take your time. Don’t drift from one excitement to another like so much flotsam. Play the long game, and do what suits you. Life is ultimately a solo sport, though it need not be a solipsistic one. Oftentimes the better option is not the most lucrative or flattering.

## THE TIES THAT BIND: CZECH-SLOVAK LEGAL LINKS

By Andrija Djonovic

The relationship between the Czech Republic and Slovakia is forged on a shared history and close economic ties. As the two countries maintain strong trade relations and extensive cross-border business activities, legal firms have recognized the need to establish a presence in both jurisdictions. **Havel & Partners** Managing Partner **Jaroslav Havel**, **BPV Braun Partners** Managing Partner **Arthur Braun**, and **Eversheds Sutherland** Managing Partner **Bernhard Hager** talk about the ties that bind the two legal landscapes.



### Bratislava – A Strategic Location

“When we decided to go to Bratislava in 2009, we had already operated a Slovak desk for five years,” said Braun. The decision to open their first office outside of the Czech Republic was driven by a desire to showcase a presence in the Slovak market. The Bratislava office, it turns out, was profitable from day one, largely due to a renewables boom at the time. Braun says they “never regretted the decision.”

Havel shares a similar sentiment and highlights the significance of Bratislava as Havel & Partners’ first office beyond Czech borders. “Slovakia’s accession to the European Union in 2004 presented significant opportunities for cross-border business and legal services,” he explains. Bratislava’s strategic location and growing economy further fueled their decision to set up shop in 2008, allowing them to “better serve existing Slovak clients while attracting new ones, thus strengthening the firm’s regional presence.”

Hager’s path, on the other hand, was somewhat different. “I started from Vienna and assisted with opening branches in Bratislava and Prague more or less at the same time in 2005, so just after both countries’ EU accession.” Hager stresses that “there was simply a big demand from international – in our case mainly Austrian and German – investors for legal services in an international style in these jurisdictions.”

### Close Economic Ties

There are close ties between the Czech Republic and Slovakia, and these are, as Havel describes them, “extensive, given their shared history and geographic proximity.” These close ties are characterized by “close trade relations, with significant bilateral trade and investment flows. The Czech Republic is one of Slovakia’s largest trading partners, and vice versa,” he explains. Moreover, he emphasizes the importance of the shared historical and cultural background that “fosters collaboration across various sectors. Also, the fact that both countries are part of the EU and the eurozone is an important factor in itself.” Havel stresses that, “while the Czech Republic maintains strong ties with other markets in the European Union, the relationship with Slovakia stands out due to its unique historical and cultural backdrop.”

Hager agrees, adding that “the economic links between the Czech Republic and Slovakia are similar to those with neighboring EU countries. Both nations enjoy strong connections with Austria and Germany, as well as the broader EU market.”

On the other hand, Braun says that, from “a Prague point of view, Germany has a higher economic importance. Still, the ties between the Czech Republic and Slovakia are close, particularly when it comes to distribution – but the Slovak market is usually not the first country that a Czech company looks at when considering expanding abroad.”

### Investor Perspectives – Two for the Price of One?

A substantial amount of cross-border work exists between Slovakia and the Czech Republic according to Havel. “Many of our clients operate in both markets and seek legal services in both jurisdictions. We frequently assist foreign investors who wish to pursue opportunities in both countries simultaneously, leveraging our deep understanding of the local legal systems and business environments,” he says. “The cross-border work we engage in reflects the strong economic connections and shared interests between the Czech Republic and Slovakia.”

Hager states that there is about a 20% of overlap in work, but adds that it is not a rule. “In sectors such as automotive, investors tend to focus on the Slovak and Hungarian markets. Similarly, clients often consider the Czech Republic alongside Poland. Some multinational firms designate a country director for both Slovakia and the Czech Republic, while others structure their reporting lines to Germany or Austria,” he explains.

### Legal Practice Across Jurisdictions

Given the strong ties between the countries and their shared history, the question of legal practice across jurisdictions arises naturally. Braun, who is admitted to the bar in both countries, explains that both bars are quite open to EU lawyers, making admission relatively straightforward. However, he does note that “Slovakia is more over-lawyered than the Czech Republic” due to its larger number of law faculties. “Interestingly,” Braun adds that “many Slovaks study law in Brno, due to the absence of tuition fees” with most of them remaining in the Czech Republic to practice, with this “contributing to a certain brain drain.”

Havel further clarifies that “historically, during the Czechoslovakia period, the legal system was unified for both countries, which is still the basis for some attorneys working in both the Czech Republic and Slovakia.” While no significant obstacles hinder cross-border legal practice today, Havel does stress that it is crucial for lawyers to “familiarize themselves with the specificities of the legal framework in each jurisdiction,” seeing as how these are completely separate, in order to be “able to provide effective legal services.”

### (Re-Harmonized) Legal Sectors

Echoing Havel, Braun notes that even during unified Czechoslovakia, there were slight differences between the two legal landscapes due to Slovak law’s Hungarian background. “For many years, nevertheless, if you understood one law, you could also understand the other,” he explains. That said,



**Arthur Braun,**  
Managing Partner,  
BPV Braun Partners



**Bernhard Hager,**  
Managing Partner,  
Eversheds Sutherland



**Jaroslav Havel,**  
Managing Partner,  
Havel & Partners

Braun finds it intriguing that “the younger generation no longer possesses a natural understanding of the other country’s language.” Furthermore, in terms of market comparisons, Braun says that “the Slovak market is much smaller and more diverse.” And, he adds that the “general turnover and transaction size in Slovakia is considerably smaller.”

“After the dissolution of Czechoslovakia in 1993, the two countries embarked on separate paths of legal development,” Havel adds. “Consequently, there were differences in laws and regulations between the two countries.” Underlining specific differences, Hager says that “in 2014, the Czech Republic replaced the Czech-Slovak civil law and commercial law with a completely new set of laws. In the area of commercial and corporate law, Slovakia is now closer to Germany than to the Czech Republic, and in civil law matters the Czech Republic is closer to Austria than to Slovakia,” Hager points out.

However, “since they acceded to the EU, both the Czech Republic and Slovakia have made efforts to harmonize their legislation with EU law, bringing them closer in terms of legal frameworks and regulations,” Havel explains. ■



# MARKET SPOTLIGHT: SLOVAKIA



# ACTIVITY OVERVIEW: SLOVAKIA

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

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



46



40



28



23



23



13

Viliam Mysicka



10

Milos Felgr



10

Peter Kubina



9

Adam Hodon



9

Juraj Frindrich



Activity Overview:

■ Full information available at:  
[www.ceelmdirect.com/activity-rankings](http://www.ceelmdirect.com/activity-rankings)  
 ■ Period Covered:  
 December 17, 2013 - July 15, 2023

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## STILL IN HIGH GEAR: SLOVAKIA'S AUTOMOTIVE SECTOR

By Andrija Djonovic

**Despite concerns over automotive suppliers relocating due to geopolitical tensions, the automotive sector in Slovakia has remained resilient. The sector continues to be the backbone of the economy, with tax revenues and employment surpassing other industries, although challenges do exist. Ruzicka & Partners Managing Partner Jaroslav Ruzicka, Wolf Theiss Counsel and Head of Corporate/M&A Bruno Stefanik, and Cechova & Partners Head of Automotive Practice Michal Simunic take a closer look at the status of the sector.**

### The Ukrainian Elephant in the Room

Stefanik highlights that at the outbreak of the war in Ukraine, there were concerns that automotive suppliers might consider moving out of Slovakia due to its proximity to the warzone. “However, these concerns have not materialized and the automotive sector has remained strong.” Stefanik further emphasizes that “the automotive sector remains the backbone of the economy and continues to hold strong even as consumer goods and construction materials are stagnating.”

