



CEE

YEAR 9, ISSUE 12  
JANUARY 2023

# LEGAL MATTERS

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



Guest Editorial by Petar Orlic, BD Partner, NKO Partners ■ Across the Wire: Deals and Cases ■ On the Move: New Homes and Friends ■ The Buzz  
The CEE Winter Shutdown ■ The Corner Office: The Million Dollar Question ■ Positive Surprises in 2022 ■ Activity Overview: Estonia  
Activity Overview: Latvia ■ Activity Overview: Lithuania ■ The War's Impact on Lithuanian Legislation ■ Making the Workplace Work  
Life Sciences in Lithuania ■ Commercial Real Estate in Latvia ■ Tech Developments Driving Legal Evolution in Estonia ■ Market Snapshot: The Baltics  
Know Your Lawyer: Eugenija Sutkiene of TGS Baltic ■ Experts Review: White-Collar Crime in CEE





**High-powered, laser-targeted, dynamic business development for CEE lawyers and law firms. And it's free.**

**CEELM Direct: The only dynamic legal directory of its kind, powered by CEE Legal Matters.**

**[www.ceelmdirect.com](http://www.ceelmdirect.com)**

# EDITORIAL: BACK IN BLACK

By Radu Neag

It's January 3 and the CEELM team is at it again. We're all back in the metaphorical office. And most of us are back in our literal offices too. Ready to deliver a new issue of the CEE Legal Matters Magazine, in print (hence the black) and online, for those of you eager to get a head start on the new year.

This issue has been a joy to work on, despite the tight deadlines and the looming holidays. As always, a couple more days in the month would have been a big help. But we got it done. A huge thanks to the team and to all those who contributed their thoughts and insights to the issue.

Throughout this number, we tried to put a more positive spin on a painful 2022. And hopefully, we achieved just that. As much of the issue is focused on the Baltics, it actually wasn't that hard. Despite not having had the pleasure of visiting either Estonia, Lithuania, or Latvia – and not having any close friends based there – I get the sense, working with local law firms and lawyers, that those countries kept a stiff upper lip through what was, by all accounts, a very difficult year.

And it wasn't just lawyers trying to stay optimistic – the markets proved resilient and the authorities demonstrated responsiveness. I was not at all surprised by the solid contributions we got for our articles – especially for those on the workplace adapting and on the evolution of legal services – in fact, I was quite expecting them. Which is why we reached out on those topics in the first place. Still, it was a good confirmation to get. If you want to keep your finger on the pulse of what's to come

in CEE – for all intents and purposes – look to the Baltics. Through that lens, 2023 starts to look a lot more encouraging. And my need to go on holiday for the next (roughly) six months starts to abate.

Which is just a long-winded way of saying that Latvia, Lithuania, and Estonia have all jumped to the very top of my countries-to-visit list. Anyone got a couch I can crash on? I bring homemade palinka. Or, to strike a more professional tone, any smart events or conferences you recommend attending? My 2023 dance card still has some openings.

Speaking of dance cards, be sure to save the date on yours for what looks to be CEELM's biggest event ever (don't quote me on that): our annual Deal of the Year Awards and a CEELM GC Summit all rolled into one, to happen in Istanbul, sometime in April. Meanwhile, stay tuned for our other news and announcements regarding the 2022 DOTY submissions and shortlists, the 2022 Table of Deals (codename CEELM1545 – hint: it's a big one), the next special issue, and the 2023 Editorial Calendar. So, I guess you might want to save more of those dates – it's looking like quite the busy first quarter.

Finally, to all our readers, wherever they are: I wish all of us a most Baltic 2023! It's obviously not about the size of the market, but just how resilient, responsive, and adaptable we all can be. ■



## Impressum:

■ CEE Legal Matters Kft.  
■ Szechenyi utca 10,  
1054 Budapest, Hungary  
■ +36 1 796 5194

## The Editors:

■ Radu Cotarcea  
radu.cotarcea@ceelm.com  
■ Radu Neag  
radu.neag@ceelm.com

## Letters to the Editors:

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

# GUEST EDITORIAL: QUIETLY AND PERSISTENTLY MAKING EXCELLENT PROGRESS

By Petar Orlic, BD Partner, NKO Partners



Sipping on some Tamjanika wine, overlooking the confluence of the Danube and Sava rivers on one side, and the Belgrade Waterfront on the other, I was once again amazed at how much the City of Belgrade has changed over the years.

I was attending the CEE Legal Matters Winter Gala celebration, a time for the best lawyers in the region to get together and let their hair down and, this year, enjoy what Belgrade has to

offer. It was a great evening and the perfect chance to meet up with some of the movers and shakers in the region.

Speaking to such an interesting, intelligent bunch of people, I was reminded of my days studying Greek and Roman Law at the Aristotle University of Thessaloniki, Greece. It was there that I originally came across the Ancient Greek Stoic philosopher Epictetus who said:

“Progress is not achieved by luck or accident, but by working on yourself daily.”

I think that we all agreed, at the Winter Gala, that this quotation was not only relevant for Belgrade but also for the region, and all its legal professionals.

When I look back to when I was first in Belgrade for business reasons in 2002, it is now like a different city. So much has changed and so much progress has been made in turning it into an admired metropolis. Indeed, I see Belgrade as a symbol for how much the whole of the region (particularly the former Yugoslavia and Western Balkans) has developed and progressed into a serious place for investment and development since the 1990s.

Along with the remarkable development of these countries, comes a much more reliable investment and business environment. And hand-in-hand with this, comes a much more sophisticated legal market.

I remember when I was seconded to Merrill Lynch in Belgrade back in 2007 (when it bought a stake in MPC Properties). I was constantly being presented with reports and legal analysis that took a *warts-and-all* disclosure approach, presenting the client with every potential problem that it may come across. Don't get me wrong, knowledge is important, but applying that knowledge to the facts and providing answers to specific legal problems is fundamental. I know it sounds like a sound bite and a bit of a cliché, but lawyers in the region are now much more *solutions driven*.

As everyone is more accustomed to now, clients expect an exemplary service whereby they get advice delivered quickly and simply. Law firms in the region have been very successful in adapting to these expectations and helping their lawyers deliver legal advice via several customer-focused pathways. It's now no longer acceptable (was it ever?) to deliver just a *blurb* of legal advice. Not only does the advice have to be based on excellent legal knowledge but it also has to be delivered very quickly and in a way that is easily digestible by the client.

Having a deep understanding of the law as well as excellent logical, analytical, research, and writing skills are all hallmarks of a good lawyer. However, the very top lawyers, the *crème de la crème*, are not only logical and analytical, but also display a great deal of creativity in their problem solving. Solutions to legal problems are not always obvious.

From what I can see though, the firms in the region are stepping up to the plate. I would say that lawyers who are successfully practicing law in the region today are doing so at a standard that definitely is on par with their colleagues in western or international law firms.

So, as I was sat there, sipping on my Tamjanika wine at the Winter Gala in Belgrade, I thought to myself: long may the law firms in the region continue to flourish! Let them continue to embrace the ongoing development in how legal services are provided and continue to strive to be the best. My heartfelt congratulations went out to them all for the amazing progress made in the legal field in CEE over the years – not achieved by luck or accident, but by working on themselves daily – excellent progress! ■

# TABLE OF CONTENTS

## PRELIMINARY MATTERS

- 3 Editorial: Back in Black
- 4 Guest Editorial: Quietly and Persistently Making Excellent Progress

## ACROSS THE WIRE

- 6 Across The Wire: Deals and Cases
- 15 On The Move: New Homes and Friends

## LEGAL MATTERS

- 20 The Buzz
  - 20 Making It Rain in Bosnia and Herzegovina: A Buzz Interview with Natasa Krejic of Sajic
  - 21 Stability at a Price for Hungary: A Buzz Interview with Gabor Damjanovic of Forgo, Damjanovic & Partners
  - 22 Slovakia's Stumble: A Buzz Interview with Martin Jurecko of AKMCL
  - 23 Montenegro's Holding Pattern: A Buzz Interview with Marko Ivkovic of the Prelevic Law Firm
  - 24 The Rising Tide of Legal Work in Serbia: A Buzz Interview with Milica Pesteric of Bojovic Draskovic Popovic & Partners
  - 25 Transactional Boom and Political Bust in Latvia: A Buzz Interview with Vita Liberte of BDO
  - 26 The Case for Force Majeure in Turkey: A Buzz Interview with Ebru Temizer of Gen Temizer Ozer
  - 27 Business Friendlier Kosovo: A Buzz Interview with Adem Vokshi of Vokshi & Lata
  - 28 Busy Lawyers and Increasing Regulatory Burden in Austria: A Buzz Interview with Roman Hager of Act Legal
  - 29 December Already Packed in Croatia: A Buzz Interview with Iva Miskovic of Miskovic & Miskovic
  - 30 Slovenia Is Laser-Focused on Energy: A Buzz Interview with Robert Prelesnik of Rojs Peljhan Prelesnik & Partners
  - 32 The New Year's Surprise in Romania: A Buzz Interview with Radu Diaconu of Bancila Diaconu si Asociatii
  - 33 Bulgaria Taking the Long Way Home: A Buzz Interview with Angel Rizov of Kambourov & Partners
  - 34 Lack of Trust and Exceeded Expectations in North Macedonia: A Buzz Interview with Kristijan Polenak of Polenak
  - 35 Poland's Rising Numbers: A Buzz Interview with Peter Daszkowski of Wolf Theiss
- 36 The CEE Winter Shutdown
- 40 The Corner Office: The Million Dollar Question
- 42 Positive Surprises in 2022

## MARKET SPOTLIGHT: THE BALTICS

- 45 Activity Overview: Estonia
- 46 Activity Overview: Latvia
- 47 Activity Overview: Lithuania
- 48 The War's Impact on Lithuanian Legislation
- 50 Making the Workplace Work
- 52 Life Sciences in Lithuania
- 54 Commercial Real Estate in Latvia
- 56 Tech Developments Driving Legal Evolution in Estonia
- 42 Market Snapshot: The Baltics
  - 58 New Exclusion Grounds in Latvian Procurements: Fair Play?
  - 59 The Estonian Approach to Foreign Direct Investment Control
  - 61 The FDI Clearance Check – A Mandatory Check Box for All Lithuania-Related M&A Transactions?
- 62 Know Your Lawyer: Eugenija Sutkiene of TGS Baltic

## EXPERTS REVIEW

- 64 White-Collar Crime in CEE

# ACROSS THE WIRE:

## DEALS AND CASES

Date Covered	Firms Involved	Deal/Litigation	Value	Country
8-Dec	Kalo & Associates	Kalo & Associates advised OTP Bank Albania on the merger of its local operation with Alpha Bank Albania, with the resulting outfit to continue as OTP Bank Albania.	N/A	Albania
18-Nov	E+H	E+H advised Flapjack on the closing of a pre-seed convertible loan financing round with investors from Graz and Vienna.	N/A	Austria
22-Nov	Armstrong Teasdale; Choate Hall & Stewart; Dorda; EY Law	Dorda, working with Choate Hall & Stewart and Armstrong Teasdale, advised PDFTron on its acquisition of Eversign. EY Law advised the sellers.	N/A	Austria
22-Nov	E+H	E+H advised Ecowind on its joint venture with EVN subsidiary EVN Naturkraft for the construction of a 24.5-megawatt floating photovoltaic plant in Grafenwoerth.	N/A	Austria
22-Nov	B-Legal; Bar & Karrer; Wolf Theiss	Wolf Theiss, working with Baer & Karrer, advised Farner International AG on its acquisition of the Vienna-based Kobza Media Group. B-legal Blumauer & Partner advised Kobza Media Group.	N/A	Austria
28-Nov	Cerha Hempel	Cerha Hempel advised Spar on its cooperation agreement with vegan-vegetarian chef Paul Ivic.	N/A	Austria
30-Nov	Cerha Hempel	Cerha Hempel advised CA Immo on the sale of a building complex consisting of the Hotel Savoyen and an office building to German real estate agency Horn Grundbesitz.	N/A	Austria
30-Nov	Schima Mayer Starlinger	Schima Mayer Starlinger advised +Simple on its acquisition – via German subsidiary Carl Rieck – of a portfolio of insurance brokerages from Austria-based Alt+Partner.	N/A	Austria
2-Dec	Cerha Hempel; Schoenherr	Cerha Hempel advised ARE Austrian Real Estate on its acquisition of Vienna's Green Worx office complex from the Unilmmo Deutschland real estate mutual fund managed by Union Investment. Schoenherr reportedly advised the sellers.	N/A	Austria
2-Dec	E+H; KPMG Legal; Sekri Valentin Zerrouk	E+H, working with Paris-based Sekri Valentin Zerrouk, advised the Valtus Group on its acquisition of Management Factory Corporate Advisory. KPMG Law advised the sellers.	N/A	Austria
7-Dec	FWP	Fellner Wratzfeld & Partner advised Soravia on its acquisition of Austrian hotel group Loisium Holding.	N/A	Austria
28-Nov	Velchev & Co	Velchev & Co helped Premier Energy obtain a natural gas trading license in the Republic of Bulgaria.	N/A	Bulgaria
1-Dec	Djingov, Gouginski, Kyutchukov & Velichkov	Djingov Gouginski Kyutchukov & Velichkov advised the Oman Investment Authority on the sale of a real estate portfolio to the Smart Property Fund.	N/A	Bulgaria
2-Dec	Djingov, Gouginski, Kyutchukov & Velichkov; Kambourov & Partners; Squire Patton Boggs	Djingov Gouginski Kyutchukov & Velichkov advised the administrators and senior secured lenders of Bulsatcom UH Holdco Limited on the sale of Bulsatcom to Viva Corporate Bulgaria. Kambourov & Partners and, reportedly, Squire Patton Boggs advised Viva Corporate Bulgaria.	N/A	Bulgaria



Date Covered	Firms Involved	Deal/Litigation	Value	Country
12-Dec	Kinstellar	Kinstellar advised the owners of Zoo Group Stefanov on the sale of their company to A&M Capital Europe.	N/A	Bulgaria
14-Dec	Blake, Cassels & Graydon; Buchanan Ingersoll & Rooney; Djingov, Gouginski, Kyutchukov & Velichkov	Djingov Gouginski Kyutchukov & Velichkov, working with Buchanan Ingersoll & Rooney, advised Bulgaria's M2M Services on its acquisition of the Uplink-branded residential and commercial security and fire alarm business line from Sierra Wireless. Blakes reportedly advised the seller.	N/A	Bulgaria
17-Nov	BDV Legal; Kinstellar (Zuric I Partneri); Pavlicek Ergarac Medved	Batarelo Dvojkovic Vuchetich advised Provectus Capital Partners on the investment – through its Adria Dental Group subsidiary – in the Dentum Dental Clinic in Zagreb. Kinstellar Croatian affiliate Zuric i Partneri advised OTP Banka on financing for the acquisition. Pavlicek Ergarac Medved reportedly advised the sellers.	N/A	Croatia
9-Dec	Gugic, Kovacic & Krivic; Kinstellar (Zuric I Partneri)	Kinstellar Croatian affiliate Zuric i Partneri advised Insite's former shareholders on the sale of their shares in the company to Halcom. Gugic, Kovacic & Krivic advised the buyer.	N/A	Croatia
14-Dec	Cipic-Bragadin Mesic and Associates; Deloitte Legal; Deloitte Legal (Krehic & Partners); Mills & Reeve	Krehic & Partners in cooperation with Deloitte Legal, working with Deloitte Legal UK, advised Syskit Croatia and its Croatian shareholders on the sale of their shares to Cade Hill Investments-funded Syskit UK. Cipic-Bragadin Mesic & Associates, working with Mills & Reeve, advised the buyer.	N/A	Croatia
28-Nov	Schoenherr; Vukina and Partners	Moravcevic Vojnovic and Partners in cooperation with Schoenherr advised Integral Venture Partners on its acquisition of a controlling stake in Chips Way alongside co-investor and industrial partner Nelt Group. Vukina & Partners advised sellers Jagoda Bajevic, Dobroslav Barbaric, Ivana Vujcic, Matko Dropuljic, Vlatko Barbaric, Djordje Dragicevic, Ivana Einfalt, and Tomislav Bajevic.	N/A	Croatia; Serbia
22-Nov	CMS; Divjak Topic Bahtijarevic & Krka; Tus & Grzic	Divjak Topic Bahtijarevic & Krka and Tus & Grzic advised Prvo Plinarsko Drustvo and INA, respectively, on the sale of their stakes in joint-venture company Terra Mineral Fertilizer to the Yildirim Group. CMS advised the Yildirim Group.	N/A	Croatia; Turkey
16-Nov	Dunovska & Partners; Havel & Partners	Dunovska & Partners advised Odyssey 44 on its financing for JSK Investments. Havel & Partners advised JSK Investments.	N/A	Czech Republic
17-Nov	Eversheds Sutherland	Eversheds Sutherland advised Germany's Travelcircus on its full acquisition of the TPF Group.	N/A	Czech Republic
18-Nov	Eversheds Sutherland	Eversheds Sutherland advised Conseq on the expansion of its real estate fund portfolio through a share-deal acquisition of production and storage assets in Breclav's industrial zone.	N/A	Czech Republic
22-Nov	Eversheds Sutherland; Forlex	Eversheds Sutherland advised PJ Expedis on its merger with RSBC Logistics. Forlex reportedly advised RSBC Logistics.	N/A	Czech Republic
24-Nov	Allen & Overy; Clifford Chance	Clifford Chance advised Komerční Banka on the financing of a solar energy power plant owned by Decci subsidiary FVE Czech Novum. Allen & Overy reportedly advised the lenders.	N/A	Czech Republic
24-Nov	Cytowski & Partners; Gunderson Dettmer; Sedlakova Legal	Cytowski & Partners advised Supernova on the USD 4.8 million seed financing from Wing VC with the participation of EQT Ventures, Kaya VC, Credo Ventures, and other angel investors. Reportedly, Sedlakova Legal also advised Supernova and Gunderson advised Wing VC.	USD 4.8 million	Czech Republic
28-Nov	Allen & Overy; Clifford Chance	Clifford Chance advised Allwyn on its new senior facilities agreement with a syndicate of international banks. Allen & Overy advised the lenders, including UniCredit Bank Czech Republic and Slovakia, on the deal.	EUR 1.6 billion	Czech Republic

Date Covered	Firms Involved	Deal/Litigation	Value	Country
30-Nov	Skills; White & Case	White & Case advised Sberbank CZ insolvency trustee Jirina Luzova on the CZK 41 billion sale of Sberbank CZ's assets to Ceska Sportelna. Skills advised the buyer.	CZK 41 billion	Czech Republic
7-Dec	Briza & Trubac; JSK	JSK advised the Sudop Group on its acquisition of an 80% stake in BizzTreat. Briza & Trubac advised BizzTreat founders Radovan Jirka and Jiri Tobolka as well as their spouses on the sale.	N/A	Czech Republic
7-Dec	Kocian Solc Balastik; Tovarek, Horky and Partners	Kocian Solc Balastik advised J&T Banka on its acquisition of a majority share in Amista Investicni Spolecnost from Cinekin. Tovarek Horky and Partners advised Cinekin.	N/A	Czech Republic
14-Dec	Dentons	Dentons advised CSOB and Ceska Sportelna on their EUR 74.13 million loan to Penta Real Estate for the construction of the office buildings within the Nova Waltrovka project in Prague.	EUR 74.13 million	Czech Republic
14-Dec	Kocian Solc Balastik	Kocian Solc Balastik advised J&T IB Capital Markets on the issuance of unsecured unsubordinated book-entry bonds by J&T Arch Convertible Sicav with a total value of up to CZK 1 billion and an option to increase by up to 100%.	N/A	Czech Republic
15-Dec	DLA Piper; Eversheds Sutherland	DLA Piper advised Cube Infrastructure Managers on the acquisition of MVV Energie CZ. Eversheds Sutherland reportedly advised the sellers.	N/A	Czech Republic
22-Nov	Creel, Garcia-Cuellar, Aiza Y Enriquez Sc; Freshfields; Wolf Theiss; Yulchon	Freshfields Bruckhaus Deringer and Wolf Theiss advised a consortium of banks on the EUR 800 million revolving ESG-linked credit facility for the Vitesco Technologies Group. Creel Garcia-Cuellar Aiza y Enriquez and Yulchon reportedly advised the banks in Mexico and South Korea, respectively.	EUR 800 million	Czech Republic; Hungary; Romania
12-Dec	Squire Patton Boggs	Squire Patton Boggs successfully represented Kosovo in an International Chamber of Commerce arbitration concerning the revocation of a microfinance license.	N/A	Czech Republic; Kosovo
23-Nov	Linkers Legal; Schoenherr	Schoenherr advised BHM Group on the acquisition of a portfolio of ten Polish retail parks worth CZK 1 billion. Reportedly, Linkers advised the sellers.	N/A	Czech Republic; Poland
30-Nov	Hogan Lovells; PRK Partners	Hogan Lovells and PRK Partners advised Polish-Czech RGW Express Group owner Hartmut Luetz on the sale of all shares in the company to French Groupe BBL.	N/A	Czech Republic; Poland
5-Dec	Eversheds Sutherland; White & Case	White & Case advised MidEuropa on its acquisition of a majority stake in Optegra. Eversheds Sutherland reportedly advised the seller.	N/A	Czech Republic; Poland
8-Dec	Havel & Partners; Kocian Solc Balastik; Relevans	Kocian Solc Balastik and Relevans advised Seyfor on its acquisition of Commander Services. Havel & Partners advised PosAm – majority owned by Slovak Telekom – on the sale.	N/A	Czech Republic; Slovakia
16-Nov	Sorainen	Sorainen advised Estonia-based health tech start-up Cara Health on its EUR 100,000 pre-seed financing round.	EUR 100,000	Estonia
21-Nov	Cobalt	Cobalt advised SmartCap on the launch of its Greentech Investment Program focusing on investments in green technology companies.	N/A	Estonia
23-Nov	Sorainen	Sorainen advised the Better Fund on obtaining an activity license from Estonia's financial supervision and resolution authority.	N/A	Estonia
24-Nov	Cobalt; Hedman	Cobalt advised Rubylight on its investment in clothing buy-and-sell platform Yaga. Hedman (formerly Hedman Partners) advised Yaga on its EUR 2.2 million financing round.	EUR 2.2 million	Estonia
28-Nov	Sorainen	Sorainen provided pro bono legal support to Filaret on drafting contracts for its cigarette butt waste upcycling program.	N/A	Estonia



Date Covered	Firms Involved	Deal/Litigation	Value	Country
30-Nov	Cobalt; Tark;	Cobalt advised Change Ventures on leading the USD 2 million pre-seed financing round for influencer marketing software start-up Modash. Tark advised Modash and its founders on the round.	USD 2 million	Estonia
30-Nov	Sorainen	Sorainen advised Livonia Partners on its sale of the majority stake in Fenestra to Trigon Capital.	N/A	Estonia
1-Dec	Cobalt	Cobalt advised Neo Performance Materials – the parent company of NPM Silmet OU – on establishing a sintered rare-earth magnet manufacturing facility in Estonia.	N/A	Estonia
6-Dec	Cobalt	Cobalt advised district heating network company VKG Soojus on its sale to Gren.	N/A	Estonia
15-Dec	Cobalt	Cobalt advised 3VC on leading a USD 20 million investment round in AI-powered negotiation platform Pactum.	USD 20 million	Estonia
15-Dec	Walless	Walless advised ClaraEst and Triin Raamat on the sale of recruitment and employment companies CVO Recruitment and Simprika to the Gi Group Holding.	N/A	Estonia
15-Dec	Sorainen	Sorainen advised PR and communications firm Rud Pedersen Group on its acquisition of the Meta Advisory Group.	N/A	Estonia; Latvia; Lithuania
21-Nov	Zepos & Yannopoulos	Zepos & Yannopoulos advised Westfort Capital Limited on the sale and financing restructuring of two hotels located in Rhodes and Crete.	N/A	Greece
23-Nov	Bernitsas	Bernitsas Law advised Helleniq Energy Holdings on the EUR 33.5 million joint financing of its subsidiary Hellenic Petroleum Digital by Alpha Bank and the Recovery and Resilience Fund.	EUR 33.5 million	Greece
24-Nov	Zepos & Yannopoulos	Zepos & Yannopoulos advised V-Group's energy branch, Green, on the execution of a non-vertical long-term power purchase agreement with Heron Energy for the sale of energy generated from a 9-megawatt solar plant over a 12-year term.	N/A	Greece
28-Nov	White & Case; Zepos & Yannopoulos	Zepos & Yannopoulos, working with White & Case, advised Intrum and Intrum Hellas on the securitization transaction involving Piraeus Bank's Sunrise III non-performing loan portfolio with a total gross book value of EUR 500 million.	N/A	Greece
30-Nov	Allen & Overy; Bernitsas	Bernitsas Law, working with Allen & Overy, advised Piraeus Bank on its EUR 350 million issuance of senior preferred bonds and on their listing on the Luxembourg Stock Exchange's Euro MTF market.	EUR 350 million	Greece
30-Nov	KLC	The KLC Law Firm has advised Taiped on its sale of a property in Nea Iraklitsa Kavala to Iraklitsa A.E. for EUR 91 million.	EUR 91 million	Greece
5-Dec	Bracewell; Lambadarios Law Firm	The Lambadarios Law Firm, working with Bracewell, advised Fotowatio Renewable Ventures on its acquisition of the majority stake in a 600-megawatt battery storage platform in Greece.	N/A	Greece
7-Dec	Kyriakides Georgopoulos	Kyriakides Georgopoulos advised a Korkia-funded partnership – including local developers GH Energy and AA Sunshine – on the acquisition and development of a photovoltaic project pipeline in mainland Greece and Crete with a targeted total capacity of 1 gigawatt.	N/A	Greece
9-Dec	Kyriakides Georgopoulos	Kyriakides Georgopoulos advised Frigoglass on an up to EUR 55 million interim financing from the holders of the existing senior secured notes due 2025, with the funding to be used for debt and capital restructuring.	N/A	Greece
9-Dec	Zepos & Yannopoulos	Zepos & Yannopoulos, working with Gide Loyrette Nouel, advised France's Le Collectionist on its acquisition of local luxury accommodation operator The Greek Villas.	N/A	Greece

