



CEE

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FEBRUARY 2017

LEGAL MATTERS

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



■ ACROSS THE WIRE: DEALS AND CASES IN CEE ■ MARKET SPOTLIGHT: HUNGARY ■ INSIDE INSIGHT ■ ON THE MOVE: NEW FIRMS AND PRACTICES ■ THE BUZZ IN CEE ■ EXPERTS REVIEW: DATA PROTECTION ■ THE BOUNCE-BACK: CONFIDENCE RETURNS TO CEE'S M&A MARKETS ■ MARKETING LAW FIRM MARKETING: YOUR FAVORITE THING ■ THE LONDON BRIDGE: CEE FIRMS PUT FEET ON THE GROUND IN THE UK ■ FACE-TO-FACE: GABOR OROSZ FROM WOLF THEISS AND JANOS TOTTH OF NATIONAL INSTRUMENTS CORPORATION ■



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

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EDITORIAL: OUR TAKE ON MOORE'S LAW



Before any of our readers ask: indeed, Moore's Law is not really a law. Rather, it reflects the prediction by Intel Co-Founder Gordon Moore in 1965 that, based on his observation at the time that the number of transistors per square inch on integrated circuits had doubled every year since the integrated circuit was invented, that trend would continue into the future. Many since have described his prediction as the rhythm of the beating heart of technological developments.

While Moore himself predicted that this annual doubling would continue until 2020, by 2015, articles began appearing claiming that shrinking transistors at the pace described by Moore will no longer be viable. A year later, that seemed to be the consensus, with one MIT Technology Review headline reading "Moore's Law Is Dead. Now What?"

The article came to my mind recently, not simply because it assumed Moore's Law was no longer applicable, but because it raised a natural question: with that doubling process no longer possible, what new ways could be found to improve computing speed and potential?

The year 2016 was a turning point for us at CEE Legal Matters as well. With lessons learned, networks developed, and a team backing us up, we had grown our publication's coverage at a whooping pace. The deal list we ran in the first issue of this magazine, back in February 2014, included a whooping 39 deals that we had covered on the CEE Legal Matters website in the previous two months. Two years later, our December 2016 issue featured 213. In 2015 we switched from one market focus per issue, to two, and began introducing new and now regular fea-

tures such as the "Face-to-Face Interviews," the "Corner Office" segments, the "CEE Building Block" series, and so on. As 2016 came to a close, we became convinced that, in terms of size and scope, the magazine was at a maximum, and additional forms of content were no longer necessary. We found ourselves faced with the same question asked by that MIT Technology Review article about the conclusion of Moore's Law: What next?

At a long-ranging conversation for several hours in a Czech pool hall, we concluded that the time was right to push the button on a dream we have had since the beginning, and, with this, the first issue of Volume 4, the CEE Legal Matters magazine now moves to a monthly rather than a bi-monthly publication schedule.

In a world that sees print publications in strategic retreat mode across the board, we're excited by the positive feedback we've received from our readers and friends (frequently overlapping groups) about the news. And we're excited to have more room to improve our ability to perform our mission: providing "In-depth analysis of the news and newsmakers that shape Europe's emerging legal markets."

But the most exciting part is that we are not alone in this mission. Our recent Special Year End Issue featured a cover with photographs of the over 300 leading lawyers in CEE that contributed their expertise to various articles in the CEE Legal Matters magazine throughout 2016. It is because of the network of our readers and contributors that we've been growing. We look forward to expanding that growth even more. Always.

So, without further ado, here it is, the first monthly issue of our magazine, along with a promise that for this legal publication, law-breaking will continue to be our norm as we refuse to let the end of Moore's Law rule our growth.

Radu Cotarcea

Editor's Note: In October 2016, CEE Legal Matters was informed by BDK Advokati that firm Senior Partner Vladimir Dasic, Senior Associate Marija Doci, and Associate Jelena Zelenbaba had advised the Eldorado Gold Corporation, a global gold mining company listed on the NYSE, on its acquisition of a 100% shareholding in South Danube Metals, a company owning an exploration license in the Karavansalija Mineralized Complex in southeastern Serbia.

To our embarrassment, in February of this year BDK alerted us to the fact that we had failed to report the news, and as a result, information about the deal did not appear on the CEE Legal Matters website, nor in the Table of Deals that appeared in the December 2016 issue of the magazine, nor in the year-in-review Table of Deals that appeared in our January 2017 special issue. CEE Legal Matters apologizes for the oversight.

GUEST EDITORIAL: CEE – WHERE EVER-INCREASING SOPHISTICATION MEETS RESILIENCE

By Kerem Turunc, Partner, Turunc



I have been doing deals in the CEE region in one capacity or another for over a decade now. My initial introduction to the region was during my time in New York and London with Cleary Gottlieb where I frequently instructed local law firms in the region on cross-border transactions. Perhaps because I grew up in Turkey until I started college, I found working in the CEE and with CEE lawyers quite enjoyable and felt that we often “spoke the same language” (despite the sometimes-inevitable tension between international counsel and local counsel on transactions due to cultural differences, multiple time zones, and what have you). Now that I practice in Turkey, my involvement in the region has unsurprisingly increased and I find myself working as co-counsel with other firms in the CEE or referring work to one another almost on a daily basis. And I still very much enjoy working in the region.

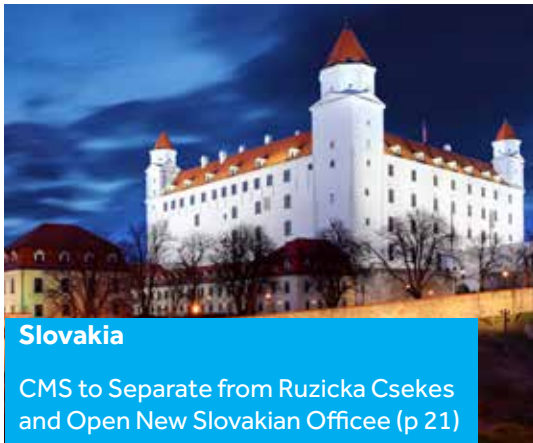
One thing has changed over time, though, and that is the level of deal sophistication among CEE law firms. The region has always had some top-class lawyers, on whom any multinational client could rely. Today, however, I observe a much deeper and sophisticated legal market than I did a decade ago. In particular, I see many younger lawyers with flawless English, as well as excellent drafting and negotiation skills, advising their clients with a level of sophistication matching international law firm standards. That should not be too surprising. There are many more opportunities today for CEE lawyers to interact with their counterparts in larger markets, study abroad and have access to information than used to be the case until relatively recently. Luckily for all of us, many lawyers and law firms have been using these opportunities wisely, benefiting themselves and their clients at the same time. It will only get better.