Ruzicka adds that “the automotive sector, worldwide as well as in Slovakia, has been facing unprecedented global challenges. Having survived the COVID-19 waves relatively unharmed, the subsequent raw material and component shortages brought on by the pandemic resulted in a slight decrease in production figures.” Furthermore, Ruzicka feels that “the upcoming EURO 7 standard may pose another challenge and a big question mark as to the preparedness of the automotive sector.” According to him, “although the form in which this standard will be adopted is not entirely clear at this point, the available information suggests that its impact on the competitive ability of European automakers may be seriously damaging and its consequences far-reaching.”

### Still a Powerhouse

According to Stefanik, the automotive sector retains its position as the largest sector in terms of tax revenues and employment in both countries. “The automotive industry in Slovakia has long been a pillar of the country’s economy contributing around 13% to GDP, around 54% to industrial production, and made Slovakia the country with the most produced cars per citizen in the world,” Simunic adds. “While the automotive sector has experienced fluctuations, it maintains its position as the largest sector in Slovakia.”

Ruzicka agrees, stating that “the automotive sector is un-

doubtedly the largest branch of the Slovak economy, sharing around 50% of total industrial production and with a further growth potential in the future.” He goes on to say that, “according to available statistical information, Slovakia is still the largest producer of cars per capita in the world. Four production plants are located in western Slovakia, namely Volkswagen, Stellantis, KIA, and Jaguar Land Rover.” Ruzicka continues to report that, even though the “total volume of production decreased slightly in the past year, the industry as such is benefiting from further growth, primarily as the fifth car maker Volvo Cars is heading to eastern Slovakia with a greenfield investment exceeding EUR 1 billion. Volvo plans to commence the production of fully electric cars in 2026.”

“Nevertheless,” Stefanik notes, “it might well be the case that in the past two years, it has been, or it will be, nominally overtaken by energy and mining because of the steep profits made in those sectors. In the mid to long-term, however, we believe automotive will remain the backbone of the economy.” Moreover, “one of the lessons learned from the COVID-19 pandemic was that the supply chain needs to be shortened significantly. Thus, we expect these factors will drive investment in the automotive sector.”

### Burned Pistons

Stefanik says that while liquidity was a major concern during the COVID-19 years, it is no longer at the top of the list. Instead, he reports that “the single biggest concern is the stability of energy prices. Clients are investing in modernizing their energy infrastructure to optimize consumption and costs.” The short-term concern, according to him, is the risk of recession resulting in a decrease in consumption. “The mid to long-term concern is the lack of a qualified workforce. The gap between the supply and the demand of qualified workers is widening and we identify this as a major structural risk,” he explains.



**Bruno Stefanik,**  
Head of Corporate/M&A,  
Wolf Theiss Bratislava



**Jaroslav Ruzicka,**  
Managing Partner,  
Ruzicka & Partners



**Michal Simunic,**  
Head of Automotive,  
Cechova & Partners

Ruzicka, in addition, points out that “one of the persisting challenges is the shortage of domestic labor force, which automakers and their subcontractors attempt to compensate by the employment of third-country workers. In addition to higher costs, this also means disproportionately long processing times for such employment applications due to insufficient state administrative capacities, leading to slower recruitment times,” he explains.

Simunic agrees, adding that a “rigid migration policy does not allow to attract enough workers from third countries into production.” Moreover, he believes that another major challenge is the “continuation of the ‘green transformation,’ not only in terms of the transition to electric car manufacturing but also in terms of more ecological production.” He feels that the “future of mobility is smart, which will demand significant new and upgraded infrastructure supported by technological companies and strong research and development capacities. All of this requires proper training and education, where Slovakia is currently lagging behind.”

### (Lack of) Government Support

Stefanik suggests that the government has not taken any major steps to address the sector’s most significant risks. “While energy prices for business are arguably stabilizing and can be expected to stabilize further without major government intervention, we believe that what the sector needs the most is the long-term, stable availability of a qualified workforce and incentives for innovation,” he explains. “The next government will need to seriously consider educational reform, revising its immigration policies and improving the distribution of public and European Union funds.”

To meet the labor challenge, Ruzicka says that the state does provide extensive educational support. “Thousands of future graduates are undergoing specialized automotive-sector education, currently at seven technical universities and 180 secondary vocational schools with a technical focus. At the same time, they have also acquired practical experience, knowledge, and skills as part of their studies, through the so-called dual education functioning project thanks to the cooperation between the schools and the automotive companies,” he explains. “Even though the support for technical sector-specific education may only start paying off in the medium- to long-term, I see this as an important and significant step in helping the country’s automotive industry thrive and face novel challenges in the future.”

“While the government’s actions have provided relief, continued support and collaboration are necessary,” Simunic chimes in. “Increased investments in infrastructure development, incentives for research and development, and fostering partnerships between academia, industry, and the government are crucial for enhancing the sector’s resilience and competitiveness.”

Ruzicka notes that several Slovak governments in the past failed to rally support for the automotive sector and, instead, relied on the industry to drive growth. Still, he says that the sector “clearly enjoys strong support from the state. This can be especially seen in the initiatives focused on attracting new investments. In the case of Volvo Cars, for instance, the state approved the largest state aid volume provided to an OEM Investor in the country’s history.”

Lastly, Ruzicka points to a need for a more flexible framework that better reflects “the requirements of the automotive industry, as well as streamlining the functioning of the state administration in various permitting and approval processes,” adding that “it would certainly be welcome.” ■



**KNOW YOUR LAWYER:  
LUCIA RAIMANOVA OF  
ALLEN & OVERY**

**Career:**

- Allen & Overy, Bratislava; Counsel/Partner; 2016-Present
- Allen & Overy, London; Senior Associate; 2012-2016
- Allen & Overy, Hong Kong; Associate; 2011
- Allen & Overy, London; Trainee (including client secondment and a secondment to Moscow)/Associate; 2004-2011
- Ministry of Finance of the Slovak Republic; Junior Coordinating Advisor for Legal Issues; 2000-2002

**Education:**

- Queen Mary College, University of London; Diploma in International Arbitration; 2011
- BPP Law School, London; Legal Practice Course; 2003
- The College of Law, London; Post Graduate Diploma in Law; 2002
- University of Vienna; Master of Laws; 2000
- London School of Economics and Political Science; General Course, Law; 1999

**Favorites:**

- **Our of Office Activity:** Skiing and sailing
- **Book:** *The Tin Drum (Die Blechtrommel)* by Guenter Grass
- **Movie:** *Dogville* by Lars von Trier

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

**Raimanova:** My biggest challenge has been developing a truly international arbitration practice in Bratislava after I had moved back home after some 16 years in London. In Europe, arbitration practitioners concentrate in the main arbitration hubs so if you're based elsewhere, you have to work extra hard to be recognized. I was fortunate in that I trained as an English solicitor and worked in London as well as Hong Kong for many years, which allowed me to build a network of contacts across the world that I can now tap into.

**CEELM:** And what was your main takeaway from it?

**Raimanova:** That with a sensible plan and stealth determination, everything is possible. After all, every venture has its challenges. Had I stayed in London, it would have been far too expensive to focus on the CEE region. I would also have had a much harder time raising my children. Running an international arbitration practice out of Bratislava is certainly daring but not unheard of as other competitors are also trying to take advantage of the more favorable market conditions and ultimately deliver a more reasonably priced service to clients.

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

**Raimanova:** Prior to my legal career, I was an aspiring rock star. I was a drummer in an all-girl rock band called Bloody Mary. The highlight was performing as a pre-band to a famous rock band in Slovakia at an ice-hockey stadium and giving an interview to Fun Radio (one of the most popular radio stations in Slovakia).