Date Covered	Firms Involved	Deal/Litigation	Value	Country
12-Dec	Bahas Gramatidis & Partners	Bahas Gramatidis & Partners advised the Hellenic Republic Asset Development Fund on the launch of a Greek Ministry of Development & Investment project titled New Industrial Parks.	EUR 100 million	Greece
15-Dec	Koutalidis	Koutalidis advised Matthew Gregory Kaminski and Mikhail Gregory Kaminski on the acquisition of 90% of the share capital and voting rights in Greek Superleague football club Panetolikos FC from shareholder Fotios Kostoulas.	N/A	Greece
15-Dec	Reed Smith; Watson Farley & Williams	Reed Smith advised Alpha Bank on the EUR 32 million financing for a 27-megawatt onshore wind project developed by Valorem subsidiary Anatoliko Askio-Magoula of Greece. Watson Farley & Williams reportedly advised Valorem.	EUR 32 million	Greece
15-Dec	Taylor Wessing; Zepos & Yannopoulos	Zepos & Yannopoulos, working with the German offices of Taylor Wessing, advised Triathlon Holding on the sale of 51% of its share capital to the Sunlight Group.	N/A	Greece
23-Nov	Koutalidis; White & Case	Koutalidis, working alongside White & Case's London office, advised Wren House Infrastructure on its USD 88 million acquisition of equity stakes in Turkish EV charging station company Zorlu Enerji and its Dutch subsidiary, ZES NV.	USD 88 million	Greece; Turkey
21-Nov	Dentons; Kinstellar	Kinstellar advised S Immo on its EUR 238.3 million acquisition of Budapest office properties and a land plot from the CPI Property Group. Dentons advised the seller.	EUR 238.3 million	Hungary
28-Nov	Jalovszky; Peremiczki and Turi	Jalovszky advised Zambo Vagyonkezelelo on the pre-exit restructuring and the sale of Tuzallotechnika to Alba Industrial Holding. Peremiczki & Turi advised the buyer.	N/A	Hungary
30-Nov	Baker McKenzie; Dentons	Baker McKenzie advised the Szechenyi Funds and Lead Ventures on the sale of their shares in aiMotive to Stellantis in a transaction that saw Stellantis acquire aiMotive. Dentons reportedly advised Stellantis.	N/A	Hungary
5-Dec	CMS; Dentons	Dentons advised Belgium-based real estate developer Codic on the development of the Green Court multifunctional project in Budapest and on its EUR 77 million sale to Groupama Gan REIM. CMS reportedly advised Groupama.	EUR 77 million	Hungary
9-Dec	Clifford Chance; Lakatos, Koves & Partners	Clifford Chance advised Waterland Private Equity portfolio company United Petfood on its acquisition of Cargill's production facilities in Krzepice, Poland, and Karcag, Hungary. Lakatos Koves and Partners advised the buyer on Hungarian law-related matters.	N/A	Hungary; Poland; Romania
18-Nov	Allen & Overy; RTPR	Radu Taracila Padurari Retevoescu and Allen & Overy successfully represented Romania's Zenith Media Communications before the CJEU in a dispute regarding the calculation of competition infringement-related fines.	N/A	Hungary; Romania
23-Nov	BDO Law; Cobalt	Cobalt advised BaltCap Latvia Venture Capital Fund and funds managed by Impratur Capital, together with other shareholders, on the sale of Blue Bridge Technologies to Everfield. BDO Law advised Everfield on the deal.	N/A	Latvia
30-Nov	Bech-Bruun; Cobalt	Cobalt, working with Bech-Bruun, advised Danone company Nutricia on its intra-group restructuring by incorporating Danone SIA into Nutricia SIA.	N/A	Latvia
7-Dec	Cobalt	Cobalt advised the BaltCap Private Equity Fund III – acting through its subsidiary Adoro – on acquiring the assets of Dzives Abece.	N/A	Latvia
6-Dec	Sorainen	Sorainen provided pro bono legal advice to the Entrepreneurs for Peace foundation on repairing all the explosion-damaged windows at the Ukrainian Society of the Deaf educational and manufacturing company in Chernihiv and preparing the building for the winter.	N/A	Latvia; Ukraine

Date Covered	Firms Involved	Deal/Litigation	Value	Country
18-Nov	TGS Baltic	TGS Baltic assisted Orion Wealth in obtaining a financial brokerage firm category C license in Lithuania.	N/A	Lithuania
29-Nov	Sorainen	Sorainen advised Invalda INVL on the EUR 40.2 million merger agreement with Siauliu Bankas for the merger of both companies' retail businesses.	EUR 40.2 million	Lithuania
30-Nov	Sorainen	Sorainen advised Pon.Bike on its agreement with YIT Lietuva for the construction of a manufacturing facility in the Kedainiai Free Economic Zone.	N/A	Lithuania
2-Dec	Cobalt; Ellex (Valiunas)	Cobalt advised Taba Invest on the development project for a 3.3-hectare area on the left bank of the river Nemunas in Kaunas through a joint venture with the SBA Group. Ellex advised the SBA Group.	N/A	Lithuania
5-Dec	Sorainen; TGS Baltic	Sorainen advised Laba7 on a EUR 640,000 investment from the Coinvest Capital fund in cooperation with 44 members of the Lithuanian Business Angel Network LitBAN community. TGS Baltic advised Coinvest Capital.	EUR 640,000	Lithuania
7-Dec	Cobalt	Cobalt successfully represented security services company UAB Grifs before a first-instance court and the Lithuanian Court of Appeal in a dispute regarding the company's alleged failure to properly perform its obligations toward a client.	N/A	Lithuania
7-Dec	Sorainen; TGS Baltic	Sorainen advised the Luminor Bank on Siauliu Bankas' EUR 85 million issuance of restricted senior preferred notes. TGS Baltic advised Siauliu Bankas.	EUR 85 million	Lithuania
15-Dec	Cobalt; Sorainen	Sorainen advised Encavis on its acquisition of a 69.3-megawatt onshore wind farm in Lithuania. Cobalt advised E Energija on the sale.	N/A	Lithuania
1-Dec	BBA Fjeldco; Ellex (Valiunas); Haavind; Thommessen Law Firm; Wardynski & Partners	Ellex and Wardynski & Partners, working with Thommessen, advised Hampidjan on its acquisition of the Morenot Group from FSN Capital Partners. Norway's Haavind and Iceland's BBA Fjeldco advised FSN Capital.	N/A	Lithuania; Poland
22-Nov	CMS	CMS advised UGT Renewables on the cooperation agreement with the Electric Power Utility of Montenegro for the joint development of a large-scale solar energy project in the country.	N/A	Montenegro; Serbia
16-Nov	Accura; Plesner Advokatpartnerselskab; Rymarz Zdort Maruta	Rymarz Zdort, working with Plesner Advokatpartnerselskab, advised Equinor on its acquisition of BeGreen. Denmark-based Accura advised the sellers on the deal.	N/A	Poland
17-Nov	Clifford Chance; Konieczny Wierzbicki & Partners	Clifford Chance advised Catella Residential Investment Management on its EUR 60 million sale of residential and student housing properties in Warsaw and Krakow. Konieczny Wierzbicki & Partners advised Dutch buyer Van der Vorm Vastgoed on the acquisition of the Trio project in Krakow.	EUR 60 million	Poland
18-Nov	SSW Pragmatic Solutions	SSW Pragmatic Solutions helped Cloud Technologies obtain prospectus approval from the Polish Financial Supervision Authority regarding the transfer of the company's share listing from NewConnect to the main market of the Warsaw Stock Exchange.	N/A	Poland
21-Nov	Baker McKenzie; Greenberg Traurig	Greenberg Traurig advised Value4Capital's Poland Plus Fund on its sale of Kom-Eko to a CEE Equity Partners fund. Baker McKenzie advised the buyer.	N/A	Poland
22-Nov	B2RLaw	B2RLaw advised Dentametr and its founders on the company's pre-seed financing round.	N/A	Poland



Date Covered	Firms Involved	Deal/Litigation	Value	Country
22-Nov	Ellex (Valiunas); Gide Loyrette Nouel; Kwasnicki, Wrobel & Partners; Rymarz Zdort Maruta; SMM Legal; SSW Pragmatic Solutions; White & Case	SSW Pragmatic Solutions and Rymarz Zdort advised PGNiG on its merger with PKN Orlen. Gide Loyrette Nouel and Ellex advised PKN Orlen. Kwasnicki Wrobel & Partnerzy advised both companies' general shareholders' meetings and represented Orlen for the registration of the merger. White & Case advised joint lead manager Citigroup Global Markets Europe and SMM Legal advised Orlen on WSE-related matters.	N/A	Poland
23-Nov	B2RLaw; Linklaters	Linklaters advised Investika Realitni Fond and Bud Holdings on their acquisition of Luzyczna Plus and the A, B, C, and D buildings of the Luzyczna Office Park in Gdynia. B2RLaw advised the sellers.	N/A	Poland
23-Nov	Dentons; Norton Rose Fulbright	Norton Rose Fulbright advised Panattoni on the construction of an 87,300 square-meter built-to-suit facility for Tedi and subsequent sale of the asset to Tedi affiliate HH Immo. Dentons advised Tedi on the acquisition.	N/A	Poland
23-Nov	Bird & Bird; SSW Pragmatic Solutions	SSW Pragmatic Solutions advised Waimea Holding on the sale of the logistics and production centre North-West Logistic Park 2 in Szczecin to an Exeter Group company. Reportedly, Bird & Bird advised Exeter on the deal.	N/A	Poland
24-Nov	Krynicky Dajczer Kaminski Herominski	Krynicky Dajczer Kaminski Herominski represented MS-EKO before the National Appeal Chamber and the District Court in Warsaw as one of the contractors challenging a single-source procurement organized by the City of Warsaw.	PLN 970 million	Poland
24-Nov	Linklaters; White & Case	White & Case advised the State Treasury of the Republic of Poland, represented by the Minister of Finance, on the issuance of a USD 3 billion dual-tranche Securities and Exchange Commission-registered transaction consisting of USD 1.5 billion five-year and USD 1.5 billion ten-year bonds. Linklaters advised lead managers BNP Paribas, Deutsche Bank, Goldman Sachs Bank Europe SE, Santander, and Societe Generale.	USD 3 billion	Poland
29-Nov	Clifford Chance; Rymarz Zdort Maruta	Rymarz Zdort advised VH Invest on its sale of Vortex Energy to the Vitol Group. Clifford Chance advised the buyer.	N/A	Poland
30-Nov	Gessel	Gessel advised Cavatina Holding on its PLN 16.5 million public offering of series P2022D bonds.	PLN 16.5 million	Poland
30-Nov	MFW Fialek	MFW Fialek advised the shareholders of Grupa Nowy Szpital Holding on the sale of the company to PHPL, part of the Penta Hospitals International group.	N/A	Poland
30-Nov	Taylor Wessing	Taylor Wessing advised Towarzystwo Funduszy Inwestycyjnych PZU on the intra-group merger with Towarzystwo Funduszy Inwestycyjnych Energia.	N/A	Poland
30-Nov	Brzozowska & Barwinska; Deloitte Legal	Deloitte Legal advised LKN Wealth Capital Investors on the sale of its stake in Media Pop to Grupa Wirtualna Polska. Brzozowska & Barwinska reportedly advised Grupa Wirtualna Polska.	N/A	Poland
30-Nov	Soltysinski Kawecki & Szlezak	Soltysinski Kawecki & Szlezak advised Sea/ by Maritech company Maritech Holdings Limited on its acquisition of Setapp. Lukasz Lenartowicz reportedly advised the seller.	N/A	Poland
1-Dec	Clifford Chance	Clifford Chance advised Baltic Hub on the expansion and refinancing of its existing debt and the construction of the third deep-water sea container terminal in Gdansk.	EUR 863.5 million	Poland
1-Dec	Soltysinski Kawecki & Szlezak	Soltysinski Kawecki & Szlezak has advised Altiplano on the construction agreement for a 137-megawatt wind farm with a consortium of ONDE and P&Q.	PLN 200 million	Poland

Date Covered	Firms Involved	Deal/Litigation	Value	Country
2-Dec	SSW Pragmatic Solutions	SSW Pragmatic Solutions advised the Photon Energy Group on the increase of its stake in Lerta from 24.27% to 56.75% through an acquisition from PGE Ventures, Newberg, and the ASI Valuetech Seed Fund for approximately EUR 6.9 million.	EUR 6.9 million	Poland
6-Dec	DLA Piper	DLA Piper advised DHL on the sale of a real estate portfolio including ten sites across Poland and five other European markets.	N/A	Poland
7-Dec	SSK&W	SSK&W advised CofounderZone, business angels, and Ciech Ventures on their investment in coffee waste processing company Ecobean. Sole practitioner Marta Malasiewicz reportedly advised Ecobean.	N/A	Poland
7-Dec	SSW Pragmatic Solutions	SSW Pragmatic Solutions advised Jeronimo Martins on a long-term power purchase agreement with GoldenPeaks Capital.	N/A	Poland
8-Dec	Clifford Chance; CMS	Clifford Chance advised Hillwood Polska on a EUR 54.4 million financing from Bank Pekao for the construction of a logistics park in Lodz Chocianowice. CMS reportedly advised the lender.	EUR 54.4 million	Poland
8-Dec	Eversheds Sutherland; Path Law Hatylak Kielian and Partners	Eversheds Sutherland advised EWMAJ on the sale of assets used for FMCG retail – forming a chain of more than a dozen shops – to Stokrotka. Path Law Hatylak Kielian and Partners reportedly advised Stokrotka.	N/A	Poland
9-Dec	Baker McKenzie	Baker McKenzie advised the Polindus-Laktopol Capital Group on its acquisition of a production plant in Bielsk Podlaski from the bankruptcy trustee of the Bielmlek Dairy Cooperative. Sole practitioner Kazimierz Mordaszewski reportedly advised the bankruptcy trustee.	N/A	Poland
12-Dec	Cytowski & Partners; DLA Piper	DLA Piper advised education technology company Promethean on its acquisition of Explain Everything. Cytowski & Partners advised Explain Everything.	N/A	Poland
12-Dec	Ponikowski Rzepka; Soltysinski Kawecki & Szlezak	Soltysinski Kawecki & Szlezak advised Darling Ingredients on its EUR 110 million acquisition of Miropasz. Ponikowski Rzepka reportedly advised the sellers.	EUR 110 million	Poland
13-Dec	MFW Fialek; WKB Wiercinski Kwiecinski Baehr	MFW Fialek advised ForMeds' founders on the sale of their shares to Novastone Capital Advisors. WKB Lawyers advised the buyer.	N/A	Poland
13-Dec	Rudnicki Partners; Soltysinski Kawecki & Szlezak	Soltysinski Kawecki & Szlezak advised ArabyAds on its acquisition of influencer marketing platform IndaHash. Rudnicki Partners reportedly advised the sellers on the deal.	N/A	Poland
15-Dec	Clifford Chance; Deloitte Legal; Greenberg Traurig	Clifford Chance advised Bank Pekao on its over PLN 500 million financing for the acquisition and redevelopment of three logistics centers by separate special purpose vehicles. Reportedly, Greenberg Traurig advised the sellers and Deloitte Legal advised the buyers on the acquisition transaction. On the financing transaction, Greenberg Traurig reportedly advised the buyers on receiving the financing.	PLN 500 million	Poland
15-Dec	Gessel; Moskwa Jarmul Haladyj I Wspolnicy	Gessel advised furniture and decorations online store Selsey on its PLN 33 million sale of a 44.5% stake in the company to Wirtualna Polska Media. Moskwa Jarmul Haladyj advised the Wirtualna Polska Holding member company.	PLN 33 million	Poland
15-Dec	Everberg; Gessel	Gessel advised the management board of Suwary and its former shareholders – Wentworth Tech and Savtec – on the sale of a 65% stake in Suwary to Plast-Box for PLN 100 million. Everberg reportedly advised Plast-Box.	PLN 100 million	Poland
15-Dec	JGA Ginczej, Morawiec, Olszewski, Stankiewicz	JGA Ginczej, Morawiec, Olszewski, Stankiewicz advised private medical operator Scanmed on its full acquisition of Ars Medical.	N/A	Poland
15-Dec	Alto; Rymarz Zdort Maruta	Rymarz Zdort advised telecom infrastructure operator Cellnex Poland on its full acquisition of Remer. Alto advised Remer.	N/A	Poland

Date Covered	Firms Involved	Deal/Litigation	Value	Country
16-Nov	Popescu & Asociatii	Popescu & Asociatii successfully represented the interests of the City of Sinaia in a construction dispute.	N/A	Romania
24-Nov	O'Melveny & Myers; Stratulat Albulescu	Stratulat Albulescu advised Reorg on its acquisition of FinDox. O'Melveny & Myers reportedly advised FinDox.	N/A	Romania
29-Nov	Nestor Nestor Diculescu Kingston Petersen	Nestor Nestor Diculescu Kingston Petersen successfully represented Romanian electricity distributor ENEL E-Distributie Banat in a tax dispute regarding tax depreciation for transferred fixed assets.	N/A	Romania
29-Nov	Tuca Zbarcea & Asociatii; Wolf Theiss	Wolf Theiss advised the founders of Fortech on its sale to Global Logic. Tuca Zbarcea & Asociatii advised Global Logic on the acquisition.	N/A	Romania
30-Nov	KPMG Legal (Toncescu si Asociatii); Schoenherr	Schoenherr advised CA Immobilien Anlagen Aktiengesellschaft on the sale of a Bucharest seven-office-building portfolio to Paval Holding. KPMG Legal Toncescu si Asociatii advised Paval Holding.	N/A	Romania
1-Dec	PwC Legal (D&B David and Baiaș); Tuca Zbarcea & Asociatii	Tuca Zbarcea & Asociatii advised Smithfield Group subsidiary Elit on its acquisition of Goodies Meat Production. PwC Legal Romanian affiliate D&B David si Baiaș advised the sellers.	N/A	Romania
8-Dec	Advant Nctm; Dentons	Dentons advised Italian footwear manufacturer MGM on its acquisition of the Rekord Group in Romania. Italy's Advant Nctm reportedly advised Clessidra Capital Credit and co-investors SIP, Smart Capital, and Brixia Finanziaria on supporting the acquisition.	N/A	Romania
9-Dec	Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica & Asociatii advised Electromontaj on the acquisition of Hidroconstructia and its ABC Asigurari Reasigurari, Hidroturism, and Hidroedil subsidiaries.	N/A	Romania
9-Dec	Schoenherr	Schoenherr advised the MET Group on its full acquisition of a solar photovoltaic project in Southern Romania currently in the late planning stages.	N/A	Romania
12-Dec	Coman Mindru Popescu	Coman Mindru Popescu Attorneys at Law successfully represented construction company Ave Tebia SRL before Constanta County Court in a matter regarding the opening of the general insolvency procedure for the company.	N/A	Romania
15-Dec	Bird & Bird; Buzescu Ca; Fieldfisher; Stratulat Albulescu	Buzescu Ca, working with Fieldfisher, advised Travelport on the sale of shares in its subsidiary Hotelzon Romania to TripStax Technologies. Stratulat Albulescu, working with Bird & Bird, advised the buyer.	N/A	Romania
15-Dec	CEE Attorneys	CEE Attorneys Boanta Gidei si Asociatii advised Dataware Consulting on the sale of a 70% stake in the company to the Bittnet Group for approximately RON 18.6 million.	RON 18.6 million	Romania
21-Nov	Baker McKenzie; Bryan Cave Leighton Paisner; Karanovic & Partners	Karanovic & Partners, working alongside Baker McKenzie, advised Colt Technology Services on its acquisition of Lumen Technologies' Europe, Middle East, and Africa business for USD 1.8 billion. Bryan Cave Leighton Paisner reportedly advised Lumen Technologies.	USD 1.8 billion	Serbia
7-Dec	NKO Partners	NKO Partners advised the Dr. Max Group on its acquisition of the Sveti Sava pharmacy chain. Sole practitioners Biserka Crnoglavac and Mihajlo Micic reportedly advised the sellers.	N/A	Serbia
8-Dec	BDK Advokati	BDK Advokati advised MediGroup on its acquisition of Konzilijum. Sole practitioner Djordje Ivanisevic reportedly advised the seller.	N/A	Serbia
12-Dec	Karanovic & Partners; Mrakovic Markovic & Partners	Karanovic & Partners advised the Duomed Group on its acquisition of Mar Medica Ltd. Mrakovic Markovic & Partners advised Marko Rackovic on the sale.	N/A	Serbia; Slovenia



Date Covered	Firms Involved	Deal/Litigation	Value	Country
16-Nov	Kinstellar; Skubla & Partneri	Kinstellar advised a syndicate of banks led by VUB Banka on their EUR 100 million loan facility for refinancing and investment in Bratislava's Bory Mall. Skubla & Partneri advised Penta Real Estate on receiving the loan.	EUR 100 million	Slovakia
7-Dec	Iuuri Legal; Senica	Senica & Partners advised the Viessmann Group on its acquisition of a minority stake in Nomnio. Iuuri Legal advised the sellers.	N/A	Slovenia
15-Dec	Karanovic & Partners (Ketler & Partners)	Ketler & Partners, a member of Karanovic, advised Axel Johnson International on its acquisition of Tinex.	N/A	Slovenia
16-Nov	Akol Law Firm; Baker McKenzie (Esin Attorney Partnership); Moral, Kinikoglu, Pamukkale, Kokenek	Akol Law advised EIS Eczacibasi Ilac on its USD 135 million acquisition of Gensenta from the Amgen Group. Baker McKenzie Turkish affiliate Esin Attorney Partnership advised the seller. Moral, Kinikoglu, Pamukkale, Kokenek advised the Eczacibasi Group on an USD 85 million financing for the acquisition.	N/A	Turkey
18-Nov	Dentons (BASEAK)	Dentons Turkish affiliate Balcioglu Selcuk Ardiyok Keki Attorney Partnership advised APY Ventures on its investment in Sorwe.	N/A	Turkey
28-Nov	Baker McKenzie (Esin Attorney Partnership); Dentons (BASEAK)	Dentons Turkish affiliate Balcioglu Selcuk Ardiyok Keki Attorney Partnership advised Ace Games on a USD 25 million investment from Playtika. Baker McKenzie Turkish affiliate Esin Attorney Partnership reportedly advised Playtika.	USD 25 million	Turkey
30-Nov	Paksoy	Paksoy advised the General Directorate of Mint and Stamp Printing House of the Ministry of Treasury and Finance of Turkey on a gold certificate issuance and listing on the Borsa Istanbul Commodity Market.	N/A	Turkey
1-Dec	Dentons (BASEAK)	Dentons Turkish affiliate Balcioglu Selcuk Ardiyok Keki Attorney Partnership advised Sabanci Ventures on its investment in SCW.AI.	N/A	Turkey
2-Dec	Latham & Watkins; Paksoy	Paksoy, working with Latham & Watkins, advised Imerys on the sale of its high-temperature solutions business to Platinum Equity, at an enterprise value of approximately EUR 930 million.	N/A	Turkey
7-Dec	Paksoy	Paksoy advised BAE Systems on the sale of its 49% stake in joint-venture company Nurol BAE Systems to Turkey's Nurol Holding.	N/A	Turkey
8-Dec	Heuking Kuhn Luer Wojtek	Heuking Kuhn Luer Wojtek advised Turkish duty-free operator Setur on the award procedure to operate the duty-free and duty-paid areas at Cologne Bonn Airport.	N/A	Turkey
15-Dec	King & Spalding; Lexist Law Firm	Lexist, working with King & Spalding, successfully represented the Republic of Turkey Savings Deposit Insurance Fund in ICSID arbitration proceedings against claims by a company related to the outlawed FETO organization.	N/A	Turkey
15-Dec	Freshfields; Goodwin Procter; Mcdermott Will & Emery; Orrick Herrington & Sutcliffe; Ploum; White & Case	White & Case advised Gorillas on its USD 1.2 billion sale to Getir. The Netherlands' Ploum reportedly also advised Gorillas. Freshfields Bruckhaus Deringer reportedly advised Getir. Goodwin Procter, Orrick Herrington & Sutcliffe, and McDermott Will & Emery reportedly advised some of the investors.	USD 1.2 billion	Turkey
15-Dec	Greenberg Traurig; White & Case; White & Case (GKC Partners)	White & Case and its Turkish affiliate GKC Partners advised MNG Havayollari Ve Tasimacilik on its entry into a definitive agreement to become a publicly traded company through a business combination with Golden Falcon Acquisition Corp. for a pro-forma enterprise value of USD 676 million. Greenberg Traurig advised Golden Falcon.	N/A	Turkey
18-Nov	Integrites	Integrites successfully represented the interests of the Gradoliya Oil Extraction Plant in two stages of a tax dispute against the Main Directorate of the State Tax Services in the Kirovohrad region, Ukraine.	UAH 24.8 million	Ukraine

# ON THE MOVE: NEW HOMES AND FRIENDS

## **Romania: Albu Legal Becomes Albu Morar with Addition of Former DNA Chief Prosecutor Daniel Morar**

By Andrija Djonovic (November 16, 2022)

Former Constitutional Court judge and National Anti-Corruption Department Chief Prosecutor Daniel Morar has joined forces with the Albu Legal white-collar and corporate crime law firm, joining as a Senior Partner to form Albu Morar.

Albu Legal first opened its doors in Bucharest almost three years ago when Gabriel Albu, former Founding and Managing Partner at Budusan, Albu & Asociații, took a team to launch his own boutique law firm (as reported by CEE Legal Matters on January 20, 2020).