Sophistication alone, however, is not sufficient, of course. Ours is a volatile region (then again, which region isn’t these days?). For example, in 2016, the year that will be remembered, among other reasons, for the Brexit vote and Trump’s election, the number of M&A transactions in CEE declined (although the total value of these transactions went up as compared to 2015). The impending major political shifts of 2016 seem to have put many deals on hold in the region while investors cautiously waited – and are still

waiting in many cases – for the dust to settle on various worldwide election and referendum results. Some of the deals put on hold earlier began to close towards the end of 2016, which gave a boost to the year’s transaction value numbers. This makes me optimistic about 2017 and I expect that many deals put on hold during the tumult of 2016 will close this year. I should note here that interestingly (and happily), Turkey, despite internal political instability and regional conflicts causing its activities to drop to their lowest level since 2010, still remains a powerful M&A market with its position – both by number of deals and value of deals – being the fourth most active country in the region. I expect Turkey to maintain its position, partly due to the expected sale of the approximately 600 companies worth an estimated total of EUR 9 billion, which have recently been seized by the Turkish government due to their ties to the terrorist group behind last year’s failed coup attempt.

In addition to volatility, we are also experiencing a shift in the investor base in the region, with Asian investments increasing at the expense of U.S. and Western European investments. Japan, China and India, by value of deals, were the first, third, and fourth investors in the region respectively (the UK was number two) last year.

Yet I find CEE lawyers to be responding well to the volatility and the unpredictability of their markets. Law firms in the region are diversifying their practices, adapting to the new realities of the market and quickly getting used to advising a changing client base with increasing budget sensitivities. I think it is partly an old world resilience that keeps us going and allows us to say “this, too, shall pass.” That resilience coupled with ever-increasing sophistication makes working in the CEE exciting and keeps me optimistic.



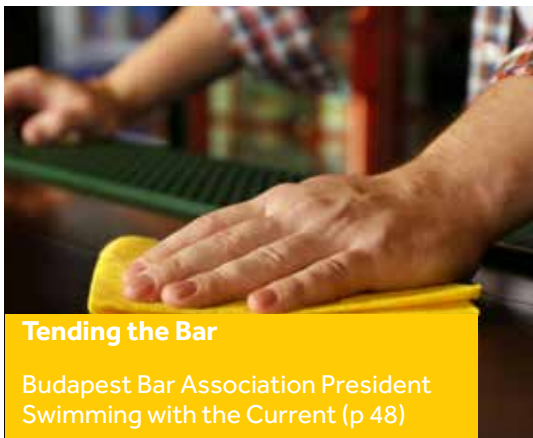
Slovakia

CMS to Separate from Ruzicka Csekes and Open New Slovakian Office (p 21)



The London Bridge

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Budapest Bar Association President Swimming with the Current (p 48)



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ACROSS THE WIRE: FEATURED DEALS

Schoenherr Leads Z-Mobile to Victory in Kosovo's Largest Commercial Arbitration to Date

Schoenherr led Kosovar mobile operator Dardafon.net LLC ("Z-Mobile") to victory in its dispute against state-owned Telecom Kosovo (PTK) in Kosovo's largest commercial arbitration to date.

An ICC Tribunal composed of Georg von Segesser (President), Franz Schwarz (Z-Mobile's appointee), and Jernej Sekolec (PTK's appointee), awarded Z-Mobile damages, lost profits, contractual penalties, arbitration costs, and interest in the amount of EUR 31.1 million upon a finding that PTK had breached of a 2009 MVNO Support Agreement. Z-Mobile was further awarded specific performance under the Agreement, gaining full access to PTK's infrastructural resources and up-to-date technologies such as 3G and 4G.

The dispute arose under terms of the Agreement which were ambiguous on Z-Mobile's access to new technologies and sharing of infrastructural resources. PTK had interpreted the terms to the effect that there was no obligation to provide any new technologies including 3G and 4G to Z-Mobile. The Tribunal examined the parties' joint intent and their subsequent conduct, and concluded that PTK was, and remains under the obligation to provide all new technologies and services to Z-Mobile.

Baker McKenzie Advises Eurobank Ergasias on Sale of Universal Bank to TAS Group

Baker McKenzie's Kyiv office advised Eurobank Ergasias S.A., one of the largest banks in Greece, on the sale of its Ukrainian subsidiary, Universal Bank, to Ukraine's TAS Group industrial group, which owned by Ukrainian businessman Sergiy Tigipko.

The Eurobank group is active in eight countries, with total assets of EUR 68.2 billion and 15,935 employees. With a total network of 900 branches in Greece and abroad, the group offers a range of financial products and services to its retail and corporate customers.

The TAS Group was founded in 1998 and is, according to Baker McKenzie, "one of the biggest and most dynamic financial and industrial groups in Ukraine." The group has business interests in the financial and industrial sectors, and in real estate, agriculture, and venture projects. In the financial sector, the TAS Group is represented by Tascombank, consumer finance company KreditMarket, life and non-life insurance companies operating under the TAS trademark, and processing center TAS Link.

DLA Piper Advises UBIS on Sale of eMoney Processing Activities

DLA Piper advised UniCredit Business Integrated Solutions (UBIS) on the sale of its card processing activities to the SIA group, an Italian technology company. The purchase price was EUR 500 million.

UBIS – a global service company of UniCredit – has over 10,000 employees and offices in 11 countries. The primary objective of the sale is to consolidate and reorganize the operational activities within the UniCredit group.