**Top 5 Projects:**

- Representing BG Exploration and Production India (now Shell) and Reliance Industries in a London-seated, long-running UNCITRAL arbitration against the Union of India;
- Representing Canepa Green Energy Opportunities I, and Canepa Green Energy Opportunities II, v. Kingdom of Spain (ICSID Case No. ARB/19/4) in an ICSID arbitration arising out of alleged breaches of the Energy Charter Treaty concerning the Claimants' investments in Spain's renewable energy sector;
- Representing Zero Bypass (a consortium comprising Cintra, Porr, and Macquarie Capital) in a Vienna-seated ICC construction arbitration against the Slovak Republic;
- Defending the Islamic Republic of Pakistan in a London-seated CIArb arbitration against Broadsheet (Isle of Man) arising out of the termination of an asset tracing agreement for the repatriation of corrupt assets;
- Defending the Islamic Republic of Pakistan in two parallel UNCITRAL investment treaty arbitrations initiated by Ali Allawi and the Progas group of companies.

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

**Raimanova:** Allen & Overy's Head of the International Arbitration Practice, Marie Stoyanov. Marie took me under her wing when I decided to return to Bratislava and run for partnership. She supported me and stood by me throughout the lengthy process, which had its ups and downs. Her elegant advocacy style and brilliant legal mind are admired from far and wide. It was a privilege having someone of her sanding and caliber guide me to the next level of my career.

**CEELM:** Name one mentee you are particularly proud of.

**Raimanova:** Peter Plachy, an Associate in our Bratislava office. Peter joined us as a Trainee but had the ambition to explore the world overseas. He got a scholarship to Columbia Law School and then worked in London and Dubai before re-joining us in Bratislava. There's nothing more fulfilling than seeing the younger generation amassing a broad range of experience, including overseas, and then returning home and putting all their acquired skills into practice, thus raising the bar of excellence in client services ever higher. This is precisely what the CEE region needs, and it's heart-warming to see Peter going from strength to strength.

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

**Raimanova:** To take a long-term view and use any setbacks as an opportunity to learn or try something different. It can often feel like any job application or promotion rejection is the end of the world. However, the rejection itself does not matter – it is the way you deal with it and what you learn from it that matters and will determine your success.

# EXPERTS REVIEW: TMT

This issue's Experts Review section focuses on **TMT**. The articles are presented for each country ranked by mobile cellular subscriptions (indicating the number of postpaid subscriptions and the number of active prepaid accounts) per 100 people according to World Bank 2021 data. Ukraine goes first with 135 mobile cellular subscriptions per 100 people, while Turkey is the last with a lower figure of 102.

Country	Cellular Subscriptions per 100 People	Page
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## UKRAINE: BUILDING UP THE DEFENSE TECH SECTOR IN UKRAINE

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



Since the onset of the Russian invasion in 2014, and particularly since the full-scale invasion that began on February 24, 2022, Ukraine has found itself in the epicenter of a new and challenging reality. This ongoing conflict has sparked a remarkable surge in Ukraine's defense technology sector.

Long before the full-scale invasion, Ukraine boasted a large number of high-quality IT specialists and engineers, many of whom mobilized to contribute to the defense of their homeland. And the defense sector naturally became one of the most strategically important sectors for Ukraine.

### Notable Successes and Government Support

Ukraine witnessed notable successes in the use of technology in an effort to defend itself, including the development and use of unmanned aerial vehicles (drones), powerful software platforms to coordinate actions of different units on the battlefield, as well as in cybersecurity to counter Russian cyberattacks. Ukraine saw a steep increase in start-ups developing various defense systems and established companies pivoting to military or dual-use products. The Ukrainian government launched several initiatives to support these companies. One such initiative is *Brave1* which supports Ukrainian defense tech start-ups, including through an initial financial grant. Moreover, defense tech products developed in Ukraine can be immediately tested on the battlefield and, later, improved upon based on the results.

### Key Obstacles for Defense Tech Companies

Despite the support from the government and technical talent, Ukrainian defense tech companies still face numerous hurdles when scaling production and building sustainable businesses. One such hurdle includes difficulties in raising private capital from investors, especially foreign ones. Many VC and private equity funds still consider the defense tech sector too sensitive to invest in. For many funds, there are various restrictions concerning defense tech sectors agreed upon with their limited partners. Additionally, many international investors are still wary of investing in Ukraine due to several Ukrainian regulatory challenges. In particular, Ukrainian dual-use and defense tech companies are usually subject to export control and currency control restrictions (in the past, Ukraine had significantly improved its regulation in several areas, including currency control and corporate law, and this trend is expected to continue). Already, there are glimpses of gradual change in this respect. In particular, several fund managers are raising new funds or relaxing their strict requirements in relation

to the defense and dual-use sectors. There is an expectation that a new cohort of investors will arise who will lead by example and provide the much-needed capital and resources for scaling such tech companies in Ukraine.

### Looking Ahead: Potential Shifts and Preparation

Naturally, Ukrainian defense tech companies prioritize their products' effectiveness and their companies' survivability even in lieu of investments. However, until international investors become more open to investing in the defense sector, the founders should also keep their companies' general economic and legal fundamentals in order. This will ensure that once the investing window fully opens, Ukrainian companies will be ready.

In particular, defense tech companies should focus on properly incorporating their business. There should always be a single main company within the group (if there are multiple companies) where all the co-founders and shareholders hold equity. Co-founders' partnerships should be properly documented in a founders' agreement and the company's constitutional documents. Such a company will either accept future financing from investors or, should investors insist on incorporating a holding company in a different jurisdiction, it may be easily transferred as a subsidiary to such a new holding company. Founders should properly formalize their IP. Key IP should always be owned by the group (either the holding company or any subsidiaries). The same goes for any other assets of the business. The rule of thumb is that everything that gives value to the business should be owned under the common umbrella with the holding company at the top. Companies should also focus on compliance with the relevant regulatory requirements. Investors will pay close attention to whether the business may legally ship its products as there are several restrictions with respect to dual-use and military products in many jurisdictions. Key personnel should also be appropriately employed by the relevant company within the business so that investors may have greater confidence that key team members will stay with the business following the investment round.

### Hopeful Future

As Ukraine moves forward, the defense tech sector will undoubtedly contribute to a hopeful future. With a wealth of technical talent, continued governmental assistance, and a potential future influx of investment, the Ukrainian tech sector can continue to drive innovation and enhance national security. ■



## LITHUANIA: THE ARTIFICIAL INTELLIGENCE ACT. WHEN?

By Asta Macijauskiene, Partner, and Renata Jankauskyte, Senior Associate, Ilaw Lextal



More than two years ago, in April 2021, the European Commission presented its long-awaited proposal to regulate the use of artificial intelligence (AI) in Europe. AI is a rapidly developing group of technologies. Today, there is little doubt that these technologies have the potential to bring (and are already bringing) enormous economic and societal benefits across a wide range of industries and social activities.

However, in the absence of legal regulation, these technologies can also be abused, with particularly severe consequences for both individuals and society.

Many of us don't even think about how exposed we really are to AI every day. For example, it is AI-based technologies that influence the information we see online by capturing and analyzing our actions to tailor relevant advertising, often influencing our decisions in our daily lives. However, the negative consequences of AI can be much greater than this. Against this background, the purpose of an *AI act* is to improve the functioning of the internal market by establishing a uniform legal framework. Such a framework would ensure that the development, placement on the market, and use of AI are in line with EU values.

So, more than two years after the proposal was tabled, on June 14, 2023, the European Parliament finally adopted its negotiating position on the *AI Act*, with 499 votes in favor, 28 against, and 93 abstentions, before negotiations with the EU member states on the final form of the legislation can begin.

### What Does the AI Act Say?

The *AI Act* takes a risk-based approach and imposes obligations on service providers and deployers of AI systems, taking into account the level of risk that artificial intelligence may pose.

In this context, some AI technologies that pose an unacceptable level of risk to human security would be banned altogether (e.g., real-time remote biometric identification systems in publicly accessible spaces, emotion recognition systems in law enforcement, border management, workplaces, and educational institutions), while others would be classified as high-risk (AI technologies that pose a significant risk of harm to the health, safety, fundamental rights, or the environment of human beings).