“The partnership offer came from Albu Legal,” Morar commented. “My intention to practice law in the private sector after the end of my [Constitutional Court] term was a matter of public record – I had previously said that, once I had completed my mandate at the Constitutional Court, my public career would end and I would go into private practice. So I chose to practice as a lawyer, something that marks several premiers for me.”

“Daniel Morar brings a top-level know-how in white-collar crime and in areas like constitutional law and human rights, and will get involved in our partnership at the very topmost senior level,” Albu Legal Founder Gabriel Albu added. “Considering his extensive experience, we are convinced he will play an important role as lead attorney in corporate criminal cases. Separately, and as a mostly new practice area of our partnership, we are considering going into providing legal advice and opinions in areas like constitutional law, human rights, criminal law, and criminal procedure law.” ■

## **Poland: Rymarz Zdort and Maruta Wachta Form Rymarz Zdort Maruta**

By Radu Cotarcea (December 5, 2022)

Rymarz Zdort and Maruta Wachta have announced they will merge into Rymarz Zdort Maruta.

According to the firms, the merger under an “equal partnership model” will take place at the beginning of 2023 with the offices of Rymarz Zdort set to act as the headquarters of the new firm.

At the time of the announcement, the Rymarz Zdort team included Managing Partners Pawel Rymarz and Pawel Zdort and Partners Karina Aust-Niewiadomska, Ewa Bober, Marek Durski, Piotr Fedorowicz, Zsofia Frydrychowicz, Lukasz Gasinski, Iwona Her, Monika Kierepa, Robert Krasnodebski, Filip Lesniak, Marek Maciag, Magdalena Pyzik-Walag, Jakub Rachwol, Krzysztof Sajchta, Leszek Tokarski, Jakub Zagrajek, Jacek Zawadzki, Anna Zorya, and Lukasz Zak.

The Maruta Wachta team included Managing Partners Marcin Maruta and Bartholomew Wachta and Partners Damian Gudel, Slawomir Kowalski, Michal Kulesza, Malgorzata Kurowska, Zbigniew Okon, Michal Pekala, Bartosz Romanowski, Marcin Serafin, Paul Tobiczkyk, and Maciej Zackiewicz.

“I am very enthusiastic about the cooperation between our teams, whose competence, enthusiasm, and energy guarantee the success of our joint venture,” commented Rymarz Zdort Managing Partner Pawel Rymarz. “I am confident that the clients of both companies will benefit from this merger.”

“This is a strategic move for us,” added Maruta Wachta Managing Partner Marcin Maruta. “By merging with Rymarz Zdort, we have the opportunity to gain new competencies and significantly strengthen our team.” ■

## **Poland: Former BDO Legal Team Spins Off To Launch Forton Legal**

**By Radu Cotarcea (December 5, 2022)**

Former BDO Legal-affiliated firm BDO Legal Latala i Wspolnicy has spun off to launch Forton Legal in Poland with Wieslaw Latala and Katarzyna Zajas-Aydogan as Partners.

According to a firm announcement, Forton Legal will focus on corporate/M&A, capital markets, and real estate and construction.

“The partners of the law firm, Wieslaw Latala and Katarzyna Zajas-Aydogan, assure that farewell with the BDO Legal network was a thought-out decision, and clients will get unchanged quality of services and their scope,” a firm press statement read. ■

## **Poland: FKA Furtek Komosa Aleksandrowicz Joins Andersen**

**By Andrija Djonovic (December 13, 2022)**

The FKA Furtek Komosa Aleksandrowicz law firm will join Andersen in Poland as of January 1, 2023.

According to Andersen, “FKA Furtek Komosa Aleksandrowicz specializes in dispute resolution, banking, financial and regulated products, domestic and international M&A, restructuring and competition, and consumer law. The partners at Andersen in Poland have successfully cooperated with the FKA legal team, and they believe that joining forces of legal teams is a great strategic step.”

The team at FKA Furtek Komosa Aleksandrowicz currently includes three Partners: Marek Furtek, specializing in litigation, arbitration, and mediation; Tadeusz Komosa, specializing in corporate/M&A; and Mariusz Aleksandrowicz, specializing in tax law.

Andersen is the Polish member firm of Andersen Global, an international association of legally separate, independent member firms comprised of tax and legal professionals. Established in 2013 by US member firm Andersen Tax LLC, Andersen Global now has nearly 13,000 professionals and a presence in over 390 loca-

tions through its member firms and collaborating firms, according to the firm’s press statement.

“Growing the legal practice in Poland under the Andersen name is our strategic goal, and we feel responsible for building a firm dedicated to best-in-class service not only for us but also for the next generations,” Andersen in Poland Managing Partner Marcin Matyka commented.

“We strongly believe that this is a very good business opportunity for us to provide our clients with both tax and legal capabilities globally and dynamically grow our firm as a part of Andersen,” FKA Managing Partner Tadeusz Komosa added. ■

## **Slovakia: Freshfields Launches Shared Business Services Center in Bratislava**

**By Andrija Djonovic (December 14, 2022)**

Freshfields Bruckhaus Deringer has launched its new shared business services center in Slovakia.

According to Freshfields, “the new center, opening in Bratislava’s iconic Jurkovic Heating Plant, will provide a consistent global service across Freshfields – enabling the firm to deliver an efficient and streamlined business services offering that can retain, attract, and develop the best talent for the future.”

“From December, the center will progressively employ more than 50 finance, human resources, and other support roles, working in close partnership with the firm’s established shared services center in Manchester,” the firm informed. “Both cities form part of the firm’s integrated global service infrastructure, providing a broad skillset of support across financial, language, and marketing services that continues to grow.”

“We’re committed to investing in the best business services talent and infrastructure to serve our clients to the highest level, and the launch of our Bratislava shared services center is the next step on that journey,” Freshfields Managing Partner Alan Mason commented. “Like Manchester, the access to a pool of talented people in Bratislava is significant, with local talent and language skills a decisive factor in our choice of location.” ■



## PARTNER MOVES

Date	Name	Practice(s)	Moving From	Moving To	Country
1-Dec	Ricardo Gardini de Andrade	Litigation/Disputes; Corporate/M&A	Freshfields Bruckhaus Deringer	DLA Piper	Austria
23-Nov	Dimitris Babinotis	Litigation/Disputes	Calavros & Partners	Zepos & Yannopoulos	Greece
5-Dec	Wieslaw Latala	Capital Markets	BDO Legal	Forton Legal	Poland
5-Dec	Katarzyna Zajas-Aydogan	Real Estate	BDO Legal	Forton Legal	Poland
5-Dec	Mateusz Dereszynski	Banking/Finance	Hogan Lovells	Eversheds Sutherland	Poland
16-Nov	Razvan Bala	Litigation/Disputes	Dragne & Asociatii	Vlasin & Associates	Romania
29-Nov	Zoran Draskovic	Corporate/M&A; Energy/Natural Resources; Real Estate	Aldertree Legal	Hillbridges	Slovakia
29-Nov	Peter Hodal	Litigation/Disputes; Infrastructure/PPP/ Public Procurement	Aldertree Legal	Hillbridges	Slovakia
23-Nov	Cemile Demir Gokyayla	Litigation/Disputes	Demir Gokyayla	KP Law	Turkey
7-Dec	Simon Morgan	Banking/Finance; Corporate/M&A; Private Equity	Baker McKenzie (Moscow)	Baker McKenzie (Esin Attorney Partnership)	Turkey

## PARTNER APPOINTMENTS

Date	Name	Practice(s)	Firm	Country
16-Nov	Tomasz Romanowski	Corporate/M&A	Resist Rezanko Sitek	Poland
16-Nov	Piotr Kieloch	Insolvency/Restructuring	Resist Rezanko Sitek	Poland
1-Dec	Katarzyna Czwartosz-Liber	Real Estate	White & Case	Poland
1-Dec	Monika Duzynska	Corporate/M&A	White & Case	Poland

## IN-HOUSE MOVES AND APPOINTMENTS

Date	Name	Moving From	Company/Firm	Country
2-Dec	Gerd Laub	Single.Earth	Ellex Raidla	Estonia
21-Nov	Maciej Kalinowski	Spectris	Energix - Renewable Energies	Poland
17-Nov	Dragan Lupsic	PwC	Heineken	Serbia
22-Nov	Iryna Kravtsova	Raben Ukraine	Stephenson Harwood	Ukraine



### On The Move:

■ Full information available at:  
[www.ceelegalmatters.com](http://www.ceelegalmatters.com)  
 ■ Period Covered:  
 November 16, 2022 - December 15, 2022

### Did We Miss Something?

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

## OTHER APPOINTMENTS

Date	Name	Firm	Appointed To	Country
22-Nov	Alexander Popp	Schoenherr	Managing Partner	Austria
22-Nov	Gudrun Stangl	Schoenherr	Chief Operating Officer	Austria
22-Nov	Thomas Kulnigg	Schoenherr	Member of Steering Committee	Austria
22-Nov	Franz Urlesberger	Schoenherr	Member of Steering Committee	Austria
1-Dec	Peter Szilas	Jalovszky	Head of Commercial Litigation	Hungary
28-Nov	Cezary Zelaznicki	PwC Legal	EMEA Legal Business Solutions Leader	Poland
5-Dec	Joanna Kuc	Greenberg Traurig	Head of ESG	Poland
13-Dec	Marta Frackowiak	DLA Piper	Member of International Board	Poland
14-Dec	Parasto Yari	Kochanski & Partners	Head of Human Rights	Poland
16-Nov	Daniel Morar	Albu Morar	Senior Partner	Romania
17-Nov	Joerg Menzer	Noerr	Secretary-General of International Bar Association	Romania
22-Nov	Matei Florea	Schoenherr	Member of Steering Committee	Romania



# CEELMDirect

**High-powered, laser-targeted, dynamic business development for CEE lawyers and law firms. And it's free.**

**CEELM Direct: The only dynamic legal directory of its kind, powered by CEE Legal Matters.**

**[www.ceelmdirect.com](http://www.ceelmdirect.com)**

# THE BUZZ

In “The Buzz” we check in on experts on the legal industry across the 24 jurisdictions of Central and Eastern Europe for updates about professional, political, and legislative 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.

## Making It Rain in **Bosnia and Herzegovina**: A Buzz Interview with Natasa Krejic of Sajic

By Teona Gelashvili (November 24, 2022)



With large energy and infrastructure projects under development in Bosnia and Herzegovina, local legal professionals are facing an uphill battle against the double standards in their industry, according to Sajic Law Firm Senior Partner Natasa Krejic.

“We are a small country in the middle of Europe with a huge energy and infrastructure potential,” Krejic says. “We are rich in natural resources due to our natural characteristics – we have very developed landscapes and favorable climate, including an abundance of precipitation.” According to her, “investors from many different countries, especially China, consider Bosnia and Herzegovina a good destination to move their capital and start new projects.”

Krejic says that, in the past few months, this process has accelerated. “With the energy crisis in general and the rise in renewable energy demand, currently, there are several projects in different stages of development,” she notes. “For example, the construction of hydroelectric, solar, and other power plants from renewable sources is increasing.” Additionally, Krejic notes that “large infrastructure projects are being developed, such as the construction of highways, in which Chinese investors are not only constructors but financiers, as well.”

“Other than China, a large number of foreign investors who are also interested in Bosnia and Herzegovina are coming from European countries, including Germany,” Krejic continues. “They are not only looking at our energy potential

but, more importantly, they started moving their production facilities to our region. In particular, companies that produced materials/goods in China in the past are now more inclined to relocate to Balkan countries, including Bosnia and Herzegovina.” According to her, the main reasons for such moves are, “first, the COVID-19 crisis and, now, the situation with Russia and Ukraine, which led them to take into account their expensive logistics and reconsider their choices.” Additionally, she notes, “our profit tax is very low, which makes Bosnia and Herzegovina attractive to these foreign investors.”

On a different note, Krejic says that Bosnia’s legal sector is currently struggling for several different reasons. “The other very relevant and unpleasant topic of conversation among colleagues – notably local law firms – is the unfair competition with both larger and smaller foreign law firms,” she points out. “Foreign law offices that operate on our market are registered as limited liability companies and enjoy the benefits of that, while local law firms do not have such an option. Our legal framework regulating the local law offices’ activities, on the other hand, is very conservative and outdated, not allowing us to advertise, or establish offices or branches locally and, especially, abroad.” Krejic says that foreign law firms that register as limited liability companies can access all those opportunities. “We are obviously in some kind of disadvantaged position, and we do not yet have sufficient tools to compete with them,” she notes.

Finally, Krejic says that another problem legal professionals are struggling to deal with is a high degree of corruption. “It is very difficult to work and function properly, as we encounter corruption in all levels of administration, especially judiciary,” she notes. “This affects not only lawyers but also regular people and businesses and is an impediment to the further development of our market.” ■

## Stability at a Price for Hungary:

### A Buzz Interview with Gabor Damjanovic of Forgo, Damjanovic & Partners

By Andrija Djonovic (December 6, 2022)



Under the “heavy influence” of the current autocratic regime, Hungary might seem stable but Forgo, Damjanovic & Partners Managing Partner Gabor Damjanovic wonders if the country is prepared to tackle the challenges of the wider economic context.

“Hungary has had a highly autocratic regime at the helm ever since Viktor Orbán took power in 2010,” Damjanovic begins. “Looking at the region and the wider Europe or even outside, I’d say that other countries are experiencing similar problems with leadership, with recent elections resulting in major wins for the far right,” he says, pointing towards Poland, Serbia, Israel, Italy, and Sweden. “The entire world seems to be taking a swing towards the far right – and we are all going to have to learn how to adapt.”

With no real changes in the past 12 years, Hungary has had a fairly stable government, according to Damjanovic. “Stability, of course, is favorable, but we still don’t know what the winter will bring and how the situation with the gas and energy prices is going to pan out,” he says. “Taking into account the high worldwide inflation as well – the immediate future is very difficult to predict.” He reports that the EU has “halted certain funds coming into Hungary, and the country is looking forward to putting measures in place to unlock these funds. When they got cut, all major infrastructure work and state-run projects have come to a virtual grinding halt.”

“For apparently a decade now, we have had access to cheap money in the country and in much of the world – from venture capital, private equity, and other strategic investments. Now, however, that’s over – not just in Hungary – the funds are drying up, and we are all sure to feel it soon, especially when it comes to transactional work and real estate,” Dam-

janovic continues. “What I see now, with soaring energy prices, high-interest rates, and huge inflation – not to mention the ongoing war in Ukraine and many countries’ shifting to the far right – is something that our generation hasn’t witnessed yet and is reminiscent of the 1920s and 1930s,” he explains.

”

***Hungary has had a highly autocratic regime at the helm ever since Viktor Orbán took power in 2010. Looking at the region and the wider Europe or even outside, I’d say that other countries are experiencing similar problems with leadership, with recent elections resulting in major wins for the far right. The entire world seems to be taking a swing towards the far right – and we are all going to have to learn how to adapt.***

Focusing on specific sectors, Damjanovic reports that the “automotive sector has been very strong in the past ten years – and the Orbán regime has been very keen and successful on getting more automotive production into Hungary.” Another strong sector, boosted partly by the energy crisis, is renewables, “especially solar-powered projects, which are no longer reserved for commercial plants. Residential households are coming into play as well with everybody wanting to have a solar panel on their home due to soaring energy prices and the unknown. The waiting time for this, however, is a few years by now,” he explains.

Finally, Damjanovic reports that the overall status of the Hungarian economy is “under the heavy influence of Viktor Orbán – according to unofficial figures often heard, some 30-50% of the economy is either run by the state and/or state-owned companies or by Orbán’s family and friends. They have a huge appetite for acquiring companies and expanding their portfolio in different sectors and this drives much of the transactional activity.” Damjanovic says that the situation is “stacked in their favor with even laws sometimes changing so as to fit their needs best.” ■



## Slovakia's Stumble: A Buzz Interview with Martin Jurecko of AKMCL

By Andrija Djonovic (December 6, 2022)



Parliamentary problems, governmental grievances, and ebbing economic sectors – aside from the consequences of the current state of global affairs – have been the talk of the town in Slovakia, according to AKMCL Partner Martin Jurecko.

“When we speak to clients, we see some nervousness – the war has brought in a lot of uncertainties,” Jurecko begins. “In general, the market is fairly busy and transactions are happening, with perhaps a slightly higher than average rate of litigations taking place,” he continues, citing “usual business reasons” as the cause of the uptick in disputes. “People are becoming a bit nervous about their investments, which is normal when you consider everything that has taken place in recent times!”

***The parliament has been out of session for a few weeks due to a technical error – apparently, an MP has mistakenly unplugged, and then plugged back in, a computer in the parliament which led to a system reset that erased a good portion of all the parliamentary work of late. What was initially thought to have been a cyber-attack was, really, just an incredibly silly mishap.***

However, there are issues that stall matters as well. “The government has made attempts to help out those industry sectors that were affected the most with subsidies, mainly seeking to help out with the prices of gas, electricity, and energy overall,” Jurecko explains. These efforts have reached a grinding halt, however, on account of “a true blunder. The parliament

has been out of session for a few weeks due to a technical error – apparently, an MP has mistakenly unplugged, and then plugged back in, a computer in the parliament which led to a system reset that erased a good portion of all the parliamentary work of late,” Jurecko shares. “What was initially thought to have been a cyber-attack was, really, just an incredibly silly mishap.”

Still, all blunders aside, the Slovakian government has been active recently. “The government has been attempting to put certain EU fund resources to good use and to mitigate some of the COVID-19 pandemic fallout,” he says. Furthermore, a new “system of courts has been created and was set to take effect as of January 1, 2023, but problems occurred – the party that made this proposal has since left the government, leaving in control a party that was previously a minority,” Jurecko explains. “Similarly, the budget – which was presented recently – is also being criticized as not being effective enough in tackling all of the problems. Economic experts are pointing to there not being any spending limits and no cuts made, which means that there might be some loss of funds down the road,” he reports.

Reporting on the overall status of the Slovak economy, Jurecko states that there has been some turmoil as of late. “Real estate – which was booming in the first half of the year – has been heavily affected by the rising interest rates. Entire sectors are not performing as well as they were, including logistics, shopping malls, office construction, and residential,” he reports. Also, the construction industry seems to be struggling, with “some SME businesses potentially having problems,” he says.

Finally, Jurecko shares that “there has been a wave of eCommerce businesses filing for bankruptcy or restructuring (Dedoles). What was quite profitable during the onslaught of the pandemic has since lost its business allure, and adjusting to the current state of affairs has not been easy for some.” In conclusion, however, Jurecko remains an optimist, saying that he hopes “the overall tensions should decrease soon,” which could “have a positive impact on all aspects of business and life.” ■

### Montenegro's Holding Pattern:

#### A Buzz Interview with Marko Ivkovic of the Prelevic Law Firm

By Andrija Djonovic (December 7, 2022)

A governmental crisis with a country-wide impact is preventing Montenegro from moving forward at a pace, both in terms of legislation and investments, according to Prelevic Law Firm Senior Lawyer Marko Ivkovic.

“After almost three decades, Montenegro saw a change in government recently; however, things have not been a smooth ride since,” Ivkovic begins. “Although significant steps were taken in the fight against corruption after the change of government, the current situation is unstable – we have a technical government running the country, and elections are to take place soon,” he explains. The date of the elections is still unclear – it is expected to be sometime in the first quarter of 2023, most likely.”

Focusing on the work of the technical government, Ivkovic explains that it is not in a position to accomplish much. “The technical government is not in a position to move forward on critical matters, such as important tenders and major projects, including the EU accession work,” Ivkovic says.

“To move things forward, we would need to hold elections and have a stable government, which is a challenge. Not to mention that holding these elections might be problematic too – the Constitutional Court of Montenegro, which is the only court with jurisdiction in electoral matters, is lacking judges, and the parliamentary parties cannot agree on who should be named to the bench to fill the gaps,” he reports. “Without a functioning court, there can be no judicial recourse during the elections.”

Moreover, it would appear that the government would have to make some tough decisions – and soon. “The EU is pushing for Montenegro to close out the citizenship-by-investment program, which has been in place for some time now,” Ivkovic reports. “Due to the EU requirements, the program is likely to end soon,” he explains.

Finally, given such political turmoil, it does not come as a surprise that there aren't many state-supported projects in development. “The biggest greenfield project of note is probably the development of the Velika Plaza beach in Ulcinj, which is the biggest sand beach in Montenegro and one of the biggest ones in Europe,” Ivkovic reports. “The government has announced a huge investment initiative there, and investors are being invited.”

Generally, he says the most vibrant developments are “within the tourism and hotel sectors, which have traditionally been the strongest for Montenegro, but even these have not seen much new action.” In conclusion, Ivkovic says “the wait-and-see mindset is dominant with investors and lawyers alike – we are all waiting to see what will happen next.” ■



“

*To move things forward, we would need to hold elections and have a stable government, which is a challenge. Not to mention that holding these elections might be problematic too.*

## The Rising Tide of Legal Work in Serbia: A Buzz Interview with Milica Pesteric of Bojovic Draskovic Popovic & Partners

By Andrija Djonovic (December 8, 2022)



Strong M&A transaction volumes, rising investor interest in the renewables sector, and a flood of work relating to the immigration waves from Ukraine and Russia are the headlines for Serbia, according to Bojovic, Draskovic, Popovic & Partners Senior Associate Milica Pesteric.

“In the past two months, we have seen an increase in the overall volume of M&A transactions, much like throughout 2022,” Pesteric begins. “Many local IT companies have grown to such a level that they began drawing international investor attention.” Even with the “current political positioning of Serbia, and its current risk profile, investor appetite has been strong. However, if the current ‘limbo’ of being neither to the west nor to the east continues, such transactional vibrancy might be faced with a slowdown,” she shares.

Speaking of investor interest, Pesteric reports “much attention” being placed on renewables. “We have seen a spike in foreign investor interest, primarily driven by the favorable overhaul of the renewables regulatory framework following the establishment of the new government recently,” she explains. “The new law on renewables provided a set of incentives – like new quotas for wind power projects above three megawatts. These incentives proved to be quite appealing to investors, and more are likely to come as soon as the Ministry of Energy is done with all of the delegated acts it’s due to complete,” Pesteric says.

On the other hand, financing for renewables is not as easily obtained as investor interest has been. “Procuring the funding has become more challenging, given the overall energy crisis in Europe,” Pesteric explains. “The levels of bankability are not as they were before, and banks are just not that willing to venture into new projects. Still, I expect international financial institutions to step in and help with the overall situation, ultimately removing all blockers” to renewable project development in Serbia, she says.

Finally, Pesteric reports that the waves of immigrants from warring Ukraine and Russia have created strong streams of work for lawyers. “This has been, perhaps, the most noticeable consequence of the war – the sheer amount of immigrants that came to Serbia. We have been very busy with establishing companies, setting up bank accounts, and dealing with work and residence permit administrative processes,” she explains. “Setting up bank accounts, for example, has been quite challenging due to the volume of requests and the overall approach of the entire banking sector to the war. Additionally, both the lawyers and the state administration have been struggling when it comes to working and residence permits – the system has never faced such an amount of work,” Pesteric highlights. ■

“

*We have seen a spike in foreign investor interest, primarily driven by the favorable overhaul of the renewables regulatory framework following the establishment of the new government recently.*

### Transactional Boom and Political Bust in **Latvia**: A Buzz Interview with Vita Liberte of BDO

By Andrija Djonovic (December 8, 2022)

A strong end to 2022, embodied by high levels of real estate transactions and M&A work – despite a legislative downturn and no government – is the buzz in Latvia, according to BDO Law Managing Partner Vita Liberte.

“It has been a super busy period lately,” Liberte begins. “The final two months of the year are usually very busy for us, and this year is no different. Primarily, all this action is driven by real estate transactions and a high volume of M&A activity,” she reports. Liberte says that the investment interest is “both domestic and international, primarily focusing on commercial and residential projects.”

Liberte goes on to explain that, as a peculiarity, a high number of transactions are self-funded by investors. “I don’t know whether it’s due to savings made during the bearish periods of COVID-19 lockdowns, but it would seem that investors are, frequently, funding their own endeavors and are not looking to the financial sector as much,” she reports.

Additionally, Liberte reports an uptick in restructuring work. “A number of companies are pivoting and turning to different markets, even Kenya and Vietnam, for example,” she says. “These are, by and large, fintech clients seeking new markets. There is a lot of investment interest in Latvian IT companies, and we feel it growing stronger every day,” she adds, attributing the vibrancy of the IT sector to the transactional frequency she mentioned earlier.

As for the other business sectors, Liberte reports that “there are some struggles with real estate construction, on account of rising materials and energy costs. There is also a shortage of qualified labor,” she points out, “all of which contributes to a somewhat stressful environment for construction companies.”

Finally, Liberte shares a report on the current status of legislative activities in Latvia. “We have had elections in October, and a new government is yet to be formed,” she says. “There have not been any new legislative developments because of this, given that the parliament is still new and that we are still expecting the leadership to be formed.”

Liberte says that the “long setup of the new government and parliament” is attributable to “the politicians focusing more on their own internal affairs. No one really knows when things will move along and when we will actually see a new government in place,” she concludes. ■



“

*I don't know whether it's due to savings made during the bearish periods of COVID-19 lockdowns, but it would seem that investors are, frequently, funding their own endeavors and are not looking to the financial sector as much.*



## The Case for Force Majeure in Turkey: A Buzz Interview with Ebru Temizer of Gen Temizer Ozer

By Teona Gelashvili (December 9, 2022)



Turkey's high inflation stirs real estate disputes while logistics tenants and labor-intensive sectors are deeply affected, according to Ebru Temizer, Partner of Kin-stellar Turkish affiliate Gen Temizer Ozer.

"Currently, high inflation is the hottest topic, affecting everyone's lives in one way or another," Temizer begins. "It is a major discussion point among lawyers, the business community, and ordinary citizens. Official figures are not fully reflective of the reality, as, in fact, prices have doubled compared to last year."