The SIA group is a leader in the creation and management of technology infrastructure and services for financial institutions. The Milan-based group operates offices in Rome, Macerata, Brussels, and Utrecht.

The business unit sold by UBIS includes approximately 13.5 million payment cards as well as the management and operation of several thousand POS terminals and ATMs in Italy, Germany, and Austria. In addition, UBIS and SIA signed a 10-year outsourcing contract for the provision of eMoney processing services.

CHSH advised the SIA group in Austria on the deal.

JPM Advises on Sale of Serbian Data Outsourcing Centre to Iron Mountain

JPM Jankovic Popovic Mitic advised Sinisa Tutus and Milan Mojic on their sale of the Data Outsourcing Centre d.o.o. to Iron Mountain, the NYSE-listed storage and information management company.

BDK Advokati advised Iron Mountain on the deal.

Turunc Advises Peoplise on Investment from 500 Startups

The Turunc law firm advised Peoplise on investment it received from the 500 Startups venture capital fund.

Turkey-based Peoplise provides an integrated and video enabled digital platform for recruitment needs. The company's mission is "to help HR practitioners to utilize digital and analytical technologies in all steps of the talent acquisition process and create the best teams for their business with lower turnover, higher performance as they grow."

500 Startups is a global venture capital seed fund with a network of startup programs headquartered in Silicon Valley with over USD 300 million in committed capital across 4 main funds and 13 micro funds. The fund has invested in 1,600 technology startups all over the world since its inception in 2010, including: Twilio (NYSE: TWLO), Credit Karma, Grab, Udemmy, Ipsy, TalkDesk, Intercom, MakerBot (acquired by SSYS), Wildfire (acquired by GOOG), and Viki (acquired by Rakuten).

"We are proud to have acted for Peoplise in this exciting transaction. Turunc's continued involvement in technology deals is a testament to our expertise in this area."

– Kerem Turunc, Managing Partner, Turunc

The Turunc team assisting Peoplise consisted of Partner Kerem Turunc and Attorneys Didem Bengisu, Nilay Unal, and Gozde Kiran.

The Aksan law firm advised the investors on the deal.

TURUNÇ

Wolf Theiss Advises on Merger of Automated Systems Holdings and Grid Dynamics



The Ukrainian and Polish offices of Wolf Theiss advised Hong Kong-based Automated Systems Holdings Limited (ASL) in its merger with U.S.-based Grid Dynamics. The merger is expected to close in March 2017.

According to Wolf Theiss, “ASL has a distinguished reputation earned over the course of more than 40 years of successful business. The company became the first and only distributor of DEC minicomputers in Hong Kong and is a pioneer in the field of third party hardware maintenance service. Over the course of the decade of its existence, Grid Dynamics opened global offices in Ukraine, Poland and Russia and has assisted such companies as Microsoft, eBay, PayPal, Cisco, Macy’s, Yahoo, ING, Bank of America, and Kohl’s.”

Wolf Theiss performed due diligence of the companies operated by Grid Dynamics in Ukraine and Poland and advised ASL on associated matters of corporate, IT, competition, tax, regulatory, and employment law. The firm’s Kyiv team was led by Associate Mykhailo Razuvaiev and included Associates Olga Ivlyeva and Olena Vardamatska, all working under the supervision of Kyiv Managing Partner Taras Dumych. In Poland, the team was supervised by Warsaw Co-Managing Partner Ron Given and led by Senior Associate Dariusz Harbaty, supported by Associate Monika Gaczowska.

Morgan Lewis also advised ASL.

WOLF THEISS

Avellum Advises Bondholders Committee on DTEK Energy Long-Term Restructuring



Avellum acted as Ukrainian law counsel to a group of holders of senior notes issued by DTEK Finance plc in connection with the long-term restructuring of the notes as part of the long-term restructuring of the debts of the DTEK Energy group.

DTEK is the largest privately owned vertically-integrated energy company in Ukraine, with efficient enterprises that mine and prepare coal as well as operate on electrical power generation and supply markets.

“This was one of the largest corporate debt restructurings on the Ukrainian market to date with the approximately USD 1.2 billion total volume of the new notes.”

– Glib Bondar, Partner, Avellum

The restructuring of the notes was implemented through an English scheme of arrangement approved by the High Court of Justice of England and Wales. According to the terms of the restructuring sanctioned by the court, two existing issues of USD 750 million notes and USD 160 million notes due in 2018, as well as certain other liabilities of DTEK Group, were exchanged for a single new issue of the notes due in 2024 with a coupon of 10.75% per annum.

The firm’s team included Partner Glib Bondar, Counsel Igor Lozenko, and Associates Taras Stadniichuk, Orest Franchuk, and Anastasiya Voronova.

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Avellum Advises Kernel on Debut Eurobond Issue

Avellum acted as Ukrainian legal counsel to longstanding client Kernel Holding S.A. in connection with an offering of USD 500 million 8.75% guaranteed notes due 2022. The notes are expected to be rated B+ by Fitch and B by S&P, two notches and one notch above the Ukrainian sovereign respectively.

Kernel is a Ukraine-based diversified agribusiness company in the Black Sea region with a share listing on the Warsaw Stock Exchange. It is also an exporter of, among other products, sunflower oil and grains.

The Avellum team included Partner Glib Bondar, Counsel Igor Lozenko, Senior Associate Vadim Medvedev, and Associates Anna Melnychuk, Pavlo Shevchenko, Yuriy Zaremba, Anastasiya Voronova, and Orest Franchuk.

Freshfields also advised Kernel. Latham & Watkins and Sayenko Kharenko advised the joint lead managers.

“This was “the Kernel’s debut eurobond issue and the first successful corporate eurobond offering from Ukraine since 2013.”