The *AI Act* will also include obligations that will affect generative AI systems such as ChatGPT. These systems should not only

comply with transparency requirements (disclosing that content has been created by AI, etc.) and ensure protection against the creation of unauthorized content but also make publicly available detailed summaries of the copyrighted data used for their training.



In addition, under the *AI Act*, AI systems with limited risk will also have to comply with minimum transparency requirements to allow users to make informed decisions.

So, with the European Parliament's negotiating position on the *AI Act* and the start of negotiations with EU countries on the final form of the act, it is expected that a final agreement will be reached by the end of the year and that it will become a kind of global standard that protects the rights of all of us, as well as the values promoted by the EU.

### AI in the Metaverse?

It should be noted that it is not only AI that has received a lot of media attention lately. Metaverse is another term that is generating just as much interest and questions. Although only the idea of a metaverse exists at the moment, as there is not yet a technology that unifies and connects the different metaverse worlds, it is clear that AI technologies will be inseparable from the metaverse.

An increasing number of companies are now turning to the metaverse to offer their virtual goods. In 2022, there were 4,100 trademark applications with the terms "virtual goods" and "NFT" filed with the EUIPO (European Union Intellectual Property Office), compared to only 35 in 2020. It should be noted that one of the biggest challenges intellectual property rights holders will face in the metaverse will be infringements of intellectual property rights, and it is AI that will most likely be used to identify them.

AI technologies are the future and will touch what we do in both the real and virtual worlds. Lithuania is already the location of choice for a wide range of global technology companies, and sufficient attention to AI technologies and their compliance with legal requirements will only strengthen Lithuania's position as an innovation hub in the future. ■



## POLAND: 5G AUCTION ANNOUNCED ONCE AGAIN. CYBERSECURITY ISSUES STILL UNRESOLVED

By Agnieszka Besiekierska, Head of Digital Business, Noerr Poland



On June 22, 2023, the Polish telecommunications regulator (the President of UKE) announced an auction of 3,6 GHz frequencies intended for the 5G network. The auction will consist of a few phases, including submissions of initial bids, a formal assessment, trial auctions, auctions, and reservations of frequencies. It is expected that the auction will be settled this year. Despite the announced plans, the auction is affected by significant cybersecurity issues which have yet to be resolved.

A few days after the auction announcement, a draft act amending the *Act of 5 July 2018 on the national cybersecurity system* was submitted by the Government to the Polish Parliament (*Sejm*). One of the most important changes proposed in the draft act is the inclusion of telecommunications undertakings and the introduction of provisions on so-called “high-risk suppliers.” The new act defines a high-risk supplier by specifying technical and non-technical conditions to be recognized as one.

Technical conditions focus on the supplier’s products and include information on the number and types of detected vulnerabilities and incidents regarding products, services, or processes provided by the supplier, and cybersecurity certificates for those products, services, or processes, issued or recognized in EU member states or NATO. Non-technical conditions include the ownership structure of the supplier of hardware or software, the ability of the supplier’s country of origin to interfere with the supplier’s freedom of economic activity, or legislation and the application of laws on the protection of personal data, in particular when there are no agreements on the protection of such data between the European Union and the supplier’s country. All conditions will be assessed through the lens of counter-terrorism and intelligence and economic or other threats to national security that the supplier may pose, taking into account information on threats received from EU member states or bodies of the European Union or NATO.

A high-risk supplier will be recognized after a few months of pro-

ceedings by way of a decision issued by the Minister of Digitization. If a supplier gains the status of a high-risk supplier, entities of the national cybersecurity system will not be allowed to use any new products, services, or processes from that supplier and will be obliged to remove the currently used ones within seven years of the decision.

The assessment of suppliers’ risk profiles as well as measures to counteract cyber threats from high-risk suppliers come from the documents issued by the European Commission – the so-called “EU 5G Toolbox.” The concept acquired a legal form last year in the *NIS 2 Directive*. The new directive contains provisions on the security of the supply chain, providing for the assessment of risks related to the security of critical supply chains, corresponding to the risk assessment carried out for the 5G network. It also contains provisions on the inclusion of supply chain policies in the national cybersecurity strategies prepared by member states.

It seems unlikely that the new law will be passed before the parliamentary elections that will take place this autumn. Thus, it is unlikely it will come before the first months of 2024, which may pose a problem to the announced auction in light of the expected cybersecurity requirements imposed on winning telecommunications operators.

Once passed, the new law will apply to a broad spectrum of sectors since the entities of the national cybersecurity system include not only telecommunications firms but also companies from the banking, financial, and healthcare sectors. In the future, that group will be expanded on the basis of the provisions of the *NIS 2 Directive* to include, among others, numerous production sectors, such as the manufacturing of motor vehicles, computers, electronic and optical products, and medical devices. This means that those entities will also be obliged to follow the rules concerning high-risk suppliers’ products.

The 5G auction was already announced by the Polish telecommunications regulator in 2020 but was unexpectedly canceled – allegedly, due to the pandemic. Hopefully, this auction will be successful, because the Polish market keenly awaits the arrival of 5G technology. ■

## CZECH REPUBLIC: CYBERSECURITY – CZECH BUSINESSES ARE GETTING READY FOR NIS 2

By Michal Matejka, Partner, and Eva Fialova, Attorney at Law, PRK Partners



Cybersecurity is trending in Czechia again not only because of recent large-scale cyber-attacks targeting important institutions such as hospitals, the Czech public radio, or the national highway directorate (resulting in some of its systems being unavailable for several months) but also due to legislative developments. Specifically, cybersecurity is also making headlines as it is time for many

Czech businesses to get ready for the *NIS 2 Directive (Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union)*.

The *NIS 2 Directive* significantly expands the number of entities that are regulated by the legislation's predecessor – the *NIS Directive*. While recent cybersecurity legislation under the *Czech Cybersecurity Act* and its implementing decree mostly concerned public bodies with businesses only affected if they provided critical infrastructure or services, it is now expected that the new obligations under *NIS 2* and the Czech implementing legislation will affect at least 6,000 subjects. At the same time, the regulated entities will have to comply with an extended scope of mandatory security measures.

The new legislation will affect any entity that fulfills the following two conditions: (1) it will provide a service that is listed in one of the annexes of the directive (such as water, energy, healthcare, transportation but also, for example, the food industry and the production of certain types of equipment, such as IT equipment or motor vehicles), and (2) (with some exceptions) it will have the character of a medium or large business (i.e., a business that employs 50 or more employees or has an annual turnover of at least EUR 10 million or CZK 250 million). *NIS 2* then divides regulated entities into essential and important entities. Essential entities provide, among other things, services in the field of digital infrastructure, public electronic communications networks, and publicly available electronic communications services. Important entities are, for example, providers of certain digital services. Also, according to the proposed implementing decree, the National Cyber and Information Security Agency will be able, through a decision of the agency, to designate any other service as regulated if the disruption of such service can cause a serious impact on the lives of more than 125,000 people through threats

to life, health, property value, internal order, or the environment.

Regulated businesses will have to take appropriate and proportionate technical, operational, and organizational measures to manage the security risks of their networks and information systems in order to minimize cybersecurity threats. *NIS 2* leaves the choice of such measures to the regulated businesses, who should be in the best position to determine such measures, taking into account their internal organization, information systems, and possible risks. *NIS 2* only sets out a short list of basic security measures that every regulated person would have to take. These are, in particular, risk analysis policies and information systems security policies, incident resolution, business continuity management and crisis management, supplier security, procurement security, development and maintenance of networks and information systems, policies and procedures to assess the effectiveness of cybersecurity risk management measures, basic cyber hygiene practices and cybersecurity training, policies and procedures regarding the use of cryptography, and, where appropriate, encryption, human resource security, access control procedures, and asset management. The National Cyber and Information Security Agency will be able to subject regulated businesses to inspections, audits, and other measures with the aim of ensuring compliance with the new rules and also impose sanctions for shortcomings (i.e., in most cases, fines). The maximum fine under the draft *Cybersecurity Act* amounts to CZK 250 million (approximately EUR 10 million) or up to 2% of the net worldwide annual turnover achieved by the infringer, whichever is higher.