Consequently, Temizer highlights that inflation has had a major impact on real estate. "Real estate prices and rent have increased a lot, leading to numerous disputes," she notes. "Normally, landlords cannot file a lawsuit to redetermine the price of real estate unless five years have passed since the initial lease agreement, however, in practice, we see frequent lawsuits even when only two years have passed."

Temizer says that clients that rent logistics warehouses are frequently struggling, as the rent is the critical factor in their costs. "Interestingly, courts see the high inflation as an unexpected event and, in some cases, they decide matters in favor of landlords," she adds. "It is very difficult to manage businesses in Turkey, because of these factors."

On top of that, according to Temizer, some sectors – especially labor-intensive ones such as the logistics and industrial sectors – are affected very deeply. "Generally, the prices in such sectors are increased in parallel with the minimum wage increase on an annual basis, and around 60% of contract prices are based on minimum wages in addition to other variables," she says.

"The price indexation formulas under the agreements regulate that the prices shall be increased annually," Temizer points out. However, she says, this year, for the first time in the last decade, the government has increased the minimum wage twice already, in January and July.

According to Temizer, "since July, there has been a 30% increase in the minimum wage in addition to the 50% increase effected in January, and there have been intense discussions about whether to implement the additional increase in the minimum wage which was effected in July into the contract prices and how."

Finally, she points out that there have been huge heated discussions and negotiations on behalf of service providers about how to renegotiate the prices. "We try to find alternatives and figure out whether the current situation should be structured under force majeure, or what classifies as force majeure at all," Temizer wraps up. ■

“

**Generally, the prices in such sectors are increased in parallel with the minimum wage increase on an annual basis, and around 60% of contract prices are based on minimum wages in addition to other variables.**

### Business Friendlier Kosovo: A Buzz Interview with Adem Vokshi of Vokshi & Lata

By Teona Gelashvili (December 9, 2022)

The latest legislative amendments on private international law and property ownership are promising for foreign investors, while Kosovo's renewable energy investments are on the rise, according to Vokshi & Lata Senior Partner Adem Vokshi.

"Kosovo's legislative landscape has been changing recently," Vokshi begins. "In September, legislation related to private international law was introduced in Kosovo for the first time." According to him, until now, "former Yugoslavian regulations were applied to this area, but the recent law incorporates EU principles and eases the process of accepting and executing foreign decisions."

Vokshi believes that the new law will have a positive impact on businesses. "There are regulations defining competent courts in case of disputes and, if another country's judicial body will be competent, such decisions will be enforceable in our country," he notes. "This will have a great impact on businesses, especially foreign companies doing business with Kosovo."

"Another great development in Kosovo is the recognition of the property rights of foreign citizens," Vokshi adds. "Previously, foreign citizens had trouble owning land and business premises. The new law introduces the principle of reciprocity and, depending on the other country's regulations, the citizens of those countries can now own and invest in real estate."

Additionally, Vokshi highlights that a new commercial court started working and issuing decisions. "The first decision was published around September," he says, adding that "there is still a lot of work to do but, hopefully, it will change how commercial disputes are decided and make the process faster."

"In terms of other developments, it is interesting to see how politics influences doing business," Vokshi adds. "The Russian invasion of Ukraine, similarly to many European countries, affected Kosovo's energy market and client work in general," he notes. "There are more new projects in renewable energy, including not only private investments but investments supported by the state. Soon we are expecting an auction for a 100-megawatt solar project."

Overall, Vokshi says, because of the political situation between Kosovo and Serbia, there is a perception of fear to invest in Kosovo. "Looking at it from the ground, we have a different insight – despite the political situation, the market is not as fragile as presented by the media, and the political instability is not affecting citizens as much," he notes. "They want progressive politics and western standards of living. Similarly, foreign investors are not and shouldn't be afraid to invest in our jurisdictions." ■



“

*Previously, foreign citizens had trouble owning land and business premises. The new law introduces the principle of reciprocity and, depending on the other country's regulations, the citizens of those countries can now own and invest in real estate.*

## Busy Lawyers and Increasing Regulatory Burden in Austria: A Buzz Interview with Roman Hager of Act Legal

By Andrija Djonovic (December 12, 2022)



Austria's lawyers are keeping busy these days, with work primarily driven by an active M&A market, restructuring, litigation, and regulatory changes, while those changes are putting increasing pressure on small businesses, according to Act Legal Partner Roman Hager.

"We are having a very busy end of 2022 due to everybody looking to wrap up their financial year," Hager begins. "The corporate and M&A markets are very active, despite a general hesitation on the part of investors to seek out new ventures."

***The banks are now more restrictive in giving out mortgages, which is impacting real estate businesses that are faced with troubles with selling apartments. The borrowers are now required to rely on their own capital. Banks were quite aggressive in their behavior, which led them to a position of having to limit their mortgage exposure.***

“

Additionally, Hager reports that there is an uptick in restructuring and refinancing work. "Restructuring is coming up more and more, both for small and mid-sized companies and larger enterprises as well," he says. "I expect that this will flow over into 2023, meaning that it will impact overall levels of business activity. It remains to be seen how investments fair, in light of this, but I do expect to see trends of recovery as winter ends," he shares. Moreover, Hager reports a strong trend of litigation. "The climate is quite confrontational, and there are a lot of disputes going on," he says.

Turning to regulatory matters, a trend stands out, Hager says, with small and medium-sized companies facing a regulatory storm. "ESG has spurred a number of important regulatory changes this year – not just in Austria, but in all neighboring countries – especially when it comes to due diligence work and overall compliance," he explains. "These changes are beginning to impact smaller companies, ones not used to facing a heavy regulatory burden, which are now facing issues across the board. Many transformation questions and issues are sure to present themselves in many industrial sectors – and not only on account of the ESG changes – but also due to technical developments and digitalization trends," he says. "Companies will have to start rethinking their business models."

In addition to ESG-driven regulation, Hager also reports that there have been mortgage restrictions put in place that are affecting businesses. "The banks are now more restrictive in giving out mortgages, which is impacting real estate businesses that are faced with troubles with selling apartments. The borrowers are now required to rely on their own capital," he says. Hager explains that the "banks were quite aggressive in their behavior, which led them to a position of having to limit their mortgage exposure. The banks and the regulator are currently in negotiations to see if these restrictions could be changed to be more flexible, which would allow the banks to bring in new money," he reports.

Finally, the changes to the whistleblowing legislation are also impacting the market. "The EU directive demands small and mid-sized companies to establish whistleblowing tools. However, with the implementation of national law being postponed – this area was not taken as seriously. Once it does enter into force – likely in January – there will be an onslaught of work to make everything compliant over the course of a few months. Regardless, we are already assisting clients in reviewing their internal policies and implementing whistleblowing solutions so as to be prepared and compliant," Hager stresses. "This is just a first step; changes to supply chain due diligence are next – there is no doubt that smaller companies will be faced with higher regulation costs in the near future," he concludes. ■

## December Already Packed in Croatia: A Buzz Interview with Iva Miskovic of Miskovic & Miskovic

By Teona Gelashvili (December 13, 2022)



December will be a turbulent month in terms of legislation in Croatia, according to Miskovic & Miskovic Partner Iva Miskovic, as the parliament is addressing considerable changes in the fields of labor and trade law, while the transition to the euro enters into force on January 1.

“As we speak, the Croatian parliament is discussing an important set of laws introducing legislative updates in many different fields,” Miskovic says. “Among those, the major update is related to the adoption of the euro as Croatia’s currency as of January 1, 2023. The transition period has created a considerable financial burden for companies, predominantly affecting banks and financial institutions,” she notes. During the past five months, she says, companies were required to make major changes in their processes, for example providing a dual display of prices and conversions. “From the beginning of next year, further obligations are to be fulfilled,” Miskovic adds.

“The companies will have to convert their share capital into euros in the next years. Among others, it includes changes to documentation within the court registry and, although the state has waived the payment of court administrative fees, companies will still have to bear the significant cost of public notaries and lawyers,” she notes. “In line with the trends of the Croatian business climate for the past two years – tending to resist various impositions that burden businesses” – she says “business associations have reacted to it and announced that they will boycott these obligations, aiming to put pressure on the government to find a better solution.”

According to Miskovic, another major novelty is related to the change of labor legislation, aiming to provide better protection for employees. “One part of the law introduces the suspension of undeclared work, which harms the Croatian economy,” she notes. “If the law is passed according to the current

proposal, it will define undeclared work in a broad sense and will likely include work that in fact is declared, but where part of the salary is paid without taxes and social contributions.”

Additionally, Miskovic highlights that the law will, for the first time, officially regulate the work provided through digital platforms, usually providing transport and delivery services in Croatia. “People providing personal work through digital platforms but without an employment agreement, according to the current proposal, shall be considered employees of the platform or intermediary company if that work fulfills certain characteristics of the employment relationship.” According to her, “while this seems to be a win on the social side for the workers, there probably will be mechanisms to avoid this presumption, for example through the reduction of monthly engagement and income, so the workers might feel the impact of this change on the economic side.” Miskovic also says that “the new regulation will impose an obligation on employers of undeclared workers to register these workers to the pensions fund for the period of six months prior to the supervision conducted – and pay all the duties accordingly – as well as impose other fines for each particular case of unreported work.”



*The major update is related to the adoption of the euro as Croatia’s currency as of January 1, 2023.*

Lastly, Miskovic highlights a set of amendments related to trade law. “It is a huge economic and ideological topic in terms of restrictions on working on Sundays,” she notes. “It is expected that, if the law is passed, shopping centers will be the ones affected the most, because they generate the largest portion of their income on weekends.” As for the employees, according to Miskovic, “except for more personal time on weekends, the situation might change for the better also economically, since the law provides a 50% higher hourly rate for every hour of working on Sundays. Hopefully, spending habits will spill over from Sunday to other days, and store employees will truly benefit from their legal entitlements, without having to fear for their position.” ■



## Slovenia Is Laser-Focused on Energy: A Buzz Interview with Robert Prelesnik of Rojs Peljhan Prelesnik & Partners

By Teona Gelashvili (December 13, 2022)



In Slovenia, everything revolves around energy, according to Rojs Peljhan Prelesnik & Partners Managing Partner Robert Prelesnik, with the government capping energy prices for large companies, beefing up subsidies, and considering capital injections for major energy players.

“In the past few weeks, more or less everything has been about energy and energy prices in Slovenia,” Prelesnik says. “Our prime minister comes from the energy sector – he’s been the director of Slovenia’s largest energy traders, and now energy is his primary focus.”

***Last week, the government announced that the tax reform passed by the previous government, back in March, will be reversed. The previous government lowered the taxes but the current government wants to reverse that, announcing that the new tax is a key to fiscal stability.***

“

“Just last week, the government issued a decree defining the maximum energy purchase price for large companies, helping them to face the winter,” Prelesnik notes. “The decree is in force since November 30. Prime Minister Robert Golob labeled the EU’s proposal to cap gas prices at EUR 275 per megawatt-hour as inadequate, and the lack of unity as a bad message, so they took the matter into their own hands,” he reports. “In addition, another bill offers around EUR 1.2 billion in subsidies to help with the high prices of electricity, gas, and steam,” Prelesnik says, and adds that the government is also injecting around half a billion euros in December into Slovenia’s main electricity producer, the HSE power group.

In addition to this, Prelesnik highlights that “Slovenia’s largest trader of gas, Geoplin, signed a contract with an Algerian company, Sonatrach, for three years, on providing 300 million cubic meters of gas per year.” Previously, Geoplin had an agreement with Gazprom, he points out, “on importing gas from Russia, but now that is more or less off the table.” He adds that, interestingly, with the recent decrease in gas prices, Geoplin will not require a capital increase but will only get an extension of a loan by Petrol, which will provide the needed liquidity.

“Also related to energy, on Friday, our prime minister met the Hungarian prime minister and opened a completed high-voltage power line between Slovenia and Hungary,” Prelesnik continues. “Slovenia did not have powerline connections with all neighboring countries, and now it is complete. The parties announced that Slovenia will likely construct a pipeline to connect Hungary to alternative sources, to achieve energy independence.”

Unrelated to energy, Prelesnik adds that there are significant tax law updates as well: “Last week, the government announced that the tax reform passed by the previous government, back in March, will be reversed. The previous government lowered the taxes but the current government wants to reverse that, announcing that the new tax is a key to fiscal stability.” However, Prelesnik says that the upper chamber of the parliament vetoed the change, “arguing that it is not the right time for increasing taxes and that higher net salaries should be the priority. The bill will now require another procedure through parliament.”

Still, Prelesnik says that the data looks promising. “Unemployment decreased by 20% compared to last year. We reached 10% inflation – mostly due to an increase in food and energy prices – but still, exports rose by 22% on a yearly basis and imports were also 21% up.” Pharmaceuticals and automotive exports are still significant, he says, “but there is a sense of things potentially slowing down.” Finally, Prelesnik highlights that the real estate market is also experiencing a slowdown: “there is no substantial decrease in prices yet, but we see fewer transactions.” ■

*Is 2023 the year you invest in Slovenia?*

We got you covered.

ROJS PELJHAN PRELESNIK  
& PARTNERS

*Law firm*

*Your Business. Our Solutions.*

**office@rppp.si**

*Don't worry. It's our problem now.*

## The New Year's Surprise in **Romania**: A Buzz Interview with Radu Diaconu of Bancila Diaconu si Asociatii

By Andrija Djonovic (December 14, 2022)



It is a busy time of the year in Romania, according to Bancila, Diaconu si Asociatii Managing Partner Radu Diaconu, with interesting reports of regulatory updates on the ESG, tax, and companies front.

“This period is quite busy for us and is coming at the end of a very vibrant 2022,” Diaconu begins. “This was not something that we can say we expected for sure, especially given the geopolitical context of rising inflation, the war in Ukraine, supply chain disruptions, and bearish investors.” However, even with such strong activity levels right now, Diaconu says things may change soon. “I believe that we might experience a slowdown next year on account of the impending economic downturn,” he explains.

Turning to the regulatory landscape in Romania, Diaconu shares that “the ESG wave is starting to become more and more relevant. We are increasingly witnessing ESG-related inquiries in relation to agreements and non-financial reporting endeavors,” he explains. “I would definitely believe this to develop and expand further as the sectors get more educated on the subject,” Diaconu says.

Additionally, Diaconu reports that the country is yet to implement the new EU whistleblowing directive into national law. “Much like ESG until recently, so is whistleblowing a kind of a buzzword across the markets,” Diaconu says. “However, with the directive not yet making its way to being introduced into local legislation, there aren’t that many projects related to whistleblowing so as to warrant highlighting it in any particular way.” He shares that he believes this area to become more relevant “when multinational corporations begin altering their behavior and way of doing business because of it; that is sure to impact the market and incentivize more thinking about whistleblowing.”

Moreover, commenting on “the yearly developments,” Diaconu reports that there have been certain changes made to the company law framework. “The Companies Law was updated so as to remove the requirement of courts being involved in merger and demerger procedures,” he says. “This is an important positive development because it will surely speed up M&A transactions and the associated processes. It sometimes takes quite a long time for a judge to issue a decision, so I expect a significant speed-up in this vein,” Diaconu explains.

Finally, Diaconu reports that there might also be certain amendments to the tax framework, but it is not yet clear when. “Last year, we saw certain tax framework amendments being introduced on December 31 and entering into effect on January 1,” he says. “I would not be surprised if we were to see a similar development around the New Year now as well, especially given the way that the regulators have approached this subject area in the past,” Diaconu points out. ■

“

*Much like ESG until recently, so is whistleblowing a kind of a buzzword across the markets.*

## Bulgaria Taking the Long Way Home: A Buzz Interview with Angel Rizov of Kambourov & Partners

By Andrija Djonovic (December 14, 2022)



Despite the political stalemate preventing any legislative movements and access to recovery and resilience funds, Bulgaria's markets are humming, according to Kambourov & Partners Partner Angel Rizov. Which is just as well, as the political crisis shows no signs of abating.

"Bulgaria has been in a political crisis for almost two years now," Rizov begins. "We're probably looking at our fifth round of elections in a period of under two years. The President has performed his constitutional duties to offer a mandate for the formation of a new government to the largest parliamentary group in the National Assembly, and they are attempting to gather support for a coalition, yet the rumors point to this not being likely to occur," Rizov reports. New elections are likely to take place in March.

"We had no actual legislative body in action, save for the first half of 2022 when we had a coalition government in place," he continues. "Everybody is waiting for the legislation which would enable funds for Bulgaria to start flowing under the EU Recovery and Resilience Facility. A little over EUR 6 billion have been allocated to Bulgaria, yet most of these funds cannot be accessed without the relevant legislation in place," Rizov explains.

"The worst case scenario would be yet another protracted process of attempting to form a government in the spring of 2023, which would lead to our sixth consecutive round of parliamentary elections in the summer of 2023," he says. "The proposed Recovery and Resilience Plan will, thus, be postponed even more. Hopefully, Bulgarian politicians will be able to get together and try to clear their differences soon, so that the country can move forward in these troubling times," he says.

Rizov continues to report that once the Recovery and Resilience Plan starts, "R&D and innovation and digital infrastructure funding" will start flowing, improving the overall status of the economy. Additionally, "there is a part of the funding which will go to the e-Justice program, which has been running for a few years now. Hopefully, these funds will help with the work of all lawyers in the country by improving the initiative to digitize the work of courts and the justice system as such," Rizov explains. "There are still some courts in Bulgaria that are not part of the existing online databases and offer no online access to files and procedures, despite best efforts to change this over the past five years," he says.

”

*We're probably looking at our fifth round of elections in a period of under two years. The President has performed his constitutional duties to offer a mandate for the formation of a new government to the largest parliamentary group in the National Assembly, and they are attempting to gather support for a coalition, yet the rumors point to this not being likely to occur.*

Turning to the overall market status, Rizov reports that there have been "a lot of transactions taking place in the areas connected to energy and construction, which have traditionally been strong in Bulgaria. Also, the outsourcing IT sector has been growing steadily as well." He attributes this vibrant activity to a post-COVID-19 restart. "New business opportunities presented themselves as well and, after another slowdown around the time the conflict in Ukraine started, the market continued its recovery," Rizov says. "There has been a high influx of highly-qualified specialist immigrants coming in from Ukraine and other affected countries, and this will assuredly have a positive impact." ■



## Lack of Trust and Exceeded Expectations in North Macedonia: A Buzz Interview with Kristijan Polenak of Polenak

By Teona Gelashvili (December 15, 2022)



Lack of public trust in the legal system together with factors beyond the country's control are adding to the complexity of the challenges in North Macedonia, yet things are going better than expected, according to Polenak Law Firm Managing Partner Kristijan Polenak.

"We are struggling with the lack of public confidence in the legal system," Polenak begins. "The polls show that the overall estimate of public trust in the judicial system is rather low – it was 8% last year and is not expected to improve this year either."

According to him, this uncertainty has an effect on business activity and transactions. "Interestingly enough, it doesn't affect the volume of transactions," he notes. "We still have investors coming but, overall, we're losing pace compared to the neighboring countries."

According to Polenak, there were some negative developments in the legal sector. "The chair of the state Judicial Council has recently resigned complaining about the pressures," he points out. "There were a few scandals related to the academy of judges and prosecutors, which adds to the disappointment. The position of private legal practitioners has not changed. The bar could put more effort into assisting lawyers."

"We are also affected by matters that are rather outside of our control, such as imported inflation and the residuals from the COVID-19 pandemic," Polenak says. "Among those, we are most affected by the energy price crisis. Our companies are likely paying the highest electricity prices in Europe." However, he highlights that "the pipeline between Thessaloniki and Skopje has been unlocked, hopefully enabling the transportation of oil derivatives in the imminent future. There is also huge interest to invest in renewables." According to him, the new projects should have positive outcomes in terms of reducing energy prices.

Relatively positive news, on the other hand, is the government's decision to postpone the tax increase, according to Polenak. "The law was adopted three years ago but, as a result of serious resistance from the business community, the government postponed its enactment several times," he says, adding that it is good news for companies doing or planning to do business in North Macedonia.

Polenak adds that some sectors may see a larger number of transactions next year. "Banks are still doing well but the risk factors have increased. In the context of the overall interest rate increases, this sector will be affected, most likely, next year," he notes. According to him, overall, the regulator is of an opinion that there are too many banks in North Macedonia, leading to triggering a drive for consolidation. "The health industry is another active area, with many regional players interested to invest," he says. "Industrial technology development zones are still attracting investors and a couple of those that are already present are looking at opening second plants. Obviously, they are happy with the results, and that's why they come back."

Still, Polenak highlights that "the inflation itself is moderate – around 16 to 17% on an annual basis. This leads to a record-high budget driven by inflation as well." Overall, he believes that it was a relatively smooth ride, considering the rough year. ■

**“**  
*The polls show that the overall estimate of public trust in the judicial system is rather low – it was 8% last year and is not expected to improve this year either.*

## Poland's Rising Numbers: A Buzz Interview with Peter Daszkowski of Wolf Theiss

By Teona Gelashvili (December 16, 2022)

Controversial consumer loans, unfair competition-related disputes, and changes to long-term agreements due to force-majeure events are all increasingly frequent in Poland these days, according to Wolf Theiss Partner Peter Daszkowski.

“There is a lot going on in Poland,” Daszkowski starts. “The crisis in Ukraine is always an issue at the center of our attention, especially since there are around 200,000 refugees from Ukraine working in Poland, benefiting from very friendly legislation that allows them to work without a work permit.”

Additionally, Daszkowski says that COVID-19 is not over yet: “We still have discussions about whether we should go back to working from the office or work remotely, and how much office space is needed. Both lawyers and clients are hesitating as, still, a large number of employees are working from home. We are still waiting for the legal regulations, especially in terms of employment.” According to him, there is a draft law already “in the pipeline of the legislator but, for some reason, its finalization is taking a long time.”

“With everything that has been going on, we have quite high inflation – recently it reached its peak of 19%,” Daszkowski continues. “For corporations, it complicates economic calculations and the planning of how to proceed with long-term obligations. Some of them decided to renegotiate their existing contracts or even go through the courts.”

According to Daszkowski, there is an update in terms of energy legislation. “On November 2, 2022, a new law was adopted that introduces and defines the maximum price for energy consumers, administration, and companies,” he says. “Not every company can benefit from this new regulation, as it will apply mostly to smaller enterprises. Still, the law is a bit vague in terms of how to define a ‘smaller’ company.”

Daszkowski highlights another major recent development in Poland, related to consumer loans. “Over a decade ago, Polish banks granted loans to consumers in Swiss currency, which led to numerous court proceedings,” he notes. “Eventually, it seems that courts are rather deciding in favor of the consumers. Now we’re facing the second type of controversial consumer loans, as credits with interest rates calculated on the basis of the Warsaw Interbank Offered Rate have been introduced. Consequently, the interest rate can now reach even 8 to 10%. We have already seen the first decisions of the courts here.”

As for client work, Daszkowski says there are an increasing number of disputes related to unfair competition, as well as changing long-term agreements due to force-majeure events. “Dealing with sanctions is also an issue,” he reports.

On the other hand, Daszkowski says “looking at the positive signals of the international stock exchanges and some signs that inflation will decrease, we hope this will have a positive impact on the Polish economy. Overall, everybody seems to look forward to the period when we can resume our ‘normal’ life.” ■



“

*We still have discussions about whether we should go back to working from the office or work remotely, and how much office space is needed.*

# THE CEE WINTER SHUTDOWN

By Teona Gelashvili

With numerous reports of energy-related business shutdowns, we reached out to local experts across CEE to understand what different markets have been dealing with, in terms of work and production stoppages, and look into the broader impact.



The energy crisis in 2022 took its toll on energy-intensive companies and deeply affected many other businesses. The major factor behind it, according to Penteris Senior Partner Andrzej Tokaj, is “the high price of commodities – reflected in rising food and energy prices, leading to the increased operating costs of companies.”

“Simply put, the Russian invasion of Ukraine means that the Slovak economy is exposed to potential serious gas supply disruptions, as approximately 85% of its natural gas is imported from Russia,” Havel & Partners Partner Ondrej Majer says, with ACI Partners Managing Partner Igor Odobescu adding that energy-related shocks in Moldova have resulted in a sharp rise in natural gas prices: “the average price paid by consumers, not including power plants, has increased sixfold in one year.”

Consequently, the markets in different countries are coping with the increased energy prices and potential scarcity of resources in different ways. Some markets have already seen temporary or indefinite shut-downs being announced.

### Energy-Intensive Industrial Production Grinds to a Halt

In Poland, “the industries that consume the most energy in their operations have been hit the hardest,” Tokaj notes, adding that those energy-intensive sectors “include the paper industry, fertilizers and the nitrogen compounds industry, and those producing cast iron and iron alloys.” According to Tokaj, “to date, the most high-profile production stoppage on the market has been at the chemical giant Grupa Azoty, which, in August, decided to suspend or reduce production at some of its plants due to the high gas prices.” He explains that Grupa Azoty “is Poland’s largest chemical industrial company.” Until now, “the production of melamine, a chemical compound used in the adhesives, paints and varnishes, automotive, and textile industries, has not resumed,” he adds.

“In Moldova, building materials manufacturing is, so far, the industry most affected by the higher gas prices,” Odobescu reports. “At least two major players – the biggest brick and insulation materials manufacturer and the only significant porcelain tile producer – have announced production stoppages for an undetermined period.” According to Odobescu, “besides that, local authorities in the breakaway eastern region have reportedly limited the supply of gas and electricity to the only steel factory in Moldova, halting production.”