– Glib Bondar, Partner, Avellum

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ACROSS THE WIRE: DEALS SUMMARY

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
Dec-16	Freshfields	Freshfields Bruckhaus Deringer advised UBS AG on the combination of most of its European wealth management business into UBS Europe SE. UBS Europe SE was established through the cross-border merger of its Italian, Spanish, Luxembourg, Dutch, and German wealth management activities.	N/A	Austria
Dec-16	Baker McKenzie	Baker McKenzie assisted Amundi Immobilien in obtaining the first license for the marketing of a foreign real estate investment fund to private investors in Austria under the Alternative Investment Funds regime.	N/A	Austria
Dec-16	Fellner Wratzfeld & Partner	Fellner Wratzfeld & Partners advised Casinos Austria Aktiengesellschaft on taking aboard Novomatic AG.	N/A	Austria
Dec-16	Fellner Wratzfeld & Partner	Fellner Wratzfeld & Partner advised Ikea on its acquisition of the Blue Building at Vienna's Westbahnhof railway station from Austrian Federal Railways.	N/A	Austria
Jan-17	Cerha Hempel Spiegelheld Hlawati; DLA Piper	DLA Piper advised UniCredit Business Integrated Solutions on the sale of its card processing activities to the Italian technology company SIA group. CHSH reportedly advised the SIA group in Austria on the deal.	EUR 500 million	Austria
Jan-17	Lee & Li; Chiomenti Studio Legale; Gide Loyrette Nouel; Gleiss Lutz; Houthoff Buruma; Macfarlanes; Wolf Theiss	Working alongside lead counsel Gleiss Lutz, Wolf Theiss provided Austrian assistance to Enterex International Limited, a Taiwan listed company, on its takeover of the AVA Group from Haugg-Kuhlerfabrik GmbH. Also advising Enterex were Gide Loyrette Nouel, Lee & Li, Chiomenti Studio Legale, Houthoff Buruma, and Macfarlanes.	N/A	Austria
Jan-17	Dorda Brugger; Grohs Hofer; Schoenherr; Wolf Theiss	Dorda Brugger Jordis advised the Czech SAZKA Group in increasing its indirect stake in Casinos Austria AG to 34% by its acquisition of the shares of UNIQA Beteiligungs-Holding GmbH and Leipnik-Lundenburger Invest Beteiligungs AG in Medial Beteiligungs GmbH. UNIQA was advised by Schoenherr on the deal, and LLI was advised by Wolf Theiss.	N/A	Austria
Jan-17	Cerha Hempel Spiegelheld Hlawati	Cerha Hempel Spiegelheld Hlawati advised Trumpf Venture GmbH, a wholly-owned subsidiary of Trumpf GmbH + Co KG (both based in Germany), in connection with the Series A round of financing for Xarion Laser Acoustics GmbH (Austria).	N/A	Austria
Jan-17	Cerha Hempel Spiegelheld Hlawati	CHSH advised Immofinanz AG on its invitation to the holders of its EUR 515.1 million 4.25% senior unsecured convertible bonds due 2018 to convert their outstanding bonds into ordinary Immofinanz shares and ordinary BUWOG shares or to accept payment of a corresponding cash settlement in exchange for their BUWOG shares.	EUR 515.1 million	Austria
Feb-17	Allen & Overy	Allen & Overy advised Oesterreichische Kontrollbank on legal aspects of its public offering of USD 1.5 billion of 1.750% Guaranteed Global Notes due 2020.	USD 1.5 billion	Austria
Feb-17	Binder Groesswang; Wolf Theiss	Wolf Theiss advised Tricentis, a Vienna-based company specializing in automated software testing solutions, on new financial investment into the company from Insight Venture Partners. Binder Groesswang advised Insight on the investment.	N/A	Austria
Feb-17	Freshfields; Schoenherr; SCWP Schindelm	Schoenherr and SCWP Schindelm advised a joint venture formed by an investor group and Austrian property developer UBM Development AG on the acquisition of UniCredit Bank Austria subsidiary Ekazent Group. UniCredit Bank Austria was advised by Freshfields Bruckhaus Deringer on the deal.	N/A	Austria
Feb-17	Arnold Rechtsanwälte; Fellner Wratzfeld & Partners; Schoenherr	Schoenherr advised a group of investors led by Erwin Krause and Franz Kollitsch on the formation of a 50/50 joint venture with SIGNA, and on the JV's acquisition of BAI Baurtrager Austria Immobilien GmbH from Immobilien Holding (a UniCredit Bank Austria company). Arnold Rechtsanwälte advised SIGNA on the deal, while Immobilien was advised by Fellner Wratzfeld & Partners.	N/A	Austria
Feb-17	Cerha Hempel Spiegelheld Hlawati	Acting on behalf of the Austrian National Union of Students, CHSH represented a Czech student and a German student in their challenge of the practice of having family allowance notionally deducted by authorities when calculating financial aid for higher education studies granted to foreign students in Austria. The practice, according to CHSH, has frequently resulted in a significant reduction in financial aid granted to students.	N/A	Austria