EU member states are obliged to implement the *NIS 2 Directive* into their legal systems by October 17, 2024 at the latest. The National Cyber and Information Security Agency has already prepared a draft of the new *Cybersecurity Act* and the related implementing decree. The legislation was open to public consultations in early 2023, which resulted in 1,144 comments from the public. These comments were reflected in the updated version of the draft legislation, which has now made its way to the standard intragovernmental comments stage where various stakeholders within the government and other public bodies are able to comment. It is expected that the new legislation should be adopted by mid-2024. ■



## SERBIA: AMENDMENTS TO THE SERBIAN ACT ON ELECTRONIC COMMUNICATIONS

By Bogdan Gecic, Partner, Branko Gabric, Counsel, and Vuk Lekovic, Senior Associate, Gecic Law



Recently, the Serbian Parliament enacted amendments to the *Act on Electronic Communications* (Act). The Act was drafted through a collaborative effort of representatives from a broad range of organizations, including the Regulatory Agency for Electronic Communications and Postal Services (RATEL), the Regulatory Agency for Electronic Media (REM),

the National Alliance for Local Economic Development (NALED), the Foreign Investors Council, the National Convention on the European Union, supplemented by expert opinions from the business sector.

The implementation of the revised Act incorporating legislative provisions from the *European Code of Electronic Communications* is anticipated to considerably contribute to establishing an equitable business environment. This includes strengthening consumer protection, augmenting the quality of services, safeguarding privacy and security, and reinforcing the integrity of public communications networks. The following discussion delves into the Act's most significant amendments.

One amendment worth noting is the enhanced right of consumers to terminate contracts in the event of changes in contractual terms without any financial liability for termination. The right to unilateral termination due to altered terms, previously encapsulated in the *Consumer Protection Act*, has thus been reinforced within the telecommunications sector.

Historically, the concept of *termination-related costs* was susceptible to various interpretations, resulting in an inconsistent application in case law. The recent amendments have mitigated this by providing a clear definition. Consumers are now entitled to terminate contracts when changes involve modifications to any original condition instrumental in their decision-making process. However, the term “instrumental” could still be subject to interpretation, necessitating ongoing observation of how this will reflect in the operators' general terms and conditions or whether the RATEL will issue clarifying guidelines. This significantly enhances consumer protection in the swiftly evolving electronic communications sector. While Serbia already possesses an EU-compliant *Consumer Protection Act*, ensuring stringent consumer safeguards, the amended Act deepens these protections within the telecommunications realm. It does so by unambiguously defining termination costs, thus providing consumers with a clearer understanding of their rights and fostering a balanced, fair relationship between operators and clients.

Another critical aspect centers around regulating the radio frequency spectrum – a resource of paramount importance in telecommunications. The Act includes transparent rules and conditions for the use of the radio frequency spectrum, facilitating access for independent users, optimizing resource allocation and efficiency, and paving the way for newcomers in the market. Uniform allocation of the

radio frequency spectrum is pivotal for the effective deployment of 5G technology, with, for reference, the European Commission estimating an annual revenue of approximately EUR 146.5 billion from its implementation within the European Union. Moreover, the Act enhances the level of consumer protection with a solution resembling the *Protection of Financial Services Users Act*, wherein the National Bank of Serbia assumes a similar role in consumer protection within the financial sector. This ensures consistent protection across diverse sectors, benefiting market participants by standardizing offer and contract formats and explicitly outlining costs and rights, enabling consumers to compare offers more effectively. Additionally, the Act stipulates provisions for out-of-court dispute resolution. If an operator dismisses an objection lodged by an end consumer, an out-of-court settlement procedure is initiated by the RATEL, which must be concluded within a maximum timeframe of 180 days.

In alignment with environmentally friendly practices, the Act mandates electronic billing for electronic communications service operators, thereby reducing the environmental impact and costs associated with paper billing. Notwithstanding, upon request, end users can still opt for a detailed paper invoice itemizing the services and charges. Furthermore, the Act mandates the compulsory registration of prepaid end users of mobile telephony as a measure to prevent data misuse and enhance security. For individuals, registration entails processing data, including names, personal identification numbers, and subscriber numbers. For legal entities, the registration requires processing the entity's name, registration number, and assigned subscriber number.

In conclusion, the recent amendments to the Act align the Serbian legal framework more closely with EU legislation, providing significant consumer benefits, introducing an innovative framework for utilizing the radio frequency spectrum, and encompassing other notable improvements. The role of the RATEL as the governing body is now more crucial than ever. Monitoring the agency's response to its expanded mandate will be an area of keen interest. ■



## SLOVENIA: UNVEILING THE DMA – SAFEGUARDING OPEN MARKETS IN THE DIGITAL SPHERE AND ITS IMPACT ON SLOVENIA

By Uros Cop, Managing Partner, Law Firm Senica & Partners



The initiation of the European Union's *Digital Markets Act* (DMA) on May 2, 2023 marked a pivotal turning point in digital markets. Designed to counteract the monopoly-like tendencies of so-called “gatekeepers” – large online platforms wielding significant power – the DMA is revolutionizing the digital space. However, its implications extend beyond these giant companies, and it's essential to examine the

impact on smaller EU members like Slovenia.

Slovenia, a nation of just two million inhabitants, has a burgeoning digital scene that stands to benefit significantly from these new regulations. Despite its smaller digital market size than other EU nations, the DMA's implications promise to reverberate throughout the country, from tech start-ups and SMEs to individual consumers.

What are “gatekeepers”? These powerful platforms substantially impact the internal market, functioning as essential business channels to reach end users. Their size and reach mean they often create a bottleneck in the digital sector, acting as private rule-makers. The DMA sets out to change this by instating an exhaustive list of dos and don'ts for these gatekeepers, encouraging proactive behaviors that make markets more open while discouraging unfair practices.

The DMA's implications for Slovenia can be broadly classified into three categories: implications for businesses, consumers, and the economy. For businesses – particularly smaller companies and start-ups – the DMA could pave the way for enhanced competition and innovation. These businesses will benefit from a level playing field where they can compete more robustly with larger platforms. The new regulations will foster an environment of innovation and growth, allowing Slovenian firms to scale their operations within a unified framework at the EU level. Moreover, increased competition can result in better services, pushing Slovenian companies to strive for excellence, ultimately benefiting consumers. The DMA aims to prevent gatekeepers from engaging in anti-competitive practices for consumers. This means more choices and potentially better prices for Slovenian users of digital services. The DMA serves to break down existing barriers in the digital market, thereby sparking innovation that even Slovenian tech companies can leverage. The DMA's provisions also mandate

improved data privacy measures – a move that benefits Slovenian users. Gatekeepers will be required to offer more transparency in their data practices and give consumers more control over their data.

The DMA will also shape the broader Slovenian economy. The digital sector, which has become increasingly vital in recent years, will have the opportunity to grow and diversify. As digital services are cross-border by nature, the DMA can help reduce regulatory fragmentation for digital services, particularly regarding gatekeeper platforms. This, in turn, can lead to reduced compliance costs for companies operating in the internal market. Furthermore, the DMA empowers Slovenian businesses and consumers with the right to seek direct action for damages if they believe a gatekeeper's non-compliance has harmed them. This provides an additional layer of security and recourse for addressing grievances.

The DMA's future-proof design ensures its effectiveness in the face of a rapidly evolving digital sector. The Commission is empowered under the DMA to supplement the obligations applicable to gatekeepers based on a market investigation, ensuring that the same issues of fairness and contestability are addressed as gatekeepers and digital markets evolve.