Majer highlights that, in Slovakia, the factories in the metallurgical, automotive, chemical, glass, and food industries are experiencing the most acute problems: “one of the major aluminum smelters [...] discontinued its operation at the beginning of autumn. In the summer, a diversi-



**Andrzej Tokaj,**  
Senior Partner,  
Penteris



**Elo Tamm,**  
Partner,  
Cobalt



**Eszter Kamocsay-Berta,**  
Founding and Managing  
Partner, KCG Partners



**Igor Odobescu,**  
Managing Partner,  
ACI Partners





**Marina Mesic,**  
Partner, Cipic-Bragadin  
Mesic & Associates



**Matej Kavcic,**  
Managing Partner,  
Kavcic, Bracun & Partners



**Ondrej Majer,**  
Partner,  
Havel & Partners



**Ognjen Colic,**  
Partner,  
Gecic Law

fied Central European ferroalloy producer also had to discontinue its operations and dismissed approximately 150 employees. It is currently unclear when these companies will restart their operations.” According to Majer, both companies belong to the largest metallurgical players in Slovakia.

Kavcic Bracun & Partners Managing Partner Matej Kavcic highlights that Slovenia’s “metals industry, non-metallic mineral production, and paper production account for almost half of all the energy consumed in Slovenia, especially electricity,” with the “metals industry among the top manufacturing industries in terms of both turnover and exports.” Companies in the metals industry “have announced a reduction in production,” he reports, “with Slovenia’s biggest metals producer, the SIJ Group, announcing it will reduce production volumes by about one-third in September due to the extremely high energy prices and the uncertainty of customers accepting such price conditions.” According to him, “it is also expected that overall production will be about 40% lower in the fourth quarter of 2022” and, while those companies informed the public that there will be no redundancies for the time being, they “have introduced shorter working-hours and temporary paid layoffs.”

Serbia has also seen some shutdowns, Gecic Law Partner Ognjen Colic notes, highlighting that “the factory in Novi Sad, part of the American Lear Corporation, has suspended work due to the situation in Ukraine. According to a management letter to employees, there were problems with the supply of components for production and customer orders, which led to the production stoppage.” He says that “approximately 2,500 workers were employed by this factory, which ceased operation” and, “therefore, the impact is significant.”

According to Cobalt Partner Elo Tamm, in Estonia, the food production sector has been vocal that high energy prices are affecting its ability to continue production. Even worse, “permanent production stoppages and lay-offs have been announced in the furniture production and wood industry,” she notes.

### **Transport, Hospitality, Retail, and Small Businesses Under Pressure**

In Croatia, Cipic-Bragadin Mesic & Associates Partner Marina Mesic reports that “transport companies were most affected by the increase in fuel prices, where fuel prices directly affect the growth of input costs the most, since they make up 20 to 50% of their total variable costs.”

And the crisis also seems to be impacting sectors that are traditionally not considered energy intensive. “Smaller businesses that may be affected by the increase in energy prices are those in the hotel, restaurant, arts, entertainment, recreation, and other services sectors, also

hairdressers, and beauty salons, amongst others,” Tokaj notes, highlighting that these industries are struggling, as they “had already been affected by restrictions introduced in connection with the COVID-19 pandemic.” Kavcic agrees, saying that “the rising costs of energy are also affecting the Slovenian tourism and leisure industries that consume a lot of energy, like ski-resorts, spas, etc.”

According to KCG Partners Founding Partner Eszter Kamocsay-Berta, the most affected companies in Hungary include “shopping malls, restaurants, theaters, kindergartens, and spas, where large spaces need to be kept warm.” Many restaurants are likely to opt for a temporary winter shutdown, she says, “but, in reality, this can be a very dangerous move, as they are unlikely to be able to keep their workers or lure them back when they reopen. 20 to 25% of Hungarian hotels are planning temporary closures in the first half of 2023.” Kamocsay-Berta reports that measures such as turning off “the evening outdoor lighting in restaurants before closing time” and “going digital, avoiding the energy costs of operating buildings,” are also frequently applied.

### A Metered Government Response

The measures introduced by CEE governments range from price caps and subsidies to temporary export bans. “Due to high energy prices and limited energy sources, the Polish government has introduced several regulations providing solutions for citizens, vulnerable parties, and energy companies so that, based on supplements and compensation, the final energy price is lower, known as the government energy shield,” Tokaj says.

In Serbia and Hungary, price caps have been introduced on some basic foodstuffs. “Regulations that limit the prices of oil derivatives have also been adopted in Serbia, which, as a result of global market activity, last for a brief period and are subject to change,” Colic reports. “The government also set limits to the price of electricity for businesses, to run at EUR 95 per megawatt-hour from September 1 to December 31.” In addition to foodstuff price caps, Hungary’s government “has also imposed a 25% saving on gas consumption in state institutions and state-owned companies, except for hospitals and residential institutions,” Kamocsay-Berta notes.

Other than energy price caps, among the measures introduced in Croatia “are the reduction of the VAT rate on gas and some agricultural products, subsidies for the price of gas for

households, changes in the system of benefits for the socially disadvantaged, one-time benefits for pensioners, and some others,” Mesic reports.

And Tamm notes that, while Estonia’s government “has instituted regulated energy prices for residents and SMEs, there have been no significant measures to help industrial and other businesses cope with high energy prices.”

”

***(In Moldova) At least two major players – the biggest brick and insulation materials manufacturer and the only significant porcelain tile producer – have announced production stoppages for an undetermined period.***

Meanwhile, in Moldova, the state also provides compensation and subsidies to ease the burden on companies. “To prevent shutdowns caused by high energy prices, monetary payments to compensate for increased natural gas prices were approved in March 2022,” Odobescu notes. Similarly, Slovenia’s government “introduced three different types of aid available to beneficiaries, namely: basic economic aid, special economic aid, and aid for energy-intensive businesses,” Kavcic points out. And in Slovakia, Majer reports an act was adopted allowing companies to request “subsidies covering additional costs caused by increases of gas and electricity prices,” and, additionally, “a special aid scheme was designed for electricity-intensive companies, which are allowed to request compensations.”

Majer and Odobescu both highlight that other special measures have been introduced to prevent potential shutdowns caused by energy scarcity. According to Odobescu, “natural gas reserves were created, for the first time ever, by the state-owned energy trader. The gas is stored in Ukrainian and Romanian gas storage facilities and is sufficient to cover more than one month of consumption during the winter.”

Finally, Colic points out that temporary export bans were also introduced in Serbia in 2022, with the government banning the export of certain goods, including “wood, gas, milk, oil, wheat, corn, and flour.” Odobescu adds that “as a response to the electricity deficit in Moldova, a temporary ban on crypto-mining activities was also ordered.” ■

# THE CORNER OFFICE: THE MILLION DOLLAR QUESTION

In “The Corner Office” we ask Managing Partners at law firms across Central and Eastern Europe about their backgrounds, strategies, and responsibilities. With a rough year drawing to a close, and market uncertainties running high, the question this time: If you had a million dollars, what would you invest it in today?



If I had a million dollars, I would invest in a 1.3 megawatt-peak photovoltaic project. This is the fastest growing and most proven renewable energy technology, with lesser risks and very good returns.

The investment cost is around USD

700,000 per megawatt, hence the size of the project. Pre-COVID-19 feasibility was showing a 17-18% rate of return, while during 2022, the rate of return reached 40%. This investment is fairly easy to manage and requires no major input from the investor. It is being built over three to four weeks (following a period of two to three years of development). The construction risk (in most cases) is fairly manageable, and the financing is available (both from local and international financial institutions).

In the context of increasing inflation and decreasing global economic activities, crypto crashes, and the real estate drop, an investment in energy – and, in particular, renewable energy – is a safer bet than most other available asset classes.

**Kostadin Sirleshtov, Managing Partner,  
CMS Bulgaria**



I would invest primarily into my own firm.

This could generate the highest return in my situation. The more interesting question though is what we, as a law firm, are meant to do with that sum. Should we use it for hiring new recruits? Open a new

line of services that is still missing from our

portfolio? Should we boost our marketing activity?

Rather than those conventional methods of using funds, I would tend to utilize this extra sum for an investment into legal technology. Why? For several reasons. First, it is always

preferred to invest in an area that you know better than others. I believe that we are well ahead of the market in understanding legal technology and its potential use. Second, you normally seek a sector that expects substantial growth. I am certain that the use of legal tech applications will be multiplied in the future – the only question is when. And third, it is advantageous to invest when only a few players are interested. I can count on my single hand the number of Hungarian law firms that have serious legal tech projects at the moment.

**Pal Jalsovszky, Managing Partner,  
Jalsovszky Law Firm**



One of my main tasks at CMS is the area of sustainability/ESG, which is very close to my heart. I was brought up with the understanding to respect nature and our environment and all living beings. Therefore, I would definitely invest in solutions that support green change. The climate crisis

is the most important issue that needs to be addressed, to secure our future and solve problems such as climate-related poverty, etc. Scientific and statistical figures clearly show that action is needed, and the time is now.

There is growing evidence that companies are being questioned not only by regulators but also by consumers and other stakeholders about their contribution to ESG/sustainability. With this in mind, as I said, a multi-million-dollar sustainable investment that contributes to the sustainability agenda would be my first choice. This investment could consider areas such as decarbonization, waste reduction, sustainable procurement, renewable energy generation, and so much more.

**Done Yalcin, Managing Partner,  
CMS Turkey**



I would split my investment between healthcare and waste management. In doing so, I would act in an unorthodox way for the Serbian market, where real estate has probably been the most popular area to invest in for a long time. My reasoning is as follows:

Healthcare – private clinics have been mushrooming in Serbia for a while already and there has already been some consolidation under the umbrella of larger, foreign-controlled groups. However, there is further space for growth and expansion. Also, the staff from the public health sector is moving into privately held clinics at an increased rate, and it appears that this trend will be difficult to reverse. All in all, in the future, the private sector will be an ever more important provider of health services. Hence my interest in this field.

Waste management – this sector is underdeveloped in Serbia and private initiative is the main way to boost it. Starting with smaller, local projects and then aggregating them regionally would be a way to go, initially. The next phase would be to roll out waste-to-energy facilities – this would require a higher budget and teaming up with international players.

**Branislav Maric, Managing Partner,  
Kinstellar Belgrade**



Uncertainty is the name of the investment game for 2022 and will stay that way throughout 2023. According to the Economist, there are four things to think about in 2023: the impact of the conflict in Ukraine, the struggle to control inflation, chaos in the energy markets, and China's uncertain pandemic path.

Bearing in mind all the above, I would divide the total amount into five categories. The first 30% I would invest in commercial real estate, which already generates a steady income. On top of the 30% equity (USD 300,000), I would take a 70% loan. So, the total investment would be USD 1 million. The second 30% of the total amount would be invested in a renewable energy project (solar or wind park) development in Serbia. I would use our law firm as an advisor in this investment and would partner with an industry expert. Then

I would invest 20% in stocks – ETFs, linked to the S&P 500 (such as Vanguard). The last 20%, I would divide into two subgroups: 10% would bear more risk and would be invested in a medical technology start-up, and the remaining 10% would be invested in government bonds.

**Milos Velimirovic, Managing Partner,  
SOG Law Firm**



There are a lot of extraordinary options to invest in, for sure, and every choice comes with arguments. But if I had a million dollars today, I would invest it all in people, who will always be the best investment and the best ambassadors of the company. The target would be especially young generations – not just because, to use a cliché, they represent the future and a longer-term resource – but because I am aware that, depending on how much you invest in people, especially when they are at the beginning of their professional path, they will appreciate your efforts and will later pay it forward.

In any field of activity, you have something new to learn and, maybe even more so, in the legal sector you must always be one step ahead, knowing the law, but also the characteristics of the industry. Further on, I do believe that extraordinary results do not come overnight. They come from a passion for the profession and, at the same time, from solid education, inspirational mentors, continuous training, a lot of everyday work, and the strong desire to be better tomorrow than you were today. Performance, achieved through this continuous learning process, requires both time and money, especially if you want to learn from the best and become the best.

Investing in the potential of your team, you create the perfect environment, both for professional and personal development, which go along together. For sure, a permanent and quality educational investment will have a major impact on people and, implicitly, on the business, on the market, and within society in general.

**Octavian Popescu, Managing Partner,  
Popescu & Asociatii**



# POSITIVE SURPRISES IN 2022

By Radu Neag

2022 was a difficult year. To put a more positive spin on things, **Rojs Peljhan Prelesnik & Partners** Managing Partner **Bojan Sporar**, **Deloitte Legal** Senior Managing Associate **Ened Topi**, **Redcliffe Partners** Managing Partner **Olexiy Soshenko**, **Drakopoulos** Managing Partner **Panagiotis Drakopoulos**, and **Polenak** Partner **Tatjana Shishkovska** share what was, for them, the biggest positive surprise in 2022.



Olexiy Soshenko

"In 2022 in Ukraine it is somewhat difficult to speak of positive surprises," Soshenko begins. "However, looking back at 2022, there is a great deal of positive spirit and support for Ukraine and Ukrainian people from our allies and friends throughout the world,"

he says. He highlights that "much support has been coming from private parties and individuals acting as volunteers," in addition to supplies of weapons, humanitarian, and financial aid from allied countries and international organizations.

Soshenko also says that "different international law firms have been providing valuable support to legal businesses in Ukraine by offering secondment opportunities to Ukrainian lawyers or subcontracting Ukrainian law firms." He is confident "that similar support has been provided in different industries and sectors. It is evident that – once the war stops – this support will naturally convert into rebuilding, investing, and making Ukraine a prosperous state."



Bojan Sporar

"The event with the widest global impact in 2022 has certainly been the invasion of Ukraine," Sporar agrees. "While it is hard to use positive and war in any combination in a sentence," he says, "what has certainly been positive is the worldwide reaction – at various levels of organizations and society – to the war. Both in terms of solidarity with

and assistance to Ukraine as well as in (legally) dealing with domestic issues."

And Topi is also on board: "I would say that all it started with the brutal Russian aggression to Ukraine which made energy security and independence a top priority for governments across Europe." According to him, "although all has been set in motion by this ugly war – for the energy sector – interest and investment boomed."

"If anything, 2022 has taught me to be cautious with surpris-

es," Shishkovska says. "So, this year, considering it has been a quite disruptive time, I'll mark with a positive label only those things that go as planned." In the new normal, she explains, "we just did not resume where we left it, in late 2019. It was a rather harsh awaking to the changed world circumstances."

## Quick Reaction Times in Slovenia

"The fighting in Ukraine had a domino and ripple effect on various European economies, including in Slovenia," Sporar continues. "State bodies and autonomous regulators had to react quickly to a variety of matters such as bank runs, rising input prices, insolvency threats, and so on." The actual surprise? According to him, "the agility and swiftness of activities that these bodies undertook, as they were traditionally considered slow to react. Not anymore."

"We were faced with using new mechanisms and legislation that previously existed only on paper," Sporar explains. As an example, he points to the rescue of Sberbank Slovenia: "everyone involved had to react quickly," he says. "Assisting the Single Resolution Board, we were happy to see all the domestic bodies and agencies working towards the best solution in a matter of days," he emphasizes. "Sberbank was sold in a proper procedure swiftly and Slovenia did not face any serious threats of a potential bank run."

## Energy in Albania

"Albania has traditionally been a country out of the Russian sphere of influence, in terms of energy, given the lack of domestic natural gas infrastructure and reliance of businesses and households on energy produced locally by renewable energy resources and imports," Topi explains. In this context, during 2022, he says "we have witnessed a boom of local and foreign investors interested in developing large scale projects."



Ened Topi



Some of these focus on renewable energy, “with applications for wind and solar parks flourishing,” according to him, but others include “important foreign investors aiming to develop LNG projects and building new interconnector natural gas pipelines, that benefit Albania and the whole region.” Still, he points out, “the energy sector booming, unfortunately, owes much of its momentum to the war in Ukraine.”

### ESG in North Macedonia



Tatjana Shishkovska

For North Macedonia, 2022 also translated into “emerging renewed interest in renewables and the emphasis put on the ESG,” according to Shishkovska. That “will be the main takeaway with a positive label in the Macedonian legal sphere.” All in all, the timing was just right, she explains: “the EU moved forward with its *CSRD* and *EU Taxonomy*, emphasizing the importance of ESG.” She notes that “2022 is the first reporting year for companies listed on the Macedonian Stock Exchange under the new *Corporate Governance Code*” – which introduces requirements regarding “the stakeholders, sustainability, and social issues.” Furthermore, she says “the MSE published an ESG reporting manual as a practical tool for implementing the ESG disclosure requirements,” to the latest international standards.

### M&A in Greece



Panagiotis Drakopoulos

For Greece, “the biggest positive surprise in 2022 has been the unexpected increase in the number and size of M&A deals,” according to Drakopoulos. Besides the usual suspects – “real estate, tourism, and energy – significant growth in the number of deals has also been recorded in services, agriculture, and manufacturing,” he notes. “Given the unpredictability in the global post-pandemic business climate and the ongoing war situation in Ukraine,” he says they adjusted to the uptick through “new hires of senior lawyers as well as the overall acquisition of new talent, to increase our firm’s capacity to handle multiple projects simultaneously.”

To him, the “increased business came as a result of Greece’s geopolitical significance in the SEE region and solid local business climate – in the current global turbulent environment – combined with the heavy liquidity and increased appetite of investors.” Drakopoulos is optimistic “that this positive trend will continue since the factors that drove it are

of a more strategic and long-term origin. Unless, of course, a massive global downturn occurs.”

### Investments in Ukraine

For Ukraine itself, “as a result of the war, obviously new investments virtually stopped,” according to Soshenko, “but most existing businesses absorbed the shocks of the first months of the war and continue running their business in Ukraine.” He’s optimistic that, “when the situation stabilizes, there will be lots of opportunities for infrastructure, housing and construction, transport and communication, construction materials, metals, energy (both conventional and renewables), as well as the agricultural industries.” A huge amount of investment and financing will be needed for all of that, Soshenko notes. “Hopefully, most of the financing will be covered from the assets recovered from the aggressor, but financing from IFIs, foreign governments, as well as the private sector will be required as well,” he says.

### Lessons Learned

Still, Shishkovska says, 2022 “opened a whole new playing field for curious minds and added literacy in ESG matters as a new required skill for lawyers.” She hopes the development is self-sustainable and “that it will grow from mandatory reporting to a corporate culture that recognizes the importance of a responsible attitude towards the environment and social issues.”

For Topi, “the events in Ukraine taught governments that energy security and independence are paramount.” He’s confident the renewed focus “on energy investments – thanks also to government policies aimed at transforming Albania into an important energy player – will be with us for a long time.”

“The positive impression of state bodies’ reactions will certainly stay,” Sporar says. “We thought nothing could surprise us after COVID, but now we see that, whatever happens, all levels of society, including the state, are here to react.” Another positive development here to stay, according to him, is the awareness “that we need to check and be careful who we are dealing with – sanctions checks, in addition to AML checks, are part of daily life now.”

Finally, according to Soshenko, “Ukraine will need not only to be rebuilt but to become a more modern and democratic state.” To that end, he reasons “there will be a huge demand for consultants, including lawyers. Eventually, this will bring a lot of interesting opportunities for foreign parties and Ukrainians especially.” Therefore, he concludes, “I am looking with a good deal of optimism into the future of Ukraine and the entire region, which will change for the better.” ■

# MARKET SPOTLIGHT: THE BALTICS



# ACTIVITY OVERVIEW: ESTONIA

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

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



**216**



**67**

Toomas Prangli



**211**



**62**

Kristel Raidla-Talur



**181**



**45**

Peeter Kutman



**94**



**35**

Ermo Kosk



**35**



**33**

Sven Papp



## Activity Overview:

■ Full information available at:  
[www.ceelmdirect.com/activity-rankings](http://www.ceelmdirect.com/activity-rankings)

■ Period Covered:  
December 17, 2013 - December 10, 2022

## Powered By:





# ACTIVITY OVERVIEW: LATVIA

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

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

	154		49 Eva Berlaus
	135		35 Andra Rubene
	81		26 Sandija Novicka
	74		24 Rudolfs Engelis
	30		22 Guntars Zile



**Activity Overview:**  
■ Full information available at:  
[www.ceelmdirect.com/activity-rankings](http://www.ceelmdirect.com/activity-rankings)  
■ Period Covered:  
December 17, 2013 - December 10, 2022

**Powered By:**  


# ACTIVITY OVERVIEW: LITHUANIA

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

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



## Activity Overview:

■ Full information available at:  
[www.ceelmdirect.com/activity-rankings](http://www.ceelmdirect.com/activity-rankings)  
 ■ Period Covered:  
 December 17, 2013 - December 10, 2022

## Powered By:





# THE WAR'S IMPACT ON LITHUANIAN LEGISLATION

By Andrija Djonovic

The war in Ukraine has irrevocably altered the face of Europe, and legislative landscapes are no exception. **iLaw Lextal Partner Jolanta Liukaityte-Stoniene, Motieka & Audzevicius Partner Rimantas Daujotas, and Fort Legal Partner Ruta Radzeviciute-Meizeraite** focus on the legislative updates in Lithuania.

## Economic Sanctions



Rimantas Daujotas

“The term ‘economic sanctions’ has been removed from the law on sanctions, leaving the term ‘sanctions’ to emphasize the multidimensional nature of the sanctions that were, or are, being imposed,” Daujotas begins.

“The institution of a provisional administrator has been established; the possibility to realize assets subject to international sanctions, if they meet certain conditions, was established; a new coordination body for the implementation of sanctions was formed; functions regarding the international implementation of sanctions are now distributed according to competences to the relevant institutions; the requirement to record the imposition of international sanctions in public registers or information systems” was also set up, he says.

As he puts it, the legislative change ensures “a more effective distribution of responsibilities between public authorities in the implementation of economic sanctions,” with the Ministry of Foreign Affairs becoming the single coordinating body. “To ensure that sanctioned assets are not left unmanaged and, taking into account the fact that sanctions can also affect the activities of very large companies in the country, it has become possible to appoint a provisional administrator to protect the country’s economy from the negative economic and social consequences,” Daujotas adds.

Furthermore, he explains that there are “many disputes about the extent of sanctions that are applied and the decisions of the authorities responsible for implementation. It is evident that the sanctioning mechanism is incomplete, with most decisions left to the discretion of the authorities, without a single clear regulatory framework,” Daujotas says. “Certain new risks and uncertainties have arisen for businesses, in particular for those that have had or have business partners in Russia or

Belarus, or that operate in the territory of the aforementioned countries,” which could lead to an increase in litigation procedures, Daujotas reports.

And Radzeviciute-Meizeraite says that “businesses have started to make significant efforts for extensive identification of the business partners and their beneficiaries while strengthening their internal control procedures concerning the international sanctions policy. The new requirements have also created a solid ground for even more transparent and ethical business,” she explains. Still, there are drawbacks, she concedes: “the requirement to inspect the beneficiaries of business partners might potentially overburden businesses, i.e., businesses need additional resources to ensure compliance with sanctions requirements.”

“In total, 16 Lithuanian companies are in the sanctioned list with frozen bank accounts, shares, or other property,” Liukaityte-Stoniene adds. “Of course, international sanctions on big companies with many employees in Lithuania raised concerns of possible negative social, economic, and other impacts in Lithuania, but the temporary administrator position helped ease those worries.”

Even with the sanctions negatively affecting the Lithuanian economy, Radzeviciute-Meizeraite reports that all is not bleak. “Despite the negative consequences, we see that businesses have significantly increased their involvement in implementing international sanctions: from self-education on what international sanctions are to wider implementation of internal policies (most local companies did not have such policies at all) aimed at the proper execution of sanctions requirements,” she explains.



Jolanta Liukaityte-Stoniene

## Immigration and Jobs

According to Daujotas, citizens of Ukraine and stateless persons who have fled from Ukraine to Lithuania “who do not have a valid travel document may be issued with a foreigner’s registration certificate; war refugees are also not required to present a travel document, health insurance, and other documents that give them the right to enter and stay in Lithuania; refugees from Ukraine now have access to emergency medical care and other essential personal health services.” Additionally, “Ukrainians who have fled the war enjoy simplified conditions for employment in Lithuania,” he says. These amendments aim to allow those fleeing war quicker access to healthcare systems. “They also enable integration into the labor market, by removing some of the usual requirements, e.g., no longer having to obtain a work permit. In addition, Ukrainians are not charged any state fees for all these services,” he explains.



Ruta Radzeviciute-Meizeraite

“The Republic of Lithuania has demonstrated that it is fulfilling its international obligations, supporting Ukraine and, at the same time, is capable of hosting large numbers of people fleeing the war. Simultaneously, it is an excellent human rights precedent where regulations are quickly and effectively lifted to protect people who are in a difficult situation,” Daujotas highlights.

“To attract more highly skilled professionals – for example, Lithuania has welcomed some IT companies from Belarus – some of the bureaucratic procedures were lifted,” Radzeviciute-Meizeraite adds. “Foreigners will be able to work under a temporary employment agreement, which was not the case before the amendments. Also, the employers must provide the Migration Department with less information on the qualifications of the prospective foreign employee,” she reports.

“The amendments have improved the process of integration of Ukrainian citizens and other foreigners into the Lithuanian labor market,” Radzeviciute-Meizeraite continues. “According to the data of the Ministry of Social Security and Labour of Lithuania, more than 17,400 Ukrainians have been employed in Lithuania since the start of the war in Ukraine.” However, even with the many upgrades, “this is not enough to solve the shortage of workers,” she says.

“Once the first war refugees started to come to Lithuania from Ukraine, our government started to look for means of easing the way for Ukrainians to start work, get shelter, etc.,”

Liukaityte-Stoniene says. “As a result, the legal acts regulating foreigners’ employment procedures were changed, allowing Ukrainians to be employed much easier than other foreigners from outside the EU.” Furthermore, she reports that “compensations for Lithuanians who gave shelter to war refugees in their homes were introduced, to help accommodate all Ukrainians who came to our country.” Additional measures were introduced, like zero VAT for food, medicine, and the like, that is intended “for people who suffered from the invasion. Education system changes were also introduced, thus easing the way for war refugees coming with families or alone to start life in Lithuania,” she notes.

## Kaliningrad Transit

“On June 17, 2022, Lithuania restricted the transit of EU-sanctioned goods by rail to Kaliningrad,” Radzeviciute-Meizeraite reports. “After that, Russia announced a statement claiming the restrictions violated Lithuania’s international obligations” and also threatened “to take various retaliatory measures.”