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
Feb-17	Paul Hastings; Wolf Theiss	Wolf Theiss, working alongside global counsel Paul Hastings, provided local Austrian counsel to international real estate investor Invesco Real Estate on its sale of a portfolio of hotels to the hotel operator Pandox AB. Wolf Theiss was responsible for executing the sale of Invesco's Austrian hotels at the Vienna International Airport and in Salzburg.	N/A	Austria
Feb-17	Allen & Overy; Wolf Theiss	Wolf Theiss advised Erste Group Bank AG on its January 18, 2017 placement of a fixed-interest mortgage-backed Pfandbrief with a volume of EUR 750 million on the international capital market. Allen & Overy advised the participating consortium of banks.	EUR 750 million	Austria
Jan-17	Cechova & Partners; Dorda Brugger Jordis; Grama Schwaighofer Vondrak; Hogan Lovells; Partos & Noblet	Partos & Noblet, the associated Budapest office of Hogan Lovells, working with Grama Schwaighofer Vondrak Rechtsanwälte in Austria and Rowan Legal in Slovakia, advised South Africa's JSE-listed Accelerate Property Fund on the acquisition and financing of a portfolio of nine retail warehouse properties tenanted by OBI subsidiaries from the Supernova Privatstiftung group. Supernova was advised by Dorda Brugger Jordis with Slovak law advice provided by Cechova & Partners.	EUR 82.1 million	Austria; Hungary; Slovakia
Jan-17	Allen & Overy; Baker McKenzie; Binder Groesswang; Burness Paull; Freshfields; Viera de Almeida & Associados	Allen & Overy advised SGL Carbon SE on the conclusion of a syndicated revolving credit facility with a syndicate of banks advised by Freshfields. Binder Groesswang advised SGL Carbon on matters of Austrian law, with Burness Paull advising the company in Scotland, Viera de Almeida & Associados in Portugal, and Baker & McKenzie in the United States.	EUR 150 million	Austria; Poland
Jan-17	Cerha Hempel Spiegelfeld Hlawati; Freshfields	Cerha Hempel Spiegelfeld Hlawati Rechtsanwälte assisted Teufelberger Wireurope GmbH, an international metal wire ropes producer based in Austria, in the acquisition of Italian-based Redaelli Tecna S.p.A. from JSC Severstal-Metiz, a company owned by the PAO Severstal steel and steel-related mining group.	N/A	Austria; Russia
Dec-16	Revera	Revera advised the US-based OWHealth startup on the USD 1 million investment the company received from the Haxus venture capital fund and Flint Capital.	USD 1 million	Belarus
Dec-16	Aleinikov & Partners	Aleinikov & Partners advised AIMatter on a wide range of issues, including intellectual property, corporate, and commercial law.	N/A	Belarus
Jan-17	Revera	Revera assisted American-Belarusian start-up WorkFusion on IP matters and corporate due diligence and other legal matters.	USD 35 million	Belarus
Feb-17	IPM-Consult	The IPM-Consult law firm advised one of the companies in the TVOE Group on its acquisition of shares of OJSC Baranovichi Sewing Factory belonging to the the Republic of Belarus.	N/A	Belarus
Dec-16	Kambourov & Partners	Kambourov & Partners successfully defended Lidl in two proceedings before the Bulgarian Commission on Protection of Competition pertaining to alleged infringements of Art. 37a of the Bulgarian Protection of Competition Act, which prohibits abuse of stronger bargaining position.	N/A	Bulgaria
Jan-17	Djingov, Gouginski, Kyutchukov & Velichkov	Djingov, Gouginski, Kyutchukov & Velichkov reached an out-of-court settlement for Italy's Mosaico+ Srl., in a commercial dispute over collection of outstanding receivables with Bulgaria's Temena LTD EOOD.	N/A	Bulgaria
Jan-17	Djingov, Gouginski, Kyutchukov & Velichkov	DGKV obtained a successful verdict for Glorient Investment BG Ltd. in its dispute with Technomarket Bulgaria AD over ownership of 13 retail stores and an office building in Bulgaria.	N/A	Bulgaria
Jan-17	Djingov, Gouginski, Kyutchukov & Velichkov	Djingov, Gouginski, Kyutchukov & Velichkov provided local Bulgarian counsel to the Export-Import Bank of China in relation to USD 102 million shipping financing extended to certain subsidiaries of Navigation Maritime Bulgare AD.	USD 102 million	Bulgaria
Jan-17	CMS; Djingov, Gouginski, Kyutchukov & Velichkov	Djingov, Gouginski, Kyutchukov & Velichkov advised Bulpros Consulting AD on acquisition financing it received from Unicredit Bulbank AD for an acquisition by its German subsidiary of a majority interest in a global software business held by GROUP Business Software Europa GmbH, GBS Pavone Groupware GmbH, and GROUP Business Software (UK). CMS advised UniCredit on the financing.	N/A	Bulgaria
Jan-17	Djingov, Gouginski, Kyutchukov & Velichkov	Djingov, Gouginski, Kyutchukov & Velichkov advised LaunchHub Advisors OOD and the European Investment Fund on the setting up of two new seed stage venture capital funds to invest in early stage startups in Bulgaria and across Southeastern Europe.	N/A	Bulgaria
Jan-17	Kinstellar; Linklaters	Kinstellar, working alongside Linklaters, advised the Belgian KBC Group on its EUR 610 million acquisition of the United Bulgarian Bank and Bulgaria's Interlease leasing company from the National Bank of Greece.	EUR 610 million	Bulgaria
Jan-17	Djingov, Gouginski, Kyutchukov & Velichkov	DGKV successfully represented Golden Leaf Tobacco Company Inc. in a commercial dispute with Sofia-Bulgartabac AD a subsidiary of Bulgartabac Holding.	USD 1.2 million	Bulgaria
Jan-17	Bazinas Law Firm; Djingov, Gouginski, Kyutchukov & Velichkov	Djingov, Gouginski, Kyutchukov & Velichkov advised Mundus Services AD on its EUR 3.2 million acquisition of 100% of the capital of A.S.S. Bulgaria EOOD from S.V.S. EOOD (80%) and a private individual (20%). The sellers were advised by the Bazinas Law Firm on the deal.	EUR 3.2 million	Bulgaria
Jan-17	Djingov, Gouginski, Kyutchukov & Velichkov	DGKV has been retained by Bulgaria's Financial Supervision Commission (FSC) to represent it in a total of 19 proceedings before the Supreme Administrative Court based on the appeal of IsaOdit Ltd. against the FSC's decision to remove it from the list of approved auditors to verify the assets of Bulgarian pension and insurance companies.	N/A	Bulgaria
Dec-16	CMS; Dentons; Hristov & Partners	Dentons advised Group Spadel, on the acquisition of a 93.29% stake in Bulgarian bottled water producer Devin AD from private equity firm Advent International. Dentons worked with Hristov & Partners in Bulgaria, while Advent was advised by CMS on the transaction.	EUR 120 million	Bulgaria; Hungary
Dec-16	Allen & Overy; Dentons	Allen & Overy advised South Africa-based Internet and entertainment group Naspers on its sale of the comparison shopping engines Arukereso.hu, Compari.ro, and Pazaruvaj.com to the Rockaway Group. Dentons reportedly advised the buyers on the deal.	N/A	Bulgaria; Hungary; Romania
Dec-16	Baker McKenzie; Cleary Gottlieb Steen & Hamilton; Gianni, Origoni, Grippo, Cappelli & Partners; Wolf Theiss	Wolf Theiss, working as local CEE counsel to Cleary Gottlieb Steen & Hamilton, advised Amundi on its acquisition of Pioneer Investments from Unicredit. UniCredit was advised by Gianni, Origoni, Grippo, Cappelli & Partners.	EUR 3.545 billion	Bulgaria; Hungary; Romania; Slovakia