The phased implementation of the DMA is now underway. The first wave of potential gatekeepers has been required to notify the Commission of their core platform services by July 3, 2023. Slovenia and the rest of the EU await the Commission to designate gatekeepers by September 6, 2023. Through the DMA, the EU seeks to ensure a level playing field in the digital market, and its implications on Slovenia's digital practices are unfolding. As gatekeepers gear up to comply with the new regulations, the digital market landscape in Slovenia and across the EU is poised for a significant transformation. This pivotal moment offers a promising glimpse into the future of digital markets, fostering innovation and competition while keeping the digital giants in check.

In conclusion, Slovenia, as a smaller EU member with an evolving digital market, finds itself on the cusp of an era replete with opportunities and challenges. While fundamentally reshaping the broader European digital landscape, the DMA bears particular significance for Slovenia's vibrant digital ecosystem. It empowers Slovenian businesses, safeguards consumers, and promises to spur economic growth. As the DMA unfolds, Slovenia's digital market is poised to adapt and thrive, setting the stage for a digital revolution that could propel this small, innovative nation into the spotlight of Europe's digital future. ■

## ROMANIA: DIGITIZING DURING AND AFTER THE PANDEMIC

By Cristina Cretu, Partner, and Flavia Stefura, Managing Associate, MPR Partners



It is said that every cloud has a silver lining. As unfortunate as the consequences of the COVID-19 pandemic were, one of them was in fact positive: Romanian legislators sprang into action to adopt measures accelerating the digitalization of public services.

As a consequence, a plethora of new legislation appeared. In 2020, the Authority for the Digitalization of Romania (ADR) became operational. The ADR is subordinated to the Ministry of Research, Innovation, and Digitization, having the role of implementing public strategies and policies in the field of digital transformation and the information society as well as the role of ensuring compliance monitoring and control of the same.

Following negotiations within the European Council between July 17 and July 21, 2020, Romania was in the position of having budgeted a package for recovery and resilience estimated at EUR 79.9 billion in reimbursable and non-reimbursable external funds. These amounts were the main drivers behind the speed with which digitalization legislation became a reality in a relatively short time.

As a consequence, in 2021 and 2022, a series of very important pieces of legislation were enacted:

*Government Emergency Ordinance 104/2021 on the establishment of the National Cyber Security Directorate* – the National Cyber Security Directorate is a specialized body of the central public administration, replacing and taking over the responsibilities of the former National Cyber Security Incident Response Center, the authority overseeing the security of networks and IT systems ensuring the provision of essential services or of digital services;

*Law 163/2021 regarding the adoption of measures related to IT and communications infrastructures of national interest and the conditions for the implementation of 5G networks* imposes independence and rule of law conditions on operators delivering 5G equipment and services for Romanian infrastructures;

*Law 179/2022 on open data and reuse of public sector information* addresses the legal framework for the reuse of data and documents in the possession of public entities and public enterprises created within their own activity;

*Law 198/2022 amending and supplementing some pieces of legislation in the field of electronic communications and establishing measures to facilitate the development of electronic communications networks* transposes into the national legislation the provisions of the *European Electronic Communication Code* and significantly amended *Government Emergency Ordinance 111/2011 on electronic communications* – the main piece of legislation in electronic communications, including from the perspective of adding the purpose of contributing to the creation of the internal market within the European Union in the field of electronic communications networks and services;

*Law 242/2022 on the exchange of data between IT systems and the creation of the National Interoperability Platform* regulates adopting measures related to technologies, equipment, and software programs and the data used by such to contribute to an increased interconnection between authorities and public institutions' IT systems;

*Government Emergency Ordinance 89/2022 regarding the establishment, administration and development of infrastructures and cloud IT services used by public authorities and institutions* is probably the most impactful piece of legislation for IT businesses since it creates the framework for the infrastructure deemed to power all public administration services. Operators who wish to participate in deploying this infrastructure must be authorized for 5G deployment as per *Law 163/2021* though.

In 2023, some important older projects became laws, such as the law on Romania's cybersecurity and defense, now *Law 58/2023*.

Some equally important pieces of legislation have just entered in line for approval, such as the law approving *Government Ordinance no. 12/2023 for the amendment and supplementing of some normative acts that include provisions regarding the records of persons and the electronic identity card*. Electronic identity cards are currently released as a pilot project in Cluj, but it is expected that in 2023, the program will be extended to Bucharest and later in the rest of the country.

Romania is well on its way to becoming digitized, and citizens can already see improvements in the ease of use of public services. However, the solutions deployed so far are still patchwork, and there is much to do until public services run seamlessly. ■



## BULGARIA: THE PIRACY SHIP STARTED SINKING IN BULGARIA

By Georgi Kanev, Head of IP & IT, and Debora Dineva, Associate, Kinstellar



On May 31, 2023, the Sofia City Court issued a landmark decision in the field of copyright protection, pursuant to which three internet providers were directed to disable the access of their users to peer-to-peer file-sharing platforms Zamunda and The Pirate Bay – to both the main torrent websites and any known proxies allowing access to these platforms.

For years, these two platforms have been the subject of controversy and numerous attempts by different authorities to suspend them. Although at times torrent websites were temporarily blocked or suspended, they are very difficult to ban in the long term due to, among other things, their numerous proxies and VPN circumvention. Unlike other European countries, Bulgaria does not take enforcement actions against users of such torrent websites, meaning such platforms are still quite popular. As a result, they unofficially compete with video-on-demand streaming service providers that operate in the Bulgarian market.

### The Decision

The claim (on the basis of which the court proceedings were initiated) was filed against three relatively small Bulgarian internet providers, alleging that the latter act as intermediaries to torrent platforms which infringe the intellectual property rights of certain copyright holders. The defendants' main line of defense was that under Bulgarian law, there is no such claim for the blocking of websites and that claims for infringement of copyright may only be directed towards the perpetrator, not against the internet provider.

To reach its decision, the court directly applied *Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society*. In its view, this act and the interpretation of the *Bulgarian Copyrights and Related Rights Act* lead to the conclusion that copyright holders may direct their claim not only against the perpetrators (torrent platforms) but also against internet providers, irrespective of their liability, as they act as intermediaries. Accordingly, the court ordered the three internet providers to disable access to zamunda.net and thepiratebay.org and all their proxies, allowing the internet providers to do so through any technical measures available to them.

### Broader Liability

The court, in essence, stated that even though internet providers are not infringing copyrights themselves and will not be sanctioned, they have a responsibility as intermediaries and must disable access to these websites. This finding establishes a new, broader liability together with an opportunity for copyright holders to seek alternative remedies. This is especially important given that previous actions directly against torrent websites had proven to be unsuccessful in practice. By invoking the obligation of intermediaries to take active protection measures, the court grants another layer of compliance.

Although it remains to be seen how the decision will be enforced in practice and for how long the internet providers can keep up with the proxies, this decision opens the door to new and potentially more successful actions against torrent websites, and, hopefully, better protection for video-on-demand streaming service providers and other copyright holders.

On the other hand, this broadened liability can be burdensome for internet providers as they do not have control over the content of websites and may not be able to constantly monitor if there are any copyright infringements.

This liability may also be considered together with the newly adopted *Digital Services Act* (which entered into force on November 16, 2022) – for example, the so-called “Good Samaritan” clause therein. Pursuant to it, providers of intermediary services (including internet service providers) may adopt any voluntary good-faith actions toward compliance in the knowledge that such actions will not trigger a general monitoring obligation. The continued absence of such a general obligation, together with the fact that similar claims might be associated with significant court and legal fees, might motivate intermediary service providers to proactively seek measures against infringements instead of waiting for claims to be filed against them.