Subsequently, to ease the “rising conflict between Lithuania and Russia,” Radzeviciute-Meizeraite says that the EU has published guidelines stating that “Lithuania should allow Russian goods to pass [to and from Kaliningrad], if they are transported by rail, are permitted material goods,” and are not used for military purposes. “Quotas were introduced to limit rail transit volumes to those of the last three years,” she reports. Sanctioned goods remain “prohibited from being transferred,” she says.

The dispute “is much more than just a conflict between Lithuania and Russia,” Radzeviciute-Meizeraite explains. “Lithuania’s approach had a direct link to the EU sanction packages. The Kaliningrad transit situation showed how seriously Lithuanians are willing to implement sanctions against Russia, even though EU sanctions negatively impact the country’s economic growth,” she concludes.

Lastly, another decision deserves a mention, according to Daujotas – the Seimas’ *Resolution on the recognition of the actions of the Russian Federation in Ukraine as genocide and the establishment of a Special International Criminal Tribunal to investigate the crime of Russian aggression*. It establishes Lithuania’s official position that “the Russian Federation is a state sponsor of terrorism,” he says. “The resolution defined Lithuania’s position in the international arena to fully support Ukraine and condemn the actions of the Russian Federation,” he concludes. ■

# MAKING THE WORKPLACE WORK

By Andrija Djonovic

The past two years have brought about tectonic shifts across all industries, business sectors, and economies. Adapting to the ever-changing concept of a “new normal” became an everyday task, and law firms were no exception. **Motieka & Audzevicius** Partner **Rokas Jankus**, **iLaw Lextal** Managing Partner **Tomas Bagdanskis**, and **Sorainen** Managing Partner **Laimonas Skibarka** share how Baltic firms have managed to hold their own in these challenging times.

## Primary Concern

“The main focus was managing the well-being of team members during these unprecedented times of the COVID-19 pandemic and war in Ukraine,” Jankus begins. “In particular, our key focus was removing any uncertainties which could arise for the team regarding the pipeline of new projects, tackling issues with remote work, and similar. Other than that, internally, the system seems to work properly, and we can proudly say there is very little change in team members,” he shares.

Agreeing with Jankus, Skibarka explains that Sorainen, too, faced issues brought upon by the broader geopolitical context. “The first pandemic year of 2020 brought a lot of insecurity on all fronts. Although the darkest scenarios did not materialize, as the economic crisis was contained to a few sectors and vaccines soon arrived on the market, people were forced to rethink their lives,” he recalls. “Looking back, now we can appreciate that the pandemic accelerated many positive developments as well,” including video meetings, less traveling, and flexible working.

Further, Skibarka says that with 2021 being an excellent year for the firm, the “people, already weary from the pandemic, now faced heavy workload pressures. Then came the war. Baltic people were initially shocked and concerned about our security, but seeing Ukraine defending successfully, the mood has improved, and now there is much more confidence in our societies,” he says.

Chiming in, Bagdanskis reports that iLaw Lextal primarily faced organizational challenges. “As the firm was constantly growing over the past years and many new people joined the firm, one of the main concerns was defining and introducing people to business processes,” he says. Adding to the organizational concerns, he stresses that “COVID-19 affected all the employees” in switching from office to remote work “during lockdowns and to hybrid remote-office work after those.” Moreover, he adds that the inflation and rising energy prices

have been adversely affecting “workers on relatively lower salaries,” for example, “younger lawyers and administrative staff.”

Motieka & Audzevicius, according to Jankus, was also facing internal challenges. “We approached all employees to ensure they remain ambitious, safe, and efficient. However, it is easier to deal with long-time team members as their moods, expectations, and fears are known thanks to working together for some time,” he explains. On the other hand, he reports newer team members required “more involvement” to be fully integrated into the team structure. This meant that the firm’s “main task was to make sure that new employees feel a sense of belonging and being part of a team, a family,” he explains.

Sorainen appears to have gone in the same direction, with Skibarka reporting the firm starting internal surveys to “learn more about how team members are doing.” These surveys proved to be fruitful. “We found out, for example, that senior associates and business service teams found it hardest to unplug after work during the pandemic, while managers and partners found it most challenging to take vacation time off,” Skibarka explains. “Senior associates found their motivation lagging more than others, while associates fought with distractions at home.” When the firm began facing a tidal wave of transactions starting “from the summer of 2021, all lawyers were overloaded with work, and partners were also doing their best to help them with client projects.”

## What It Took

Given the scope and depth of the outlined problems, tackling them successfully was no easy feat. “The biggest change related to COVID-19 was implementing the hybrid work model,” Jankus says. “Initially, it required setting up pleasant work environments and tools for remote working, ensuring confidentiality and cybersecurity in all cases. While remote work gave comfort to stay at home and perform our tasks, it was necessary to maintain a sense of belonging,” he stresses. Motieka & Audzevicius introduced more frequent meetings

between partners and lawyers and, once face-to-face was an option again, “we introduced team-building dinners and meetings in restaurants and lounges every two months,” Jankus says, reiterating the importance of constant communication.

Similarly, Bagdanskis says that remote working also did the trick for iLaw Lextal. Employing a hybrid approach, he says that the firm still “fully allows people to choose the form of work they prefer – we plan to stick to this in the future. We are also happy that most meetings can now be held remotely, saving a lot of time by not having to go to court hearings in person, especially in other cities,” he explains.

Sorainen went the extra mile by helping its lawyers set up for remote work. “We did what we could, helping people set up home offices, including offering a one-time compensation of

several hundred euros, reorganizing work routines, and intensifying internal communication. More specifically, measures included full IT support for new remote and hybrid work options, free afternoons on summer Fridays to recuperate, lectures on health and personal well-being, mental health consultations by professionals for those who saw the need, down to little things like free COVID test kits,” he shares.

While the approaches were not all that different, the firms highlight different benefits. iLaw Lextal, according to Bagdanskis, firmly stands behind the benefits of remote meetings with clients, given that it “helps save a lot of time.”

Motieka & Audzevicius swears by hybrid work. It “gives the flexibility for team members to be in control of their time and priorities,” Jankus says. “While some prefer working from the office, others spend the time used for commuting to get in a workout or do mindfulness sessions. We believe that providing freedom to choose personal time allocation increases productivity and gives a feeling of better control of one’s life,” he explains. “As a result, more purpose is introduced in daily lives, which facilitates motivation.”

Skibarka highlights that “people need more time and variation. Perhaps the best thing was that employees were not pressured into a one-size-fits-all format of work,” he says. “Managers learned to listen to their people.”

### Looking Ahead

Are these solutions here to stay? “We plan on continuing our practices for as long as they remain relevant,” Jankus says of Motieka & Audzevicius. “Keeping up with the global pace is in our DNA, and any decisions which could impact our team are consistently being reconsidered.” Agreeing, Bagdanskis says iLaw Lextal also plans to stick to its approach “in the future, as it became a regular type of communication and work.”

Finally, Skibarka says that “flexible working arrangements are here to stay, and we aim to get the best of it. While teams are encouraged to come to the office for a couple of days per week to keep the united culture, we retained the freedom to choose,” he shares.

In fact, Skibarka adds, Sorainen will be “adding new options, like *workations* or the option to work remotely from any place in the world. Putting people back into some old framework is no longer an option – if any challenges occur, it is up to the management to figure out solutions. When you show trust and care to your people, they will devote more of their discretionary energy to help the firm and its clients,” he concludes. ■



**Laimonas Skibarka,**  
Managing Partner,  
Sorainen



**Rokas Jankus,**  
Partner,  
Motieka & Audzevicius



**Tomas Bagdanskis,**  
Managing Partner,  
iLaw Lextal

# LIFE SCIENCES IN LITHUANIA

By Teona Gelashvili

The life sciences industry is a rapidly growing market around the world and appears to have special importance in Lithuania. TGS Baltic Partner **Dalia Tamasauskaite-Ziliene** and Glimstedt Partner **Ausra Maliauskaite-Embrekte** explore the key developments in the field and the main drivers behind them.



## Priority Industry

“The life sciences sector in Lithuania has grown rapidly,” Maliauskaite-Embrekte says. “The 2018 Lithuanian life sciences strategy approved by the Seimas of Lithuania states that life sciences must be one of Lithuania’s priority industries,” she notes. “According to the data of the Lithuanian statistics department, life sciences companies are among the most profitable in the country,” she highlights, adding that around “90% of life sciences production is exported, to more than a hundred foreign countries,” and “Lithuania’s life sciences ecosystem contributes 2.5% to Lithuania’s GDP.”

“The sector seems to be much dominated by private equity funds – either directly or through existing healthcare sector players backed by private equity funds,” Tamasauskaite-Ziliene adds. “Baltic funds BaltCap, INVL Baltic Sea Growth fund, 1 Asset Management, Polish Innova Capital, etc. deserve a mention.”

As for specific deals, “the main transactions that took place this year are related to private clinics and the biotech sector,” Maliauskaite-Embrekte notes. “In March 2022, the largest transaction in the Lithuanian healthcare sector took place,



**Dalia Tamasauskaite-Ziliene,**  
Partner,  
TGS Baltic



**Ausra Maliauskaite-Embrekte,**  
Partner,  
Glimstedt



which is the merger of InMedica and the MediCa Group. In January 2022, InMedica also signed an agreement for the acquisition of 100% of the shares in the Vilnius Implantology Center Clinic.”

### Powered by...

Tamasauskaite-Ziliene and Maliauskaite-Embrekte highlight several factors contributing to Lithuania’s growing life sciences sector. “Consolidation has been a dominant driver for transactions in the sector, primarily in healthcare services, but also in related services and the pharmacy field,” Tamasauskaite-Ziliene points out, adding that there are trends for “consolidation in the private healthcare sector with big competition among private healthcare clinics for consolidating smaller players and expanding coverage of their services throughout the country.” In addition, she says, “private healthcare players also used M&A as a means to expand the scope of their provided services by adding-on beauty, dental, and other specialized clinics.”

For Maliauskaite-Embrekte, the main strength that enables rapid growth in this area is state support. “The Lithuanian government ensures exceptional support for the smooth start of a business in Lithuania,” she notes. “For example, companies considering direct foreign investments in Lithuania can apply for state financing.” According to her, “there are also significant tax incentives for large-scale projects, including zero corporate tax for 20 years.” On top of that, she highlights that “there are seven free economic zones in Lithuania, which provide good conditions for business development, as they offer the premises of ready-made industrial sites with physical and/or legal infrastructure, support services, and tax incentives.”

Maliauskaite-Embrekte additionally notes there are favorable conditions for progress in the fields of biotech and research and development: “Lithuania has plenty of talented life sciences professionals – more than 15,000 specialists work in the sector and the number is growing rapidly every year, due to six universities that are offering biotech-related study programs.” She adds that, “apart from strong academic institutions, reliable and robust research infrastructure also contributes to the Lithuanian life sciences industry. During the last decade, more than EUR 1 billion was invested in the life sciences infrastructure of the country. Research-driven businesses provide a supportive environment and collaborative opportunities for both start-ups and established industry players.”

Beyond these factors, Tamasauskaite-Ziliene points to several specific fields in the life sciences sector that benefited from

recent changes in lifestyle. According to her, in 2022, interest increased significantly in the wellness and veterinary sectors. “The interest may have been sparked by favorable lifestyle change-driven trends, such as increased interest in personal health and well-being, as well as a growing attention to pets,” she notes.

Maliauskaite-Embrekte also says the pandemic played a certain role: “in recent years, the COVID-19 pandemic had a significant impact on the investments of the Lithuanian life sciences sector,” she notes. “Although the COVID-19 pandemic caused many challenges, it also led to many innovations in the life sciences industry. During the past years, some companies began to develop prototypes of a candidate vaccine against the COVID-19 virus.” According to her, “Lithuania was heavily involved in the supply chain of vaccines against COVID-19, since the components necessary for mRNA-type vaccines are produced in the Vilnius branch of Thermo Fisher.”

### Grounds for Optimism

All things considered, Maliauskaite-Embrekte and Tamasauskaite-Ziliene believe there are grounds for optimism for Lithuania’s life science sector in the years to come. “The government’s plan also stipulates that the life sciences industry should create 5% of GDP by 2030,” Maliauskaite-Embrekte notes. Additionally, she highlights, “according to the Minister of Economy and Innovation of Lithuania, the current aim is to refine the long-term development strategy of this sector and to prepare a life sciences agreement, which would promote talent attraction, innovation, export, and investment increase.” Therefore, she concludes, “the future prospects are optimistic”.

Tamasauskaite-Ziliene shares a similar view: while “it is quite difficult to make some predictions,” despite the current context, there is a reason to remain cautiously positive. “Besides the clear current trends, for some months, at the moment the interest has not yet stopped or reduced significantly,” she notes, adding that “we have also been hearing of potential acquisitions contemplated in the sector in the future.”

In terms of expected specific patterns in the life sciences market, Tamasauskaite-Ziliene says that “demand for consolidation, especially in highly fragmented fields such as the dental, veterinary, or wellness sectors, should continue. In addition, in an economic downturn, smaller market players may use the chance to benefit from investments allowing them to live through difficult times. Therefore, I would tend to guess that – if a halt occurs – it would rather be of a temporary nature.” ■

# COMMERCIAL REAL ESTATE IN LATVIA

By Teona Gelashvili

Latvia's commercial real estate market saw a high volume of transactions in the past few years, involving shopping centers, stores, offices, and other types of properties. **Cobalt** Managing Partner **Dace Silava-Tomsone**, **Ellex Klavins** Partner **Ilgā Gudrenika-Krebs**, and **BDO Law** Head of Legal **Raivis Leimanis** chart the market's performance in a foggy 2022.

## Stormy Seas

"2021 was a record year for real estate investment volume in Latvia, with Latvia being the leader in the Baltics," Silava-Tomsone says. "Annual investments compared to 2020 had doubled, as the COVID-19 pandemic began to move towards its endemic phase," Leimanis agrees, adding that "in 2021, the volume of commercial real estate investments in the whole Baltic region amounted to EUR 1.6 billion, of which Latvia's share was 43% – leading among the Baltic states."

"The beginning of 2022 was still strong but, once Russia started a war in Ukraine, some investors postponed their plans to invest in Latvia due to increasing uncertainty and geopolitical risks," Silava-Tomsone notes, with "the total investment volume in Latvia decreasing significantly in 2022." For Leimanis, "2022 has been a cold shower for the optimism that existed in 2021."

Gudrenika-Krebs emphasizes that Latvia could technically be called "a buffer zone between Russia and Europe because Latvia has a long enough border with Russia and also Belarus." Consequently, Silava-Tomsone notes "the number and volume of new development projects continue to dry out as a result of increased construction costs, growing utility costs, and overall market uncertainty, while the already started development projects are delayed." Still, she says that "real estate remains an attractive investment compared to other asset classes, as investors want to shield themselves against inflation, while others want to sell due to the rapid growth of property maintenance costs."

## Seasoned Investors

Among those still interested in Latvian commercial real estate, "most of the interest comes from investors that are already familiar with Latvia or the Baltics and have invested here before," Silava-Tomsone says, adding that "currently more than half of investments are coming from Baltic investors, i.e., funds, developers, and industrial investors." According

to her, "funds still have an abundance of cash that needs to be placed, while seasoned developers have a long-term view and are generally optimistic of the eventual recovery of the market, and industrial investors look to satisfy the needs for expansion of their primary operations."

"Historically, the majority of investors came from neighboring locations – Scandinavia, CIS countries, including Russia, Estonia, and Lithuania," Leimanis adds. "Due to geopolitical circumstances, the interest and ability of Russian and Belarusian investors to invest in this region have decreased." He notes that "foreign investors have become more reticent, leading to an increase in the share of domestic investors." He further highlights that "bank financing is still the most convenient source of funding, despite the gradually rising interest rates, but, given the decreased risk appetite of banks, developers and investors face difficulties in attracting it, and naturally pay more interest to alternative financing options, such as attracting professional investors, crowdfunding platforms, or state support programs."

## Safe Harbors

In 2022, specific commercial real estate assets have been particularly attractive for investors. According to Silava-Tomsone and Leimanis, investments in the retail, industrial, and office sectors are driving the market.

"The main commercial assets were retail," Leimanis says, highlighting that "significant inertia on the retail market is provided by Lidl and SPAR's construction and planning of new stores in Latvia. For example, in the next five years, SPAR plans to open 200 stores." According to him, as the pandemic subsides, "consumers become more active, so the retail sector has also used this opportunity to increase its turnover." For Silava-Tomsone, "although there is a shortage of potential tenants and new brand names, and some retailers are being forced to break lease agreements and close non-profitable stores, there is still a strong interest for investing into retail as cash-flow objects during a high-inflation period."



**Dace Silava-Tomsone,**  
Managing Partner,  
Cobalt



**Ilga Gudrenika-Krebs,**  
Partner,  
Ellex Klavins



**Raivis Leimanis,**  
Head of Legal,  
BDO Law

Silava-Tomsone says “the industrial sector is also very active, due to the low supply of new premises, increasing demand for modern logistics space, and supply chain disruptions. The area around Riga Airport has been highly desirable this year.” Gudrenika-Krebs also feels that “the demand for logistics facilities considerably grew during the COVID-19 period, and continued this year, both in terms of putting logistics facilities into operation and transferring ownership, as well as the acquisition of lands for potential development thereof.”

Silava-Tomsone and Leimanis additionally note that investors are interested in energy-efficient office buildings. “The office

sector is facing a return stage as the pandemic has eased, but we see a different tone in demand: the demand for space has almost recovered within Class A office properties, as attention to sustainable buildings, the green economy, and energy saving issues is growing, while the demand for the older stock is lower,” Silava-Tomsone points out.

Finally, Leimanis and Gudrenika-Krebs highlight that, in 2022, there has been a high interest in real estate investments for energy projects. “There is a solid activity of energy-sector investments in real estate for the purpose of developing solar parks,” Leimanis notes. “The government is trying to boost the economy with its legal framework and to accomplish the arrangement of the energy sector,” Gudrenika-Krebs agrees. “It does directly affect the real estate market in such segments as wind turbine parks, solar parks, and various infrastructure facilities.”

### Changing Tack

Considering the current context, “the market activity will be significantly influenced by the conclusions made after the first winter in the new geopolitical conditions,” Leimanis notes. “Whether or not we are ready to admit it,” Gudrenika-Krebs says, “there will definitely be projects that will be suspended or frozen, and even projects where insolvency will be petitioned.”

“Investors will look for energy-efficient investment objects,” Silava-Tomsone adds. “At the same time, investors will have to face high loan interest rates, which are expected to place pressure on the real estate investment volumes and development activity in Latvia in 2023.”

Leimanis says there likely will be changes in the retail sector: “the retail sector must expect a decrease in its ability to deliver a high turnover, given that consumer habits are changing, indicating a more socially responsible and frugal behavior.”

Ultimately, Gudrenika-Krebs points to a shift in perspective, as the housing market might see some positive developments. “The state is trying to stimulate the housing market,” especially since “a high proportion of residents live in outdated buildings from the Soviet era,” she notes. “That means the construction of new apartments is necessary for this sector, or else, renovation where it is feasible. The legislative act on rent promulgated a year ago, has provided an incentive for the development of the rental market.” Accordingly, she believes that 2023 “promises to be challenging, while extremely interesting at the same time, with a growing activity in those segments which were not active previously.” ■

# TECH DEVELOPMENTS DRIVING LEGAL EVOLUTION IN ESTONIA

By Radu Neag

Considering the market size, Estonia sits at the forefront of CEELM's technology deal rankings, with many of those deals involving a high degree of legal innovation. Magnusson Partner **Elvira Tulvik**, Fort Legal Partner **Merit Lind**, Hedman Law Firm Managing Partner **Merlin Seeman**, and Nove Head of IT and Cybersecurity **Sten Tikerpe** share their most innovative recent projects and pinpoint what makes the country a technology powerhouse.

## Top Picks



Sten Tikerpe

Some of Nove's most innovative work, according to Tikerpe, came into play when advising the University of Tartu "on various legal topics regarding the use of the Estonian Biobank, an extensive genome database that the University manages and controls." The Estonian Biobank database itself, he explains, "includes genetic and health data of more than 200,000 individuals, which is more than 20% of the adult population in Estonia. It is therefore a one-of-a-kind, truly significant database for the development of both domestic and international biological and medical science, which aims to help personal medicine reach everyone in the world."



Merlin Seeman

Surprisingly, one of Hedman's most groundbreaking projects is also connected to the University of Tartu. The firm advised Uni-Tartu Ventures – the investment subsidiary of the university – on its investment in UP Catalyst via an intellectual property transfer, Seeman says. "The venture invests in research and technology-intensive companies on behalf of the university," she notes, with Hedman having to set up the model, prepare the necessary documents, and negotiate the IP property rights transfer investment into UP Catalyst.

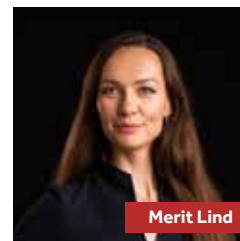


Elvira Tulvik

For Magnusson, innovation had to be deployed in "representing over 3,000 local and international investors in a large class-action bankruptcy and criminal proceeding," Tulvik highlights, "regarding the biggest crowdfunding fraud in the Baltics, with claims as high as EUR 18 million." Thus far, she says, "we have declared the crowdfunding platforms

bankrupt and are representing the bankruptcy trustee in filing claims against debtors located in Estonia as well as in managing asset recovery proceedings in eight jurisdictions."

While hard-pressed to pick one specific project, Fort's Lind says they had to draft the playbook when assisting the Ministry of Economic Affairs and Communications "in the preparations for the development of a novel 'click-and-buy' type technology platform for the consolidated purchases of IT products by public entities from both private and public entities." According to her, "the ambitious idea included a broad scope of IT products and services for which no existing legal framework in Estonia or the EU – and no existing technical platform – was suitable."



Merit Lind

## The Works

For Nove's Estonian Biobank project, led by Partner Mari Past and Attorney-at-Law Maret Kruus, Tikerpe says "the focus was specifically set on questions regarding the protection of personal data, where such data is used in research for purposes of medical innovation." The firm had to aggregate "extensive experience in the fields of data protection, medical law, and cybersecurity which," according to him, all "helped us thoroughly understand the client's operations and expectations. We are happy to play a role in a truly global, pioneer project and help our client identify and manage various risks, therefore ensuring the sustainability of this groundbreaking operation."

Hedman's IP investment project, Seeman says, involved an "investment model that is relatively new in Estonia and even in the world at large." It was the first time when "a university in Estonia created an investment portfolio," she points out,



“and now we know of other universities who will follow the example.” To do the work, she explains, “we needed to understand what this kind of investment model was about, the advantages and potential risks, and how to protect the interests of our client.” The project was interesting, according to her, due to the lack of a “clear roadmap for how to swap IP owned by a public university into the shares of a start-up.” The main challenge “was how to value the IP and the respective shares – we came to the solution that this will be determined during the next financing round,” she points out.

For Magnusson’s crowdfunding fraud case, Tulvik highlights the team is “conducting evidence-gathering proceedings to identify the individuals behind the large-scale money laundering – where traces of the assets have been concealed with cryptocurrency transactions.” To that end, they are “conducting evidence-gathering proceedings to determine IP addresses and the individuals behind the large-scale money laundering,” she explains. “The case is highly technical and precedent-setting,” she notes, “as it requires virtual and regular asset tracking in numerous jurisdictions. The Technology Law team works closely with the Dispute Resolution team to provide its in-depth knowledge and understanding, to gather the evidence, and analyze the technical data.”

***It is immensely important for the regulator to not only be open and flexible but to be able to take and communicate a stance, especially in highly controversial cases.***

“

For Fort’s click-and-buy procurement platform project, the firm had to draw “inspiration from similar digital purchasing marketplaces established and operating in New Zealand, Denmark, and the UK,” according to Lind. “Having in mind the legal limitations posed by the existing EU procurement directives and their implementing national laws, the team devised a legal framework for the set-up and operations” of the platform allowing for the determination of a “legally compliant solution (legal product development), its required functionalities (including the ‘click-and-buy,’ ‘online shopping,’ and ‘product selection by filtering’ goals set by the client), and input and output data requirements,” she explains. Fort’s solution included “the introduction of online product filtering logic to serve as a procurement phase under procurement law,

and the introduction of a dashboard and payments logic to serve as a practical tool to meet the statutory requirements for framework contracts management,” among others, she notes.

### **What Drives the Need for Innovative Legal Work?**

The key to getting such a project across the finish line, according to Lind, was “the willingness and out-of-the-box mindset of the client” – the Ministry of Economic Affairs and Communications – “and the great legal navigation skills of the lawyers involved, together with our team’s understanding of IT.”

“Innovative legal work is first and foremost driven by innovation in the market,” Tikerpe also says, and “legal support must be agile and quickly adapt” to cover new legal needs, he says. Traditional factors, “such as the availability of talent and funding” come into play, he explains, but “an important enabler of innovation is the business environment and the level of bureaucracy that comes with it.” The high level of digitalization of Estonia’s government services is a boon for innovators, he highlights, as are “the government’s overall openness to innovation (as opposed to the ‘banned-by-default’ approach), the proactive involvement of the technology sector in legislative initiatives, and the preparedness to swiftly adapt to market developments.”

In the same vein, Tulvik notes “it is immensely important for the regulator to not only be open and flexible but to be able to take and communicate a stance, especially in highly controversial cases.” Without that, she says, “a tech company can never have enough assurance to even start operations.” For her, “it is crucial that the respective ministries are not only open to dialogue with tech companies and their lawyers but are also oriented towards allowing new tech and helping mold the legal system around it, rather than discourage complicated new projects or being passive.”