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
Jan-17	Dentons	Dentons advised Enlight Renewable Energy on the construction and financing of a wind farm near the Adriatic port of Split in Croatia.	N/A	Croatia
Jan-17	CMS; Jones Day; Schoenherr	CMS advised OTP Group on its acquisition of Societe Generale's Croatian bank, Splitska Banka, and its leasing and insurance subsidiaries. Jones Day Paris and Schoenherr Zagreb advised Societe General on the transaction.	N/A	Croatia
Dec-16	Clifford Chance; Divjak, Topic & Bahtijarevic; Montanios & Montanios; Norton Rose; Tark Grunte Sutkiene	Norton Rose Fulbright advised Inter Cars S.A. and its group companies on a PLN 1.1 billion loan facility. Clifford Chance, working with Tark Grunte Sutkiene, Divjak, Topic & Bahtijarevic, and Montanios & Montanios, advised Bank Pekao S.A. (agent), mBank S.A. (security agent), and Bank Handlowy w Warszawie S.A., ING Bank Slaski S.A., Bank BGZ BNP Paribas S.A., DNB Bank, and Caixa Bank (mandated lead arrangers) on the facility.	PLN 1.1 billion	Croatia; Czech Republic; Lithuania; Poland; Romania; Slovakia
Jan-17	Dechert; Squire Patton Boggs	Dechert secured a victory for MOL Hungarian Oil & Gas Plc in what Dechert describes as "a bet-the-company, multi-billion dollar arbitration."	N/A	Croatia; Hungary
Dec-16	Schoenherr	Schoenherr advised Reside Investicni Spolecnost, a.s., the manager of the real estate open-ended investment fund NOVA Real Estate, on its acquisition of the Panorama Business Center building from Dutch closed private investment fund Mint Fund 8 B.V.	N/A	Czech Republic
Dec-16	Dentons; Schoenherr	Schoenherr advised ContourGlobal erneuerbare Energie Europa GmbH on the sale of its solar energy business in the Czech Republic to China Central and Eastern Europe Investment Co-operation Fund SCS SICAV-SIF, via CEE Equity Partners Ltd. Dentons advised CEE Equity Partners on the deal.	N/A	Czech Republic
Dec-16	Baker McKenzie; Gibson, Dunn & Crutcher; Hengeler Mueller; Kirkland & Ellis; Millbank, Tweed, Hadley & McCloy	Kinstellar advised on the Czech aspects of the divestment of Xella to an affiliate of US private equity group Lone Star. Among the many other firms working on the deal were Gibson, Dunn & Crutcher and Millbank, Tweed, Hadley & McCloy for Xella and Hengeler Mueller and Kirkland & Ellis for Lone Star.	EUR 2.2 billion	Czech Republic
Dec-16	Kocian Solc Balastik	KSB assisted Gramexo PLC on its issuance of discounted certificates in the value of approximately CZK 1.4 billion.	CZK 1.4 billion	Czech Republic
Jan-17	Clifford Chance; Wilson & Partners	Clifford Chance advised CBRE Global Investors on its acquisition of the OC Letnany shopping center from Tesco, on behalf of a separate account client of CBRE. Tesco was advised by Wilson & Partners.	N/A	Czech Republic
Jan-17	Kinstellar; Randa Havel Legal; Simpson Thacher & Bartlett	Randa Havel Legal provided Czech law advised to the American investment group Blackstone in connection with its sale of the Hilton Prague Old Town hotel and the adjoining Gestin Centrum building to M&L Hospitality Trust. Simpson Thacher & Bartlett was lead counsel to Blackstone on the deal, while M&L Hospitality was advised by Kinstellar.	N/A	Czech Republic
Jan-17	Antoniou McCollum & Co; Antis Triantafyllides and Sons; Clifford Chance; George Z. Georgiou & Associates; JSK	JSK advised APS Holding a.s on its agreement with the Hellenic Bank Public Company Ltd to manage the real estate assets and service the non-performing loans of the Bank. Antoniou McCollum & Co advised APS on Cyprus law matters. Clifford Chance advised the Hellenic Bank, with George Z. Georgiou & Associates advising it on employment law matters and Antis Triantafyllides and Sons on Cyprus Law matters.	N/A	Czech Republic
Feb-17	Baker McKenzie	Baker McKenzie advised Ceskoslovenska Obchodni Banka on its provision of a loan facility to Denemo Media for its EUR 116 million acquisition of Modern Times Group's 50% shareholding in FTV Prima Holding, the second largest private Czech broadcaster. The share acquisition will return FTV Prima entirely back to Czech ownership.	N/A	Czech Republic
Dec-16	CMS; Oppenheim	CMS advised Belgian real estate developer Atenor on the sale of Vaci Greens Building C in Budapest to Czech investment fund ZFPR Realitni Fond, which is managed by ZFP Investments. Oppenheim acted for ZFP Investments on the deal.	N/A	Czech Republic; Hungary
Jan-17	Clifford Chance; Dentons	Clifford Chance advised CBRE on the sale of its retail portfolio in Central and Eastern Europe to CPI Property Group (CPI). Dentons advised CPI on the transaction, which is valued at over EUR 600 million and will see properties including 11 shopping centers change hands across the Czech Republic, Poland, Hungary, and Romania.	EUR 600 million	Czech Republic; Hungary; Poland; Romania
Dec-16	Allen & Overy; Freshfields	A&O advised Asahi Group Holdings, Ltd. on its share purchase agreement with Anheuser-Busch InBev to acquire businesses formerly owned by SABMiller Limited (formerly SABMiller plc) in the Czech Republic, Slovak Republic, Poland, Hungary, and Romania and other related assets that were owned by SABMiller prior to its combination with AB InBev. Freshfields Bruckhaus Deringer advised AB InBev on the deal.	EUR 7.3 billion	Czech Republic; Hungary; Poland; Romania; Slovakia;
Feb-17	Kinstellar; Sidley & Austin	Kinstellar teams in Bucharest, Budapest, and Prague have worked alongside international counsel Sidley & Austin in advising Nidec, a leading Japanese manufacturer of electric motors, on the acquisition of Leroy-Somer and Control Techniques from Emerson Electric Co. Motors.	USD 1.2 billion	Czech Republic; Romania; Hungary
Jan-17	PRK Partners	PRK Partners advised SABMiller group on Czech and Slovak issues related to its sale of its CEE businesses – including Czech brewery Pilsensky Prazdroj and Slovak brewery Pivovary Topvar – to the Japanese Asahi Group.	N/A	Czech Republic; Slovakia
Dec-16	Ellex (Raidla)	Raidla Ellex represented Tella Company in a dispute involving its acquisition of shares of Eesti Telekom to a conclusion.	EUR 951,835	Estonia