Finally, as the claim was filed only against three rather small internet providers (with a total of around 45,000 customers), most likely due to cost efficiency, its success could mean that more claims may follow against other, larger internet providers, and the impact may be even greater. ■



## GREECE: THE HELLENIC DATA PROTECTION AUTHORITY'S CASE LAW ON TELECOMMUNICATIONS PROVIDERS

By Alexandros Katsantonis, Partner, and Panagiotis Tampoureas, Senior Associate, Drakopoulos Law Firm



In the digital era, the protection of personal data has become a critical concern. Governments and regulatory bodies worldwide are actively working to ensure that individuals' privacy rights are upheld and telecommunications providers play a significant role in this landscape.

In this context, a brief review of the Hellenic Data Protection Authority's (HDP A) case law concerning telecommunications providers in Greece over the past 12 months would lead to invaluable insights into the evolving respective legal landscape and the challenges faced by both organizations and individuals in safeguarding personal data.

### Case 1: Data Breach Incident and Inadequate Security Measures

Following complaints and related notifications, the HDP A became aware of incidents of unauthorized access to mobile subscriber data by malicious third parties by means of unauthorized SIM swaps, call diversions, or issuance of new phone numbers. Although data controllers had allegedly carried out identity checks, unauthorized third parties managed to gain access to personal data either due to the absence of appropriate security measures on the data controllers' side or due to poor implementation thereof. The HDP A assessed the number of incidents as well as the actions taken by the respective data controllers (two major telecommunications providers) to address them, and imposed a fine of EUR 150,000 on each provider.

### Case 2: Processing in the Context of Marketing Communications

The HDP A investigated a complaint by a data subject who, after requesting one of the largest telecommunications providers for the provision of a new mobile telephony service, received a parcel containing samples of consumer products from an advertising company cooperating with said telephony provider despite the data subject's objection to the processing of their data for marketing purposes. The HDP A imposed a fine of EUR 10,000 on the provider considering that the data transfer to an advertising company and the related processing of the complainant's data was carried out for the purpose of marketing promotion and considering that the additional service was not necessary for the purpose of performing the new mobile telephony service contract while the data subject had explicitly objected to the processing of their data for promotional purposes.

### Case 3: Data Subject Rights

The HDP A investigated complaints submitted by a customer of another major telecommunications provider, in which the data subject complained about repeatedly receiving e-mails for promotional purposes despite their objection and repeated complaints, as well as about the non-fulfillment of their requests to exercise their right of access. In light of this, the HDP A imposed on the provider fines of a) EUR 60,000 for sending five promotional messages despite the customer's objection, b) EUR 60,000 for the failure to satisfy the right of access, failure to provide a reply, even a negative one, and obstructing the exercise of the right of access on the pretext that the subscriber cannot be properly identified by any means other than physical presence at the shop or by a certified letter, and c) EUR 30,000 because the provider did not have in place the necessary procedures to ensure the exercise of the right to object and stop the processing of data for promotional purposes.

### Case 4: Non-Announcement of Data Breach

The HDP A investigated a complaint submitted by a customer who, following a request to their telecommunications provider to receive a copy of the recordings of the conversations they had with the provider's call center, received a CD with the recording of the conversations of another person. Although the provider was immediately notified by the complainant, it did not take any action to investigate the incident but sought to pass on responsibility to the data processor and suggested that the data subject contact directly the processor to return the CD. In this respect, the provider was fined EUR 40,000 as the HDP A held that it failed to comply with its obligations arising in relation to the data subject's right of access and the provider's own obligation to disclose the incident.

The HDP A's case law over the past twelve months demonstrates the significance of protecting data in the telecommunications sector. The aforementioned cases reflect its commitment to upholding individuals' privacy rights and holding telecommunications providers accountable for data breaches, inadequate security measures, non-compliance with consent requirements, and a lack of transparency. Telecommunications providers, on their end, must remain vigilant and ensure the implementation of robust data protection technical and organizational measures in order to successfully navigate the evolving regulatory landscape. ■



## CROATIA: INFLUENCER MARKETING – ADVERTISE AT YOUR OWN PERIL

By Mojmir Ostermann, Managing Partner, and Marta Jelakovic, Senior Associate, Ostermann & Partners



Following global trends, Croatia has seen rapid growth in influencer marketing in the past few years. On one hand, the main benefit is evident: partnering with the right influencer helps a brand grow exponentially. On the other hand, same as with social media posts, the accompanying legal and reputational risks can go viral in no time, so brand companies, marketing agencies, and influencers should tread carefully.

Like other forms of advertising, influencer marketing is subject to legal restrictions, meaning potential legal risks are waiting just around the corner. Infringement of intellectual property rights, libel/slander, invasion of privacy, non-compliance with advertising laws – these are just some of the reasons why it's essential to protect against potential liability.

All parties to influencer marketing should be aware of the *Electronic Media Act*, *Consumer Protection Act*, and *Unlawful Advertising Act*, as well as accompanying bylaws and guidelines.

The primary obligation imposed on all parties is that every ad, whether paid or free, has to be disclosed in a way that an average consumer can detect at first sight that a certain post was published in partnership with the promoted brand (e.g., use the tag “paid partnership”).

Furthermore, applicable laws prohibit any ads which could be perceived as unfair or misleading, e.g., falsely claiming that a product is recommended by a certified authority or that a product will only be available for a limited period of time, pointing out consumers' rights as a special offer when those rights legally belong to all consumers, making false health claims, giving fake consumer reviews or recommendations, and, in general, any advertising that contains incorrect or incomplete information about the product, its price, or the advertiser.

After getting familiar with all the obligations, the question which naturally arises is: What are the consequences of non-compliance (fines, you are right to conclude) and who is liable?

The largest fines are prescribed in cases of unfair trading practices which can affect the collective interests of consumers in several EU member states – up to 5% of the company's annual turnover. For offenses within national borders, the trader can be fined up to EUR 26,500 for unfair trading practices and up to EUR 133,000 for unlawful advertising.

Now here's the catch. Pursuant to the *Electronic Media Act*, the person who published the ad is liable for unlawful advertising, but according to the *Consumer Protection Act*, it is the trader who is legally liable for unfair trading practices. However, the legal definition of a trader covers any person who acts in the name and on behalf of a trader, which could include both the marketing agency and the influencer.

This conclusion still stands on shaky grounds as, unfortunately, there is no case law to confirm or disprove it yet.

A collective lawsuit can also be brought to stop or prevent misleading or unlawful comparative advertising which could harm other traders.

Additionally, the *Code of Advertising and Market Communications* was published by the Croatian Association of Communications Agencies (HURA). According to the HURA, the liability for violations of the code extends to all participants of the marketing ecosystem (marketers/traders, influencers, digital marketing agencies, etc.), proportionately to their role in the process. Although the HURA cannot directly impose fines, it regularly issues recommendations to marketers, publishers, and authorities to stop a certain project and inspect false statements.

To mitigate risks, it is recommended to add provisions in influencer agreements reminding influencers to follow the law (to disclose the fact that their post is a paid ad for the brand, to delete any comments which may be found to be misleading, etc.).

Additionally, approval processes and guidelines for influencer content should be established. The influencer should agree not to make any false or misleading statements about the company, its products or services, or its competitors as such statements may harm the company's reputation and expose it to lawsuits.

In conclusion, even though national (and comparative) case law is still scarce, it seems that once the authorities take a more rigorous approach, each partner may be held liable to the extent they were involved. The brand may be responsible for providing the influencer with misleading or false information to be included in the ad, the marketing agency if it fails to provide adequate guidelines to the influencer, and the influencers if their ad content includes misleading information or they fail to disclose the sponsorship. The solution is, of course: hire a lawyer before you hire an influencer. ■





## HUNGARY: AI LANGUAGE MODELS AND THE EU AI ACT – THE URGENT NEED FOR OVERARCHING LEGISLATION

By Aron Matyas Somogyi, Partner, and Eszter Dorottya Rupnik, Attorney-at-law, Szabo Kelemen & Partners Andersen Attorneys



The most accurate sentence that describes AI language models would be: “I’m sorry, the answers are ready, you just need to ask the right questions.”