Three factors behind legal innovation rank highest according to Seeman. First, “market competition is huge, and you need to stay innovative to maintain the leading pace.” Second, client relationships: “clients require seamless communication to remain somewhere” and “you require innovative communication tools and methods to communicate with them, understand their needs, and serve them well.” Third, “nothing drives innovation like productivity and efficiency: if you are keen on staying ahead of the curve, you would also be interested in the most efficient solutions for your operations and tasks,” she sums up. ■



# MARKET SNAPSHOT: THE BALTICS

## NEW EXCLUSION GROUNDS IN LATVIAN PROCUREMENTS: FAIR PLAY?

By Sandija Novicka, Partner and Head of Public Procurement, Cobalt



As of January 1, 2023, new rules regulating exclusion grounds will be applicable in Latvian procurements. This comes after the Latvian Competition Council discovered a bid-rigging scheme in the construction sector involving almost all of the largest Latvian construction companies. Notably, the period of exclusion will be extended, and the commencement date will be brought forward.

The current rules only allow for the exclusion of candidates and bidders – due to participation in a horizontal cartel – for one year, once the decision of the Competition Council establishing such a cartel has become final. However, investigations by the Competition Council may take up to two years, and the process before the courts may last up to four years or more. Therefore, companies being investigated for participation in a cartel or challenging a decision of the Competition Council in court can still participate in procurements.

Under the new rules, the exclusion due to infringements of the *Competition Act* will be possible if:

First, bid rigging signs are detected in the procurement by the contracting entity and a confirmatory opinion of the Competition Council is received. Such an exclusion only applies with respect to that particular procurement;

Second, the company has been found guilty of a horizontal cartel by a decision of the Competition Council. This exclusion applies for three years from the date when the decision of the Competition Council is notified to the company, irrespective of whether the decision is appealed;

Third, the company has either (1) been found guilty of a horizontal

cartel or (2) has been made liable for the payment of a fine for a horizontal cartel by a decision of the Competition Council. The exclusion applies for three years from the date when the respective decision has become final.

Contracting entities will also be allowed to require, in their tender rules, the exclusion due to “grave professional misconduct which renders the company’s ability to fulfill the contract in good faith questionable.” In such cases, an exclusion due to other breaches of the *Competition Act* (e.g., prohibited vertical agreements) might be possible as well, and it would apply for three years from the date when the decision of the Competition Council is notified to the company, irrespective of whether the decision is appealed in court.

In this way, the exclusion grounds related to competition law infringements will be greatly expanded. Paradoxically, insufficient competition may arise, in a cartelized sector, following an infringement decision, unless the *self-cleaning* procedure is used efficiently. The potential interplay between exclusion grounds under the second and third points raises questions about the compatibility of the Latvian rules with *Directive 2014/24/EU* and *Directive 2014/25/EU*.

According to the CJEU (see case *C-124/17*), the period of exclusion should not exceed three years from the date of the *relevant event*, which is the decision of the competent authority finding the infringement. The Latvian Procurement Office suggests that a company can be excluded for one and the same infringement under both the second and third points, i.e., during and after a judicial review of the infringement decision. In practice, this may mean that a company can be excluded from procurements for a period of up to six years – due to one and the same infringement – which is likely to be challenged by the affected undertakings as incompatible with EU law. ■

## THE ESTONIAN APPROACH TO FOREIGN DIRECT INVESTMENT CONTROL

By Mart Blondal, Head of State Aid Practice, Cobalt



On May 1, 2023, the *Foreign Investment Reliability Assessment Act*, currently under adoption by the Estonian Parliament, will likely enter into force. Looking at the European Union as a whole, the push towards more supervision over foreign investors is not novel. What is new, is the Estonian approach to it and why this approach was taken.

In order to frame the Estonian approach, it is important to understand that, on one hand, Estonia has spent considerably more time under foreign rule than it has been independent within the last 1,000 years. This history is what guides its approach to national security – rather than taking guidance from EU legislation, where national security exemptions should be applied restrictively, Estonia takes the view that national security is something that encompasses all things, and both public and private entities have to do their part. At the same time, national security cannot take away what has made Estonia what it is today – the open market must stay. The result is legislation that tries to combine a draconian approach to national security with an open market.

While there are a number of significant open questions regarding how the implementation of the *Foreign Investment Reliability Assessment Act* will work in practice, the summarized and oversimplified version is: it will be a new one-of-a-kind legislation in Estonia, which requires foreign investors to seek approval before the implementation of an investment resulting in at least 10% shareholding or equivalent voting rights into protected entities.

In defining each of the terms, i.e., *foreign investor*, *investment*, and *protected entities*, Estonia takes a plus-one approach compared to the norm – i.e., the scope is a little bit larger in all cases.

In relation to the definition of a *foreign investor* – the general EU trend at the time of this opinion is that EU entities are not subject to foreign direct investment control (e.g., the approach taken by *Regulation (EU) 2019/452*). In contrast, Estonia does not deal with the question of whether there is an EU

entity present but focuses on the question of whether there is a third-country element present. Be it the ultimate beneficiary owner having dual citizenship, one of which is a third-country one, or the presence of an extra-EU entity in the corporate structure of the investor.

In relation to *protected entities*, Estonia has taken a functional approach defined through the activity of the undertaking in question. In practice, this leads to the result that for a transaction to be subject to Estonian foreign direct investment control, it does not have to have physical assets in Estonia, and it is sufficient if services or goods that have a clear national security connection are sold to Estonia.

Lastly, with respect to the implementation of the *foreign direct investment control scheme*, rather than opting for a political approach, Estonia intends to approach national security based on statistics, studies, and the intelligence it has available. This is because, even though there is currently no general FDI regulation in place, Estonia already has considerable experience in assessing the impact of various activities on national security. As an example, for the last ten or so years, Estonia has had disputes with developers of wind farms, due to a potential conflict between the frequency generated by rotating blades hindering the functioning of military radars.

All the above lead to one question: how does Estonia remain open to foreign investments? For this purpose, the legislation provides a non-exhaustive list of 14 criteria it will look at while assessing the risk of the transaction to national security. These range from factors related to the investor, the target entity, and the possible options available to mitigate the risk.

All of this speaks about facts, rather than a politics-based approach to foreign investment control. The legislation will catch a larger subset of transactions but, at the same time, provides guidance and accepts that national security is not an all-encompassing concept that will overcome any other rights provided to undertakings – such as the right to own property and the right to do business. ■

# NAGY & TRÓCSÁNYI

the premier independent law firm **in Hungary**

**A LexMundi Member**

**nt.hu**

## THE FDI CLEARANCE CHECK – A MANDATORY CHECK BOX FOR ALL LITHUANIA-RELATED M&A TRANSACTIONS?

By Rasa Zasciurinskaite, Partner and Head of Competition, and Manvydas Borusas, Senior Associate, Cobalt



Lithuania had the rules regarding FDI control in place before *Regulation (EU) 2019/452 establishing a framework for the screening of foreign direct investments into the Union* of March 19, 2019, was adopted.

However, the regulation has contributed to a speedier increase in the awareness and development of FDI screening.

While at least two-thirds of all EU member states already have FDI screening mechanisms in place, the rules regarding FDI screening differ from country to country. A country-by-country approach must therefore be taken to identify whether FDI screening is mandatory in the relevant jurisdiction in each cross-border M&A transaction. As practice has shown that the Lithuanian FDI screening requirement may come up as a surprise in certain cases, below we share some key takeaways every M&A professional should bear in mind when structuring a transaction related – in one way or another – to Lithuania.

### What M&A Transactions Can Trigger FDI Screening?

Under the *Law on the Protection of Objects Critical for National Security of the Republic of Lithuania* (the Law), M&A transactions that trigger FDI screening are: (1) the acquisition of 1/4 or more voting rights or shares in a Category I entity, a Category II entity, or an entity operating in either an economic sector of strategic importance or in the territory of the protection zone; (2) acquisition of 1/3 or more voting rights in a Category III entity; and (3) acquisition of rights to assets or infrastructure which is important for national security.

The Law provides a list of companies that are considered Category I, Category II, and Category III entities. A list of company names is not available, but it is not hard to identify the exact entity behind a definition such as “entity managing the international airports of Vilnius, Kaunas, and Palanga.” Of course, there are a few more challenging exceptions. The same is the case with the list of assets and infrastructure. It must be noted that FDI screening is also triggered by the indirect acquisition of shares, voting, or other rights, as described above. This means that the acquisition of the target established in, e.g., France can trigger FDI screening in Lithuania if such a target has a subsidiary company established in Lithuania which is operating in one of the

sectors of strategic importance.

### What Are the Sectors of Strategic Importance and Territories of the Protection Zone?

The Law lists five sectors as sectors of strategic importance: (1) energy; (2) transport; (3) IT, telecommunications, and other high-tech; (4) finance and credit; and (5) military equipment. The breakdown of activities falling under each sector is established under government resolution. As an example, if the economic activity is *payment services*, in most cases, there are no further questions about whether FDI screening is applicable. However, if we take as an example *production of military equipment*, there is already uncertainty about what *military equipment* includes. For instance, whether the production of a component that in itself is not military but can be used in military equipment falls within or outside the definition of such activity. In practice, this is decided on a case-by-case basis. The question of the entity under consideration operating in the protection zone is fact-based.



### What Other Transactions Can Trigger FDI Screening?

In addition to M&A transactions that have a clear connection to Lithuania, there are some specific rules which make the FDI clearance procedure applicable when certain transactions of Category I, Category II, and Category III entities are concluded. This means that Lithuanian FDI screening may be triggered even if the target entity is not operating in Lithuania but, for example, has a high-value contract with a Category I entity. Even though the failure of filing for clearance under such circumstances would most likely not result in the invalidity of the whole M&A transaction, this may still lead to the invalidity of a contract of significant value or importance to the target.

### Check the Box

FDI screening is a rapidly developing requirement. Even though some similarities between different jurisdictions can be found, it is hardly possible to predict whether FDI clearance will be required, without having local experts involved. Therefore, it must be concluded that the FDI clearance check has already become – or is, at least, becoming – a mandatory box to be checked in most M&A transactions related to Lithuania. ■





**KNOW YOUR  
LAWYER:  
EUGENIJA SUTKIENE  
OF TGS BALTIC**



**Career:**

- TGS Baltic, Senior Partner and Management Board Member, 2018-present
- TGS Baltic, pan-Baltic Board Chairperson, 2013-2017
- TGS Baltic, Founding Partner, 2003-present
- TGS Baltic (Sutkiene, Pilkauskas ir Partneriai at the time), Managing Partner, 2003-2018
- McDermott Will & Emery in the Baltics, Founding Partner, 1992-2002
- Ministry of Trade of the Republic of Lithuania, Head of Legal Department, in charge of Commercial Arbitration, 1989-1992
- Lithuanian State Wholesale Export Enterprise, Head of Legal Department, 1984-1989

**Favorites:**

- **Out of office activity:** Modern art, traveling, reading, growing flowers
- **Quote:** “If you want to stay in the same place, you must run very quickly” – based on a phrase from Lewis Carroll’s *Alice in Wonderland* books.
- **Book:** I love all of Romain Gary’s books. Lately, I’ve been captivated by Yuval Noah Harari’s work.
- **Movie:** Sergio Leone’s *Once Upon a Time* trilogy, with perfect actors and Ennio Morricone’s music.

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

**Sutkiene:** JV projects in China between 2008 and 2010. The challenge was due to China’s different legal system, negotiating culture, business culture, language barrier, etc. Despite that, it was an extremely interesting and educational period in my legal practice. After some long negotiations, the Chinese partner of my client (ranked fifth in Forbes China) asked whether he could “buy” me to help him handle his 39 international JVs. He was addressing that to my client – not to me – due to a cultural difference. After it was explained that I am not for sale, we had a nice dinner and a lot of fun. But it was quite a moment!

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

**Sutkiene:** I learned how to work in impossible situations in 24/7 mode and enhanced my negotiation skills greatly.

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

**Sutkiene:** My clients do not know that I have an education in visual arts, that I always wanted to be an artist, and never planned on becoming a lawyer. That was until the age of 24 when I crossed the threshold of the courtroom and decided to study the law. Now I believe this is the best profession one could have. It opened a whole world to me.

**Name one mentor who played a big role in your career.**

**Sutkiene:** Tom Jones – not the singer but the partner at McDermott Will & Emery, appointed as my mentor when I began.

**Education:**

- Vilnius University, LL.M degree, 1986

**Top 5 Projects:**

- Representing the Coca-Cola Company in a JV with the Lithuanian state for building a bottling plant, between 1992 and 1995. The country’s first JV;
- Advising Lithuania’s government, as part of the UBS-CAIB consortium, on the privatization of Lithuanian Telecom. Then advising the company on the IPO and listing of its shares in London;
- Representing Svenska Petroleum in negotiations with Lithuania on a license for oil exploration and a JV (Genciu Nafta project). Representing Svenska in the subsequent dispute with the state;
- Advising the Maxima retail group, including the Euroapoteca pharmacies, on corporate/M&A, commercial agreements, real estate matters, and complex legal disputes, including a dispute between the owners – I took a course on deadlock management to resolve it;
- Advising Northway Biotech LT since 2013, through its start-up and growth phases, on building production facilities, dealing with EU aid and other project financing, land zoning, contractor relations, and business development, including CDMO agreements.

As until the collapse of the Soviet Union international law was non-existent here, I had entered an unknown world. Over a decade, he patiently led me through this *jungle*, teaching me the fundamentals, praising or criticizing as appropriate, and making a professional of me. He always believed in me and tried to help me maintain my self-confidence and humor, which are vital in difficult situations. I am extremely grateful to him for who I am.

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

**Sutkiene:** Marius Matonis, who joined the firm as a second-year student at Vilnius University. For a few months, he helped me with M&A projects as a legal secretary, but I soon realized how gifted he was. He quickly became a full lawyer and then a partner. A decade or so ago, he took over the M&A practice from me – and has succeeded in it. I sometimes joked that he might take over the entire firm from me as well. And that happened in 2018 when he became the Executive Partner. The firm is in good hands.

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

**Sutkiene:** Lawyering requires good legal knowledge and logical thinking – but also patience, empathy, and the instincts of an explorer. If you lack those qualities or dislike working hard until you get the needed result, then this profession may not be for you. If you have doubts, try something else. Only those who love it succeed.



# EXPERTS REVIEW: WHITE-COLLAR CRIME

This issue’s Experts Review section focuses on [White-Collar Crime](#). The articles are presented ranked by Transparency International’s Corruption Perceptions Index, according to 2021 data. The CPI ranks countries around the world based on how corrupt their public sectors are perceived to be. The results are scored on a scale of 0 to 100, where 0 is “highly corrupt” and 100 is “very clean.”

The article from Estonia goes first, with 74 on the scoreboard and an impressive lead over the rest of the table, followed by the articles from Lithuania and Latvia. Talk about a Baltic focus! Meanwhile, the articles from North Macedonia, Serbia, Moldova, and Ukraine wrap up the issue, all with less than 40 on the board.

Country	CPI Score	Page
■ Estonia	74	Page 66
■ Lithuania	61	Page 67
■ Latvia	59	Page 68
■ Slovenia	57	Page 69
■ Poland	56	Page 70
■ Romania	45	Page 71
■ North Macedonia	39	Page 72
■ Serbia	38	Page 73
■ Moldova	36	Page 74
■ Ukraine	32	Page 76





## ESTONIA: DEVELOPMENTS IN CORPORATE CRIMINAL LIABILITY

By Lembit Tedder, Co-Head of White Collar Practice Group, Cobalt



White-Collar Crime is commonly thought of as something only a natural person can be held liable for. Although this might be the case in some jurisdictions, it does not apply in Estonia. The Estonian legal system allows companies to be held criminally liable alongside or separately from their representatives.

A company can be held criminally liable for acts committed in the interests of the company by its body, a member, executive, or another competent representative. Thus, the criminal liability of a company derives from the acts or omissions of a natural person. This is so because a company, as a legal abstraction, can only act through a natural person. Typically, a competent representative of a company is one of the board members or high-ranking employees but, as per the law and related case law, it is also possible for the supervisory board or its member, shareholder, or even a lower-ranking employee to be considered as a competent representative in the context of the *Estonian Penal Code* and to trigger criminal liability for the company.

In doing so, the prosecutor's office must establish that this natural person qualifies for the prerequisites of a competent representative and that the act the natural person had conducted was in the interest of the company. Whether something is in the interest of the company is a broad concept and is subject to determination on a case-by-case basis. The mandatory requirement that an act of the natural person be in the interest of the company, to establish its criminal liability, seeks to rule out the possibility that those actions that are in the private interest of the natural person and/or out-of-scope of the activities of the company are wrongly attributed to the company. Even if it is determined that the natural person fulfills the requirements of being a competent representative and that the act the natural person had conducted was in the interest of the company, the company still has the ability to argue that it acted without guilt – as the act committed by the competent representative was inevitable for the company.

In recent years, several high-profile white-collar cases have risen to

the surface. As part of these cases, one of the issues, both legally and subjectively, is whether any such alleged act was indeed conducted in the interest of the company or not. For example, if a company is suspected of contractual fraud, it could be rather easy for the prosecutor's office to reach the conclusion that the act was indeed committed for the benefit of the company, since the fraud netted the company's financial gain.

However, it is much more difficult if the crime were to be, e.g., money laundering, because that crime is rarely actually in the interest of the company. Typically, the company would just be a tool for moving money from one place to another and any potential profit would be disproportionate to the risk involved. The same can be said for cartel cases in public procurements where agreements are in place between lower-ranking employees in such a way that only benefits themselves personally (kickbacks), and not the company – the company is only the vessel doing the job and unknowingly taking the risk.

It will be interesting to see how the authorities, courts, and lawyers deal with these sets of issues. One option is that criminal liability for companies should be abolished in favor of, e.g., administrative fines. This process is currently ongoing concerning cartel cases, i.e., the respective provisions of the *Penal Code* are being changed (effectively deleted) and a new legal framework is drawn up so that the state has simpler rules to tackle companies involved with cartels. This proposed draft framework has been heavily criticized, and rightly so, because its current wording is not ready for adoption on a larger scale. It is clearly in favor of the state and the companies' rights of defense are not adequately and proportionally incorporated. Hopefully, the legislative process will remedy the aforesaid, in which case, it could be a favorable development for companies that then no longer have to fear the stigmatization that comes along with criminal proceedings. ■

# LITHUANIA: THE LAW ON PROTECTION OF WHISTLEBLOWERS

By Matas Balenas, Associate Partner, and Viktorija Minkeviciute, Associate, TGS Baltic



The development of the regulation on whistleblower protection in Lithuania started prior to the *Directive (EU) 2019/1937* (Directive) coming into force. The first edition of the *Law on Protection of Whistleblowers of the Republic of Lithuania* (the Law) was passed by the parliament on November 28, 2017, set to enter into force on January 1, 2019. This took place mainly because of OECD insistence on the adoption of the

Law prior to Lithuania's accession to the OECD.

After the adoption of the Directive, it became evident that the Law is subject to modification. Therefore, on February 15, 2022, the Law was modified in compliance with the Directive, making Lithuania among the very first few to successfully incorporate the Directive into national law.

## Key Concepts of the Law

In the current version of the Law new concepts, that were not present previously, have been added, such as the "Reporting person," the "Assistant," "Circumstances related to the work," and the "Person involved in the violation." However, let us stay on the key concepts of the Law, which will allow us to look into the following section more effectively.

"Whistleblower" – a person who provides information on a violation and is recognized as a whistleblower by the competent authority. In other words, not every reporting person qualifies as a whistleblower. Every other person who does not qualify as a whistleblower, therefore, is considered a "Reporting person," which in essence is defined as every natural person who provides information about a violation related to an entity (including, but not limited to employees, contractual counterparties, shareholders, board members, etc.).

The alleged, committed, or in the act of being committed criminal offense, administrative misconduct, official misconduct, or breach of work duties, as well as a serious breach of mandatory professional ethics, attempting to conceal such a breach, or any other threat to the public interest shall qualify as a "Violation." However, the provision of information based exclusively on personal interest shall not be qualified as a report.

Those entities whose nature of activities is related to higher risk (for example, public procurement, finance, etc.) and entities with 50 employees or more have an obligation to implement internal channels enabling reporting persons to submit reports.

The provision of valuable information may be incentivized through remuneration or compensation.

## Practical Implementation

The Prosecutor's Office of the Republic of Lithuania is the competent authority under the Law. Based on interaction with the Prosecutor's Office, we acquired some statistical data from which conclusions can be drawn. For example, based on the data for the years 2019–2020 (the period when the Law first came into force): (1) more than 80% of interviewed entities declared that internal channels for reporting violations had been implemented; (2) all the channel-implementing entities strictly limit access to the reporting person's data; (3) among channel-implementing entities, more than 50% should work on improving their publicly available descriptions of the internal channels; (4) among channel-implementing entities, one third indicated that the description of the internal channel is available only through internal information dissemination channels; (5) out of all entities interviewed, one in ten indicated no awareness of the obligation to implement an internal channel.

The above is related to business adaptation. Additionally, we can look into the number of reports, the results of scrutinization thereof by the competent authority, as well as the outcome of those reports.

The total number of reports stands at: 75 in 2019 (whistleblower status was granted in 36 instances); 86 in 2020 (whistleblower status was granted in 49 instances); and 73 in 2021 (whistleblower status was granted in 43 instances). The outcome of such reports can be classified as follows: out of all the reports, pre-trial investigations were commenced based on 7 instances in 2019, 16 instances in 2020, and 11 instances in 2021.

In terms of remuneration, two requests for remuneration were granted for a total of EUR 19,000 in 2019; one request was granted in 2020 amounting to EUR 5,000. In terms of compensation, one request for compensation was granted in 2019, amounting to EUR 1,950, and no requests for compensation were received in 2020 – nevertheless, EUR 3,700 was paid.

While the above numbers are dwarfed by the impressive USD 5 billion that was paid to whistleblowers in the US in the past 30 years, according to US Securities and Exchange Commission data, one still has to start somewhere. ■





# LATVIA: THE PROBLEM WITH THE CURRENT APPLICATION OF SANCTIONS

By Inese Hazenfusa, Partner, and Artis Klavins, Senior Associate, TGS Baltic



Sanctions are currently relevant as a foreign policy tool and as an institution of law. For Latvia, as a border state with Russia and Belarus, the monitoring and enforcement of restrictions imposed by the sanctions are particularly relevant.

Russia's aggression against the sovereignty of the territory of Ukraine, which began in 2014 and significantly escalated at the beginning of this year, has made the legal framework of sanctions and the need for improvement of the rules of their application topical. Sanctions will not be effective if there are alternative routes of trade and supply of raw materials to the economic and civil restrictions imposed and cooperation partners who have not acceded to the joint application of sanctions. Only the comprehensive application of sanctions can become an effective means of achieving political objectives.

The AML platform is being used as an effective tool for managing sanction risks in those institutions for which the AML platform was mandatory (e.g., credit institutions, auditors, lawyers, and gambling organizations). The assessment of sanction risks has similarities with AML compliance checks. Transactions with countries that have not acceded to the EU and US sanctions represent a considerable risk of infringement of sanctions, so special care is required in verifying the compliance of these transactions. Despite these increased risks, the AML risk management platform set up by credit institutions can integrate the management of sanction infringement risks in a sufficiently effective way.

However, sanctions as a law institution in Latvia require content improvement and development. The main shortcomings may be the need for more guidelines on the legal provisions relating to sanctions and the tasks to be taken to prevent sanction infringements.

The laws governing sanctions do not point to what actions should be carried out by those who need to apply the rules of sanctions and assess the risks of infringement of sanctions. It has yet to be determined exactly what checks (and to what extent) should be carried out to gain certainty about the legality of the transaction. At the moment, each person must assess the scope and content of actions necessary to eliminate the risk of sanction violations. In more complex cases of transaction research, assessment of the risk of infringement of sanctions and identifying the true beneficiary may be associated with

a voluminous set of research activities. The finding of the European Court of Justice in joined cases *C-37/20* and *C-601/20* – that disclosure of the identity of the true beneficiary of companies is disproportionate – will also not facilitate compliance with sanctions. It should be assessed whether regulatory enactments should determine the content of minimum actions to verify compliance of the transaction with the sanctions.

*Regulation No. 833/2014* provides for the prohibition of “participating, knowingly and intentionally, in activities the object or effect of which is to circumvent the prohibitions referred to in the Regulation”. In this way, it is revealed that liability for violation of sanctions is provided only if the actions of the objective party are committed with direct intent, while also determining the form of guilt and characterizing the attitude of the offender of sanctions to the committed acts.

From the practical point of view, the application of sanctions requires careful preliminary research work before the conclusion of the transaction. Without doing the work, there is a probability of inadvertently violating the established limits.

According to Latvian law, criminal liability is foreseen for violations of sanctions. It would be worth opening a discussion about infringements involving insufficient verification activities, where the law could provide for “lighter” forms of criminal liability – administrative responsibility – which would allow for more effective detection of the breach and faster prosecution.

The range of natural and legal entities subject to sanctions and the content of civil restrictions imposed on Russia and Belarus is complex and, at the same time, general, only sometimes providing clarity on their application. It creates uncertainty about the possibility of conducting a transaction with residents of Russia or Belarus and counterparties of third countries. Awareness of the need to comply with sanctions as a legal tool may be considered an alternative means to military aggression and the use of force. The restrictions in laws to such a comprehensive extent as is currently established for Russia and Belarus also necessitate the adoption of procedural norms for the sanctions to be as effective as possible. ■



# SLOVENIA: THE ABUSE OF POSITION OR TRUST IN THE BUSINESS ACTIVITY OF A SINGLE-MEMBER LLC

By Katarina Mervic, Partner, Senica



This article provides a brief review of the case law regarding the abuse of a position or trust in the business activity of a single-member limited liability company (LLC) in Slovenia, which is incriminated under Article 240 of the *Criminal Code of the Republic of Slovenia* (CC).

Abuse of a position or trust in a business activity is committed by a person who, in the performance of economic activity, abuses their position or the trust placed in them and thus harms the company.