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
Dec-16	Ellex (Raidla)	Ellex Raidla advised the management of Infotark on funding for its acquisition of shares in the company and the acquisition itself, which gave them a majority stake.	N/A	Estonia
Dec-16	Eversheds	Eversheds Ots & Co advised VitalFields and its shareholders on their sale of the Estonian farm management software company to The Climate Corporation, a subsidiary of Monsanto Company.	N/A	Estonia
Dec-16	Ellex (Raidla); Tark Grunte Sutkiene	Both Varul – the Estonian office of Tark Grunte Sutkiene – and Ellex Raidla reported success in a dispute before the Estonian Supreme Court involving the country's Administrative Reform Act. Varul represented 23 smaller municipalities claiming that the Act violated their constitutional rights, while Raidla Ellex defended the Act on behalf of the Government of the Republic of Estonia.	N/A	Estonia
Jan-17	Tark	Tark advised Swiss drug manufacturer Acino on its acquisition of a medication packing plant from drug manufacturer Takeda.	N/A	Estonia
Jan-17	Ellex (Raidla)	Ellex Raidla advised Estconde Invest OU on the sale of two office buildings in Tallinn.	N/A	Estonia
Jan-17	Sorainen	Sorainen Estonia advised Silmaasema, the Finnish optical chain, on its acquisition of Estonian chain Tallinna Optika from its founder Kalev Klais.	N/A	Estonia
Jan-17	Hedman Partners	Hedman Partners provided Estonian startup SprayPrinter with legal advice to help it get accepted into the US Kickstarter program – a funding platform for creative projects.	N/A	Estonia
Jan-17	Leadell (Pilv)	Leadell Pilv advised the Tartu Ulikooli Kliinikum foundation and Valga Haigla AS hospital on the former's acquisition of 51% of the shares of the latter from the Estonian Town of Valga.	N/A	Estonia
Jan-17	Cobalt; Pohla & Hallmagi	Cobalt advised Baltic Horizon Fund on its EUR 12.2 million acquisition of the newly reconstructed Piirita shopping center in Pirita, Tallinn, from Matching Holding OU. The Pohla & Hallmagi firm advised the sellers on the deal.	EUR 12.2	Estonia
Jan-17	Cobalt	Cobalt assisted a syndicate of banks with Nordea Bank Finland Plc as the arranger in a EUR 280 million financing to AS Tallink Grupp for the refinancing of the Group's existing loans.	EUR 280 million	Estonia
Jan-17	Ellex (Raidla); LINKLaw	Ellex Raidla advised Aeroc International AS with the acquisition of VKG Plokk OU from Viru Keemia Grupp AS. The sellers were advised by LINKLaw.	N/A	Estonia
Jan-17	Glimstedt	Glimstedt successfully represented the Estonian Competition Authority against AS Tallinna Vesi in a complex tariff dispute before the Tallinn Circuit Court.	EUR 40,000	Estonia
Feb-17	Ellex (Raidla)	Raidla Ellex advised Coop Eesti, Estonia's largest retail group, on its acquisition of shares of Eesti Krediidipank from the Bank of Moscow. Inbank acquired a shareholding simultaneously with Coop Eesti to contribute to the bank's development as a counsel and financial investor.	N/A	Estonia
Feb-17	Ellex (Raidla)	Ellex Raidla successfully represented EuroPark, Estonia's largest parking service provider, in three cases before the Estonian Supreme Court regarding the use of private parking places.	N/A	Estonia
Feb-17	Nove	Nove successfully represented If P&C Insurance in a dispute with policyholder and contractor Skanska involving Skanska's claims for professional liability cover.	N/A	Estonia
Feb-17	Glikman Alvin	Glikman Alvin represented KredEx Credit Insurance Ltd.'s in its successful defense of its victory in the court of first instance to the Tallinn Circuit Court.	N/A	Estonia
Feb-17	Ellex (Raidla); Triniti	Ellex Raidla represented Seesam Insurance AS in a sale-and-lease-back transaction of an office building with an unidentified private investor. Triniti reportedly advised the buyer.	N/A	Estonia
Feb-17	Ellex (Raidla)	Ellex Raidla advised Eesti Loto on the procurement of a new central information system.	EUR 3.5 million	Estonia
Feb-17	Leadell (Pilv)	Leadell Pilv successfully represented AbeStock AS, Viirsi Kaubanduskeskus OU, and ABC Vara AS before the Estonian Supreme Court in a dispute over their alleged joint and several liability for a EUR 4.6 million debt.	EUR 4.6 million	Estonia
Jan-17	BA-HR; Cobalt; Dittmar & Indrenius; Ellex (Klavins); Ellex (Valiunas); Gorissen Federspiel; Hansen Law; Husch Blackwell; Lindahlas; Mannheimer Swartling; Michelmores; Pinsent Masons; Roschier Attorneys; Sorainen; Weil, Gotshal & Manges; White & Case	Sorainen advised AMC Entertainment Holdings on Baltic elements of its acquisition of the Nordic Cinema Group Holding AB from Bridgeport and Swedish media group Bonnier Holdings. Also advising AMC Entertainment were Pinsent Masons, Lindahlas, Husch Blackwell, and Weil, Gotshal & Manges. Ellex Valiunas, Ellex Klavins, and Cobalt advised the sellers on Baltic elements of the deal, working along with BA-HR, Dittmar & Indrenius, Gorissen Federspiel, Hansen Law, Mannheimer Swartling, Michelmores, and White & Case.	USD 929 million	Estonia; Latvia; Lithuania
Feb-17	Cobalt; Ellex (Klavins); Ellex (Raidla); Ellex (Valiunas)	Ellex advised European vending and coffee services company Selecta Group on the sale of its Baltic subsidiaries to BaltCap Private Equity Fund II, managed by BaltCap. Cobalt advised BaltCap on the deal.	N/A	Estonia; Latvia; Lithuania
Feb-17	Sorainen	Sorainen has updated and supplemented transfer pricing documentation for Bridgestone Baltics regarding transactions undertaken in the Baltics in 2014 and 2015.	N/A	Estonia; Latvia; Lithuania
Feb-17	Motieka & Audzevicius	Motieka & Audzevicius advised the Publicum Group, a Lithuanian communication services provider, on its pan-Baltic merger with the Idea Group.	N/A	Estonia; Latvia; Lithuania