Broadly speaking, an AI system is software that is developed with specific techniques and approaches and, according to *Procedure 2021/0106/COD*,

*“can, for a given set of human-defined objectives, generate outputs such as content, predictions, recommendations, or decisions influencing the environments they interact with.”*

AI language models are specific sorts of the above, which use machine learning to comprehend and create human language. Such models require vast amounts of data to function, leading to the rise of new industries, such as data commerce. New concerns arise, such as job displacement, discrimination, or ethical considerations. Furthermore, ensuring the accuracy of the information generated by AI language models and providing the massive amounts of data they require present challenges. In general, training the models to function appropriately in various languages is also a concern. Nevertheless, they have the potential to improve efficiency or advance education. We note that in Hungary, AI-based software is extensively used in public administration, such as a chatbot on the Hungarian Food Chain Safety Office website for customer inquiries. *Hungary AI Strategy 2020-2023* (Strategy) will shape Hungarian legislation, addressing future economic concerns. We advocate for addressing important legal challenges that may not be immediately apparent from the Strategy.

Some of the key legal concerns that we believe are not adequately addressed by existing or proposed legislation yet are:

**The Italian Job:** AI language models heavily rely on data, which raises concerns about the privacy and security of personal data, as well as potential misuse of the collected data. Compliance with the *EU General Data Protection Act* (GDPR) and *Act CXII of 2011 on the Right of Informational Self-Determination and on Freedom of Information* is crucial to address such issues. The Italian Data Protection Authority temporarily banned ChatGPT, an OpenAI product [*Provision no. 9870832, March 30, 2023*], citing issues with personal data processing, insufficient information for data subjects, and lack of age verification. OpenAI must fulfill the requirements by April 30, 2023 to operate in Italy.

In Hungary, a record-breaking data protection fine was imposed on a commercial bank. They used AI to analyze customer service

calls without informing customers about the automated scrutiny of their voice and emotions. The use of AI to analyze human emotions carries significant risks and should generally be avoided. Additionally, the bank unlawfully monitored its employees using the same AI system.



**Liability:** Assigning liability for AI systems’ actions and outputs is a complex issue. Various parties, including software engineers, users, or even third parties, may bear responsibility. However, in our assessment, it is most likely that in Hungary, the primary liability for the actions of an AI system would fall on its operator.

**Intellectual Property:** Should intellectual property rights for AI-generated work exist in Hungary/the EU, and if yes, who should own them? The question is whether it should be the language model’s, the software creator’s, or the users’. While EU and Hungarian law currently requires human intellectual effort and creative choice for intellectual property protection, it is uncertain how much human involvement is required throughout the process.

**Transparency and Malicious Use:** Transparency is important to ensure accountability and trust in the use of AI, particularly in decision-making processes that affect people’s lives. Malicious use of AI can have serious consequences, ranging from cybersecurity threats to perpetuating biases and discrimination. Measures to prevent and address these issues are of utmost importance. Some of those concerns are addressed by the *EU AI Act*, which aims to regulate the development and deployment of AI within the EU, introducing requirements such as transparency, traceability, and human oversight for AI systems. It proposes a risk-based approach to regulation and includes a list of prohibited AI practices. The proposal is currently under review by the European Parliament and the Council of the EU and, if adopted, will have significant implications for businesses and organizations operating within the EU, which must ensure compliance with its requirements or face significant fines. This EU legislation would be directly applicable to all EU member states, Hungary included.

The rapid advancement of AI without corresponding regulation poses significant risks, requiring regulatory intervention. Companies utilizing AI may be unprepared to comply with future AI regulations. Therefore, it is essential for them to review their practices in collaboration with legal professionals. ■

## TURKIYE: A SUMMARY OF REGULATIONS RELATING TO CRYPTO ASSETS IN TURKIYE AND ENVISAGED DEVELOPMENTS

By Ayse Ulku Solak Yalaz, Partner, and Dilara Zeynep Girgin, Associate, Nazali Tax & Legal



As a result of the expanding adoption of blockchain technologies worldwide, lawmakers seek to introduce regulatory frameworks to compete in the ever-fast-growing field, particularly when it comes to crypto assets. As these assets spark debates in the financial world and among regulators, some countries' lawmakers adopt regulations to define their legal status, whereas others choose to remain silent.

For the past few years, Turkiye has ranked at the top in terms of the number of crypto transactions, with an increasing crypto asset adoption rate among citizens. Despite the considerable number of crypto users in the country, lawmakers have not yet introduced an exhaustive regulatory framework to govern crypto assets. Yet, there have been some regulatory activities by competent authorities to guide both crypto users and crypto service providers. Accordingly, *The Regulation Prohibiting Payments with Crypto Assets* published by the Central Bank of the Republic of Turkiye (Regulation) as the only piece of legislation that directly governs crypto assets defines crypto assets as a type of intangible property that does not qualify as fiat money, dematerialized money, e-money, payment instrument, security, or any other capital market instrument, and prohibits the utilization of crypto assets in payments either directly or indirectly. It also brings additional restrictions for payment service providers, payment institutions, and e-money institutions on their activities involving crypto assets. Even though the Regulation introduces a definition for crypto assets, due to the absence of a comprehensive legislative framework, debate on their actual legal status continues.

Prior to the Regulation, the Banking Regulation and Supervision Agency (BRSA) stated in an announcement in 2013 that Bitcoin does not fall under e-money regulations. Although this announcement only covered Bitcoin, it was interpreted as the BRSA wishing to exclude all crypto assets from its own authority, therefore leaving the crypto assets under the supervision of a different regime. However, considering that there are no legal frameworks explicitly stating the opposite, it is important to note that the regulations that fall under the supervision of BRSA (e.g., banking activities) may be applicable to certain types of transactions.

The same could be said for the jurisdiction of the Capital Markets

Board (CMB). Although the Regulation states that a crypto asset itself is not a security, certain transactions relating to crypto assets may be restricted under capital markets laws. For example, the CMB explicitly states in its *Resolution No. 47/1102* that, even though in principle, Initial Coin Offerings (ICOs) do not directly fall under the scope of CMB's supervision, depending on their nature, ICOs may have similarities to initial public offerings (IPOs) or crowdfunding activities, and in that case, ICOs may fall under the scrutiny of the CMB.

Considering the foregoing, although the trading of crypto assets is not prohibited in Turkiye, some products offered by crypto service providers – such as lending, earning, de-fi, and derivate products – may fall under the supervision of the BRSA and/or CMB; therefore, a legal assessment should be performed for each product to determine any legal obligations that may be applicable.

Even though some of the authorities refrain from directly regulating crypto assets and related actors, the Financial Crimes Investigation Board (FCIB) has no hesitations. While the actual legal status of crypto assets and the regime that they are subject to are still unclear in Turkiye, the obligations that crypto assets service providers are to fulfill under anti-money laundering and counter-terrorist financing regulations are beyond any doubt.

Undoubtedly, exhaustive legislation governing crypto assets is very much needed in Turkiye to clarify uncertainties. Considering the recent legal developments around the world, especially the European Union's comprehensive *Markets in Crypto Assets Regulation* and the summary judgment regarding the *SEC v. Ripple* case, it is understood that crypto assets' legal aspect has come into prominence following their years-long domination of the financial agenda worldwide. As mentioned in the development plans published by the government and with the triggering impact of the legal progress in other jurisdictions, Turkiye is also likely to enact such legislation in the upcoming years. Lastly, it is noteworthy to say that the Turkish market is already extremely attractive for crypto service providers due to the residents' interest in crypto investments, and the envisaged legislation is expected to ease the compliance process for the already existing actors. ■



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