A single-member LLC has a sole member, who, therefore, independently dictates the actions of the company. Indeed, it is common that the sole member is also the company's director. The question arises whether, by harming a single-member LLC's assets, the sole member – who is also the director of the company – can commit an abuse of position or trust.

Prior case law was clear that it was not possible to carry out abuse of position or trust in a single-member LLC whose member is also its director. In its early decision dated May 24, 2007, *I Ips 141/2006*, the Supreme Court of the Republic of Slovenia (SC RS) stated that one of the reasons that can influence the existence of a criminal offense is the consent of members to a legal transaction. If the member and the director are the same person, consent exists. The court also noted that it is not possible to talk about damage to someone else's property (e.g., company property) if the sole member is also the director of the company.

In its decision dated December 13, 2007, *I Ips 266/2007*, the SC RS wrote that the perpetrator and the injured party cannot be the same person. Therefore, there cannot be harm to another person's property as a basis for the existence of the abuse of position or trust in single-member LLCs whose member is also the director. It can be understood from the decision that criminal offenses in single-member LLCs can only be committed externally, against creditors, and not internally, against the perpetrator themselves.

In the decision dated May 19, 2011, *I Ips 85/2009*, the SC RS set a slightly different starting point. It stated that the assets of the mem-

bers are separate from the assets of the company. However, it is not adequate to consider an abuse of position or trust in relation to the company, if the company, by its will, expressed through its highest management body (director), allows the reduction of its assets.

The SC RS's position dramatically shifted with the decision dated March 23, 2017, *I Ips 35999/2015*, in which the SC RS stated that the abuse of position or trust is indeed possible in a single-member LLC whose member is also its director. For the first time, the SC RS explicitly stated that the property of a single-member LLC is someone else's property, not only externally, but also in relation to its sole member. The director is required to conduct business conscientiously and honestly and to pursue the interests of the company, which is an independent (legal) entity whose property is separate from the property of its members and is intended for the performance of economic activity. Thus, the SC RS concluded that an individual who – contrary to the law and the interests of the LLC – disposed of the company's assets to the detriment of the company and, thereby, took advantage of their position and obtained a material benefit for another person, harmed the company itself and, therefore, met all the elements of the criminal offense of abuse of position or trust.

The latest position of the SC RS may excessively interfere with private property rights. Specifically, the sole member establishes a single-member LLC for the realization of his own private economic interests. Such a company's establishment, operation, and liquidation are entirely within the sole member's direction and any residual interest reverts to that member upon liquidation. Therefore, it is difficult to agree that the property of a single-member LLC is someone else's property in relation to its sole member.

The principle of separation of the company's property from the member's property serves the function of protecting creditors or other beneficiaries of the company's property – and not the member themselves – and acts that harm creditors or other beneficiaries are subjects of other criminal offenses (for example, defrauding of creditors, under Article 227 of the CC), not those under Article 240 of the CC. ■

# POLAND: THE WHY, THE WHO, AND THE WHAT OF WHITE-COLLAR CRIME

By Jeremiasz Kusmierz, Head of Compliance, Penteris



Poland is on the verge of implementing the long-awaited new rules on corporate liability for white-collar crimes. This is the second such attempt after an initial legislative proposal was flushed down the drain, only two years ago, amid vehemently critical reviews from entrepreneurs and business associations right across the country.

## Whys and Wherefores

The purpose of the new law is mainly to decouple the liability of companies – which benefited from wrongdoing – from the criminal liability of individual perpetrators within those companies. Under the current regulations in Poland, fining a company for the wrongdoings of its officers and employees requires that they be held liable for a crime in court proceedings, as a prerequisite. Only recently, and crucially, has this paradigm been changed for crimes relating to environmental issues, which can be attributed to companies even if there are no individual perpetrators to be found.

This is a great – if not monumental – change because, due to the length of criminal court proceedings in Poland, it usually takes years upon years to hold the direct perpetrators to account for their crimes. Pursuing the liability of a corporation after such a long time would usually not be effective, which is, therefore, why it is of entirely no surprise that Poland's law enforcement authorities are extremely reluctant to initiate corporate liability cases under the current regulations.

## Who and How

The good news for businesses, however, is that this new law is intended to apply only to large companies, employing at least 500 people and generating a net turnover of PLN 100 million per year or more. What is also significant is that the level of the fines will be linked to a company's revenue and may reach the region of PLN 30 million.

A company will not face liability if it can prove that the wrongdoing occurred despite the company's properly implemented internal supervision procedures and due diligence measures. As a result, the new rules on corporate criminal liability are likely to boost the implemen-

tation of compliance procedures across large entities. In addition, the legislation process of the new law partially overlaps with the delayed implementation of the much-touted EU whistleblowing directive. As one might expect, many corporations will use this opportunity to strengthen their internal reporting procedures and investigation models in order to decrease the risk of any criminal wrongdoing by their employees and more senior officers.

## What and When

The downside is that the proposed law does not establish any common standard of compliance measures to be adopted. This could be problematic, but here also lies an opportunity for the market supervision authorities and courts to develop their own tailor-made guidelines for businesses. For now, companies and their advisors will have to make their own decisions on shaping the internal compliance landscape within individual companies and corporate groups as a whole, which might not be a bad thing.

However, there is a selection of measures that can be adopted right away. These include: (1) the establishment of supervisory boards (which were empowered with new inspection and scrutiny tools in this year's amendment to the corporate law); (2) the development of internal reporting and investigation procedures that allow for anonymous notifications of wrongdoing; (3) the establishment of independent compliance units within companies; and (4) the introduction of regular and frequent stress tests and internal audits.

## White-Collar Consequences

The common standard for compliance measures will soon start to develop and crystallize, in parallel with the upcoming introduction of the European Union's *Corporate Sustainability Reporting Directive* (CSRD). This may be beneficial to corporations as the EU is actively working on developments in standardized guidelines and measures across the whole Union for the purpose of the CSRD.

Bearing all of this in mind, the new law on corporate liability for white-collar crimes will be yet another factor prompting the introduction of a "self-control" model promoted on both the EU and domestic levels (in each member state). As expected, and as is usually the case, large companies will be forced to lead this change in the years ahead and take on all the associated challenges. And lawyers will have to pick up the slack and fill in the gaps. ■

## ROMANIA: BETTER SAFE THAN SORRY – PRECAUTIONARY MEASURES IN CRIMINAL PROCEEDINGS

By Magdalena Roibu, White Collar Crime Managing Attorney,  
and Horia Codreanu, Attorney, Schoenherr



Serious crimes, such as tax evasion, corruption offenses, or money laundering provoke serious responses from law enforcement authorities. When such offenses are committed, the law provides for compulsory precautionary measures to be taken against the assets of the offenders, at any stage of the criminal proceedings.

The precautionary measures restrict property rights and are mainly intended to (1) guarantee the enforcement of any claims which may be recognized to third parties damaged by the offense, as well as the payment of criminal fines or judicial expenses, and (2) avoid the concealment, destruction, transfer, or pursuit of assets subject to confiscation. They basically consist in freezing the defendant's assets, followed by the seizure or garnishment of said property, movable and/or immovable. In those cases, the precautionary measures are taken to prevent any potential incapacities to pay for the *probable amount* of the damage caused by the offense.

In practice, one controversial issue arises precisely from the *obligation* to impose the measure, which supersedes the analysis of all other criteria that must be fulfilled in order to impose precautionary measures. In an almost shortsighted act of duty – which calls for the mandatory application of precautionary measures – judicial bodies no longer resort to the analysis of the triple-principle test of necessity, adequacy, and proportionality with regard to the scope of the measures.

To deem precautionary measures *adequate*, it should be verified whether the person against whom they could be imposed is trying to conceal, destroy, or transfer property or in any other way evade sanctions. In practice, such intentions are merely presumed, without any proof of a person's attempt to diminish their patrimony. In the case of legal entities, the topic becomes more delicate, since a decrease in wealth could occur without any criminal intent to evade the obligations (e.g., bad business decisions, inflation, unhonored contracts, etc.).

The Constitutional Court and the High Court of Justice have ruled that there must be a *proportionality* relationship between the scope of the measure and the restriction of the fundamental right to property, regardless of whether the measure was imposed by law or was left to the discretion of judicial bodies. As these courts stated, this condition

derives from both Article 1 of the *First Additional Protocol to the European Convention on Human Rights and Fundamental Freedoms* and Article 53(2) of *The Romanian Constitution*.

Echoing this case law, in 2021, the Romanian lawmaker adopted an amendment to the *Code of Criminal Procedure*, introducing art. 250(2), which states that precautionary measures should be verified by judicial bodies *ex officio* no later than six months during the criminal investigation and one year during the trial. The purpose of this legal sanity check is to establish whether the grounds for taking or maintaining the measures still exist, or whether new grounds have arisen that could lead to the maintenance, extension, or lifting of the measure.

In the case of legal entities, the criteria for ordering precautionary measures should be analyzed from an economic point of view, since freezing assets could block the entire activity without the company being able to pay suppliers, employees, and so on.

Another practical issue has arisen when the measures are being imposed only on one party to the trial, where there is civil joint liability between several accused parties. Based on joint liability rules, one offender could assume the entire financial burden in the criminal trial, i.e., one company with good financial standing may alone be subject to the precautionary measures and, thus, be liable for all the damage.

Precautionary measures still create a lot of controversy in criminal practice, especially when they are compulsory under the law. That is why, in each case where such measures must be applied, the judicial authorities should carefully analyze other legality criteria, such as necessity, adequacy, and proportionality, to ensure that the measures do not lead to more serious impacts, far more damaging than the law had initially ascribed to such legal instruments. ■



# NORTH MACEDONIA: AN OVERVIEW OF COMPANIES' AND AUTHORIZED PERSONS' MAIN CRIMINAL RESPONSIBILITIES

Marija Filipovska Jelcic, Partner, and Aleksandar Krlevski, Attorney at Law, CMS Skopje



White-collar crime has mainly been regulated by the *Macedonian Criminal Code* (“Code”) from 2004. Certain areas of responsibility that may render authorized persons criminally liable are also stipulated by other laws. We will focus on the main rules on white-collar crime provided by the Code, and certain liabilities provided by the *Company Law* that may trigger criminal responsibility for shareholders.

According to the Code, the company and its authorized persons are liable for crimes committed by any authorized person on behalf or on account of, and for the benefit of the company. The Code provides a broad definition of the term “authorized person”, which is not necessarily limited to managers or shareholders. An “authorized person” is any person who, in accordance with their function or mandate granted by the company, conducts tasks or activities provided by the law or other regulation connected to the usage or disposal of the company’s property, managing the business, supervision, economic processes, etc.

Moreover, the company and its authorized persons are liable for crimes committed by any of the company’s employees or representatives – wherever significant property benefit has been acquired, or significant damage has been caused to a third party – in cases when, for example, the crime resulted from omitting the obligatory supervision of the board of directors, managing body, or supervising body, if such corporate bodies have not prevented the crime.

In addition to monetary fines, “side” penalties may be imposed on companies, which may include a ban on performing business activities, liquidation, a ban on submitting bids in public procurements, a ban on establishing legal entities, prohibitions on subventions or loans, a ban on/the cancellation of concessions, licenses, approvals, or authorizations, etc. The penalty for the company’s authorized persons may be monetary, a prohibition on professional activity, or imprisonment.

The type and severity of the penalty depend on the crime and the value of the acquired benefit. The criminal charges against the company do not exclude criminal charges against the authorized person and imposing a monetary fine does not exclude imposing a “side” penalty (and *vice versa*).

Foreign investors should note that foreign companies are criminally liable in North Macedonia if the crime has been committed on Macedonian territory, regardless of whether they have a registered company/branch here. Although there appears to be no practice in this regard, the risk should be considered and not underestimated.



Additionally, certain liabilities provided by other laws may implicitly trigger criminal liability for shareholders. Just as an example, although the rule set in the *Company Law* is that shareholders in LLCs are not liable for the obligations of the company – as an exception – the shareholders may be liable in certain cases: if they abused the company to gain a prohibited benefit; if they used the company to damage creditors; if they illegally disposed of the company’s assets; if they decrease the company’s assets for their own benefit / a third party’s benefit, under certain conditions, etc.

Although white-collar crime was regulated back in 2004, there are no statistics for the number, types, or trends of criminal judgments connected to white-collar crime that would enable us to analyze the practice. This issue has already been recognized and raised on several occasions by prominent professors and legal professionals. Based on the little existing information, in the period from 2010 to 2013, 560 companies were criminally convicted, whereas the crimes reported in 2021 showed a 27.7% reduction when compared to 2020. Alas, it would be interesting to see whether the number of white-collar crime cases has been increasing or decreasing since 2004.

Bearing in mind that North Macedonia is a potential EU candidate and that – according to the *2022 Report on the progress of North Macedonia in the European integration process of the European Commission* – the country continues to improve its criminal investigation and prosecution, we would expect to see more white-collar crime investigations in future.

It is fair to conclude that the Code stipulates a wide range of criminal responsibilities for companies doing business on Macedonian territory, and for their authorized persons. Hence, when deciding to start a business, or for investors that are already doing business in North Macedonia, it would be wise to apprise oneself of the specifics of white-collar crime rules and other risks that may trigger criminal liability in North Macedonia. ■



## SERBIA: WHITE-COLLAR CRIME

By Igor Zivkovski, Partner, Zivkovic Samardzic



activity.

In simple terms, white-collar crime is an illegal activity for financial gain which is non-violent but economically hazardous. The main purpose of these crimes is to obtain money and property, avoid losing existing property, or gain a personal or commercial advantage. White-collar crime can include organizational crimes.

White-collar criminals usually occupy a professional position of power and prestige and one that commands well-above-average compensation. Therefore, when speaking about white-collar crime, we are usually discussing crimes like money laundering, tax evasion, bank fraud, cyber-crime, and embezzlement, but also bribery, forgery, and abuse with respect to public procurement, crimes that are typical of offenders who are government professionals.

White-collar crime is commonly subdivided into two broad, general categories: individual crimes and corporate crimes. Individual crimes are financial crimes committed by an individual or a group of individuals, while corporate crimes are certain white-collar crimes that occur on a corporate level. For example, a brokerage firm may let its trading desk employees engage in an insider trading scheme. Money laundering may also be conducted on a corporate level.

What should be emphasized is that in the *Criminal Code of the Republic of Serbia* (Criminal Code), criminal acts that fall under this form of criminal offense are not separated into a separate section, but are found in several sections: e.g., criminal acts against official duty, against legal traffic, against the economy. This is because the crimes in the Criminal Code are grouped into sections, according to the group protection object, and the reason that the crime belonging to white-collar crime is found in a larger number of sections is precisely the essence of this type of crime, that it is carried out by abuse of various legal occupations for the purpose of obtaining illegal property benefits.

Illegal actions intertwine with completely legal ones, and it is often difficult to determine what actually constitutes border crossing. On the other hand, illegal gain, usually material, is the ultimate and highest goal of those who decided to be engaged in incriminated activities, which are undertaken where there are opportunities and space for them, whether it is in the economy, private or public sector, whether it is on state bodies, holders of public authority.

The most common white-collar crimes in Serbia are *bribery*, *money laundering*, and *tax evasion*.

The Criminal Code does not explicitly define the term *bribery* but defines this term through the elements of two criminal offenses called “giving a bribe” and “receiving a bribe.” Therefore, according to Serbian law, a bribe is a gift, other benefits, i.e., the promise of a gift or other benefits for oneself or another that an official directly or indirectly requests or receives to perform, within the scope of their work or in connection with their official powers.

In terms of *money laundering*, criminals in Serbia use several tools. The most common are precious metals, real estate, and virtual currency such as Bitcoin.

The Criminal Code prescribes a penalty for this criminal offense of six months to five years in prison and a fine, and if the amount of property exceeds approximately EUR 13,000, the penalty is from one to ten years in prison and a fine.

*Tax evasion* is a basic fiscal criminal offense in our legal system, systematized as a criminal offense against the economy, and is regulated by Article 225 of the Criminal Code, according to which the penalty is one to five years in prison and a fine if the amount of the tax liabilities whose payment is avoided exceeds approximately EUR 8,500.

According to Serbian law, tax evasion has three alternative enforcement actions. The first is providing false information about legally acquired income, the second is not reporting those facts that are important for determining tax liabilities, and the third consists of concealing data related to determining tax liabilities. It means that the act of the criminal act of tax evasion is a specific fraudulent activity, which manifests itself as doing or not doing, that is, as an active or passive activity. ■

# MOLDOVA: CHANGES TO THE EXTENDED CONFISCATION REGIME

By Daniel Martin, Partner, ACI Partners



In the context of signing the *Association Agreement with the European Union* on June 27, 2014, the Moldovan legislation underwent fundamental changes aimed at harmonizing the domestic provisions with those of the European Union.

To implement the *Justice Sector Reform Strategy*, several legislative changes were made, including supplementing the criminal legal framework with a new measure – extended confiscation – provided for by Article 106/1 of the *Moldovan Criminal Code*.

The extended confiscation measure is aimed at blocking the movements of suspect capital and is expected to be an effective and necessary weapon to combat this menace.

Although the rule providing for extended confiscation has been in force since February 25, 2014, this measure has not been applied yet. One of the causes is the ineffective wording of the legal provisions regarding the cases in which extended confiscation would apply, and its conditions.

Recently, by *Law No. 190 of July 21, 2022*, Article 106/1 of the *Moldovan Criminal Code* has been significantly modified, being aligned with the provisions of *Directive 2014/42/EU of the European Parliament of April 3, 2014, on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union*.

## The Main Changes

First, the number of crimes for which the extended confiscation could be applied was expanded. The exhaustive list is provided in Article 106/1. Most of these crimes can be (and are) committed by persons acting in the public or private sector, including such crimes as money laundering, smuggling, acts of corruption, unjust enrichment, etc. To qualify for extended confiscation, the listed crime should be committed for a pecuniary interest.

Second, the conditions for applying extended confiscation have been changed. It can be applied only if the following conditions are cumulatively met: (1) the value of the assets acquired by the convicted person in the last five years before committing the crime exceeds the legal income acquired by that person by more than 20 official average monthly salaries (currently – approximately EUR 10,000); (2) the

court is convinced that the respective goods originated from illegal activities. The court's conviction can also be based on the difference between the lawfully obtained income and the value of the goods acquired in the same period; the committed crime is listed in Article 106/1 of the *Criminal Code* for which the maximum penalty of imprisonment exceeds four years.

Third, extended confiscation can also be ordered for assets fictitiously transferred to third parties, acquirers in bad faith, as well as in the case of third parties who knew or should have known that the purpose of the transfer was to avoid confiscation.

## Impact

The major transformation, which is also very welcome, is that to be able to order the extended confiscation of assets, it is sufficient for the court to evaluate based on the probabilities or to be able to reasonably presume that it is significantly more likely that the goods in question were obtained from criminal activities.

When determining the assets acquired, not only the personal wealth owned by the convicted person is considered, but also the assets that are owned by affiliates (family members, legal entities over which the convicted person has control, etc.), as well as other persons who knew about the illegal origin of the goods. Moreover, the goods and/or money resulting from the use of goods that have an illegal origin can also be subject to extended confiscation.

The *Criminal Code* also establishes a certain limit of confiscation – it cannot exceed the value of the assets acquired in the period of five years before the crime was committed, and only those exceeding the level of the lawful income of the convicted person.

The *Criminal Code* prioritizes the order of asset confiscation, determining that the monetary means owned by the convicted person should be confiscated first. Other assets are to be confiscated if the owned monetary means are not sufficient.

The current legal provisions constitute a favorable basis for increasing the application of extended confiscation against convicted persons who cannot justify their acquired assets, and the Moldovan state must take advantage of this opportunity.

The reform is important in current times when the so-called “bank fraud” is being investigated in Moldova, and a lot of publicized cases are related to the illicit enrichment of former public servants and high-ranking politicians. The fight against corruption in the public sector remains one of the top priorities of the current government. ■

# ACI

PARTNERS

#NOTANOTHERLAWFIRM

# UKRAINE: SANCTIONS – THE EDGE OF WAR AND BEYOND

By Olga Vorozhbyt, Partner, and Pavlo Bogachenko, Senior Associate, Kinstellar Kyiv



Since the outbreak of war in Ukraine, the world faces an ever-increasing number of restrictive measures and sanctions introduced in various jurisdictions. While the global sanctions landscape has been long established, it has developed rapidly after February 24, 2022.

Ukraine introduced its first sanctions law in 2014 after Russia annexed Crimea (the *Law of Ukraine on Sanctions No. 1644-VII*, dated August 14, 2014 – Law on Sanctions). Since then, Ukraine implemented further autonomous sanctions and introduced various restrictive measures similar to sanctions in nature.

Following the full-scale Russian invasion, the Ukrainian authorities have been closely monitoring and synchronizing Ukrainian sanctions with those introduced abroad, with the reverse happening as well.

## Ukrainian Sanctions Regime

As a general rule, personal sanctions are introduced by a decision of the National Security and Defense Council of Ukraine (NSDC). These decisions become effective upon approval through the Decree of the President of Ukraine. Sectoral sanctions are introduced in the same manner and subject to additional approval by the Parliament of Ukraine.

The Law on Sanctions includes a non-exhaustive list of more than twenty types of restrictive measures that Ukraine may impose against sanctioned individuals or entities. When introducing these sanctions, the NSDC defines in its decision the names of the individuals/entities targeted by the measures as well as one or several specific types of restrictive measures used (e.g., asset freezing, restrictions on trade transactions, the prevention of capital outflow from Ukraine, etc.).

When issuing decisions on the imposition, amendment, or cancellation of sanctions, the NSDC takes into consideration recommendations from the Parliament of Ukraine, the President of Ukraine, the Cabinet of Ministers of Ukraine, the National Bank of Ukraine, the Security Service of Ukraine, and the Asset Recovery and Management Agency of Ukraine. The NSDC has discretionary authority to consider the above recommendations.

Since the outbreak of the war, Ukrainian lawmakers have been working to establish additional mechanisms to respond to Russia's aggression.

As an example, in May 2022 the Parliament of Ukraine adopted a new law amending existing sanction legislation. The new law enacts

a new type of sanction that results in the foreclosure of assets in the state's favor. This new sanction may be imposed on both companies and individuals that cause significant damage to the national security of Ukraine. This new legislation may set an example to other jurisdictions of a response aimed at protecting national security and making Russia accountable.



## Additional Restrictive Measures

On March 3, 2022, the Cabinet of Ministers of Ukraine imposed a moratorium on certain activities that could be performed by any individual or legal entity that might financially benefit the Russian Federation or its affiliates (*Decree No. 187*).

As per *Decree No. 187*, *affiliated persons* are defined as citizens of the Russian Federation (except those legally residing in Ukraine – owners of a residency permit or its equivalent); legal entities incorporated under the laws of the Russian Federation; or legal entities incorporated under the laws of Ukraine where the Russian Federation, its nationals, or legal entities incorporated under the laws of the Russian Federation have a stake of 10% or higher.

*Prohibited actions* include a performance of monetary and other obligations in favor of the Russian Federation or affiliated persons; the alienation, pledge, or any other action performed with real estate, securities, corporate rights, and certain types of movable property for the benefit of the Russian Federation or its affiliated persons; or performance of those acts by affiliated persons. If performed, these actions are deemed void.

Although *Decree No. 187* directly covers only Ukraine-registered legal entities with Russian shareholding of more than 10%, in practice some Ukrainian banks and other companies in Ukraine refrain from doing business with legal entities that have Russian shareholders (regardless of whether such legal entities are registered in Ukraine or abroad) due to enhanced compliance and risk policies.

## Nationalization of Russia-Related Property

An additional piece of legislation introduced in Ukraine is the *Law of Ukraine on the Basic Principles of the Forcible Seizure of Objects of Property Rights of the Russian Federation and its Residents in Ukraine No. 2116-IX*, dated March 3, 2022 (dubbed the Nationalization Law). While this law raises serious concerns in terms of its impact on businesses and potential investment-treaty claims, its implementation in practice is yet to be developed. ■

# Thank You To Our Country Knowledge Partners For Their Invaluable Input And Support

---

The logo for schönherr, featuring the word in a lowercase, sans-serif font.

**Bulgaria**

The logo for ČIPČIĆ-BRAGADIN-MEŠIĆ AND ASSOCIATES LAW FIRM, featuring a stylized 'C.B.' monogram and the firm's name in uppercase.

**Croatia**

The logo for P / R / K ATTORNEYS AT LAW, featuring the letters 'P / R / K' in a large, serif font and 'ATTORNEYS AT LAW' in a smaller, sans-serif font below.

**Czech Republic**

The logo for NAGY & TRÓCSÁNYI, featuring the firm's name in a serif font.

**Hungary**

The logo for ACI PARTNERS, featuring the letters 'ACI' in a large, bold, sans-serif font and 'PARTNERS' in a smaller, sans-serif font below.

**Moldova**

The logo for Vujacic law offices, featuring a stylized graphic of vertical bars and the firm's name in a serif font.

**Montenegro**

The logo for PENTERIS, featuring the word in a large, bold, sans-serif font.

**Poland**

The logo for TUCA ZBARCEA ASOCIATII, featuring the firm's name in a bold, sans-serif font.

**Romania**

The logo for NAZALI Tax & Legal, featuring a stylized graphic of a triangle and the firm's name in a bold, sans-serif font.

**Turkey**

The logo for AVELLUM INTERNATIONALLY UKRAINIAN, featuring the word 'AVELLUM' in a large, bold, sans-serif font and 'INTERNATIONALLY UKRAINIAN' in a smaller, sans-serif font below.

**Ukraine**





Internationally recognized and repeatedly awarded business law firm.

Providing the full spectrum of **legal, tax & insolvency** services.

**London**

[www.mprpartners.uk](http://www.mprpartners.uk)

**Bucharest**

[www.mprpartners.com](http://www.mprpartners.com)