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
Dec-16	Ellex (Raidla); Fort; Primus	Primus advised Polaris Invest on its EUR 83.6 million cash acquisition of a 63% stake in AS Starman from East Capital Explorer. The transaction was financed by Elisa, which also agreed to purchase Starman's Estonian operations from Polaris for EUR 151 million in cash. Elisa was represented by Fort, with both East Capital Explorer and Starman represented by Raidla Ellex.	EUR 208 million	Estonia; Lithuania
Jan-17	Ince & Co; Norton Rose; Papadimitriou	Ince & Co advised GasLog Ltd. on its acquisition a 20% shareholding in Gastrade S.A. A.S. Papadimitriou in Athens provided Greek law advice to GasLog, and Norton Rose Fulbright advised Gastrade.	N/A	Greece
Jan-17	Baker McKenzie	Baker McKenzie's Kyiv office advised Eurobank Ergasias S.A., one of the largest banks in Greece, on the sale of its Ukrainian subsidiary, Universal Bank, to Ukraine's TAS Group industrial group, which owned by Ukrainian businessman Sergiy Tigipko.	N/A	Greece; Ukraine
Jan-17	Baker McKenzie; Hogan Lovells	Hogan Lovells reported that it achieved a victory for Edenred in its ICSID arbitration against Hungary, with the Tribunal ruling in favor of Edenred and ordering Hungary to pay around EUR 23 million, plus interest. Baker & McKenzie represented Hungary in the arbitration.	EUR 23 million	Hungary
Jan-17	Kinstellar	Kinstellar advised on the sale of the Office Garden 1 building to FLE GmbH, part of the French LFPI group.	N/A	Hungary
Jan-17	Dentons; NGYL Partners	Dentons advised Skanska on the sale of the Nordic Light office complex in Budapest to Erste Alapkezezo Zrt, a subsidiary of Erste Asset Management GmbH. NGYL Partners advised Erste on the deal.	N/A	Hungary
Jan-17	Kinstellar; Noerr	Kinstellar advised Prologis (on behalf of Prologis European Properties Fund II) on its acquisition of the M0 Central Business Park, located at Szigetszentmiklos on the M0 ring road around Budapest, from the Logidune Kft. logistics real estate developer. Noerr advised Logidune on the deal.	N/A	Hungary
Jan-17	CMS; Clifford Chance; Dechert; Dentons; Lakatos Kovacs & Partners; Neocleous; White & Case	CMS Cameron McKenna advised the China CEE Investment Co-operation Fund, advised by CEE Equity Partners, on its acquisition of 99.9% of Magyar Telecom B.V.'s holdings in the Invitel Group. Dechert involved Magyar Telecom on the deal. White & Case, Dentons, and Neocleous advised on the financing of the transaction.	EUR 202 million	Hungary
Feb-17	CMS; Jeantet	Jeantet advised Orbis, a unit of the French group Accor, in a buyback transaction involving five hotels in downtown Budapest operating under Accor brands from Erste Group Immorent Holding GmbH. CMS advised Erste Group Immorent on the deal.	EUR 64.3 million	Hungary
Jan-17	Schoenherr	Schoenherr has led Kosovar mobile operator Dardafon.net LLC to victory in its dispute against state-owned Telecom Kosovo n Kosovo's largest commercial arbitration to date.	EUR 31.1 million	Kosovo
Dec-16	Tria Robit	The Board of Appeals of the Patent Office of the Republic of Latvia ruled in favor of Tria Robit client Europart Holding GmbH in its opposition to the trademark "EURO PARTS holding" registered by Euro Auto Truck Baltia, SIA.	N/A	Latvia
Jan-17	Eversheds	Eversheds Bitans advised Latvia's AS Citadele Banka on the emission, public offering, and listing of subordinated bonds on the Nasdaq Baltic Bond List.	EUR 40 million	Latvia
Feb-17	Vilgerts	Vilgerts has been engaged by Proof IT to challenge the procurement decisions of the European Institute for Gender Equality involving the award of framework IT service contracts before the General Court of the EU.	N/A	Latvia
Jan-17	Tark Grunte Sukiene	Tark Grunte Sutkiene assisted LV Asset Management AIFP in its successful application for status as a registered alternative fund manager to Latvia's Financial and Capital Market Commission and AB INVL Baltic Real Estate on its transformation into a licensed Lithuanian special closed-end type investment company.	N/A	Latvia; Lithuania
Dec-16	Ellex (Valiunas); Sorainen	Sorainen advised CPA:17 – Global on its acquisition of a modern Class A central logistics facility located in Kaunas from Baltic Retail Properties IISUTI UAB and on a long-term lease agreement with Kesko Senukai, a prominent Do-It-Yourself retailer in Lithuania and the Baltic States. Ellex Valiunas advised the seller.	EUR 60 million	Lithuania
Dec-16	Ellex (Valiunas); Sorainen	Sorainen advised the shareholders of Palink, the operator of the IKI grocery retail chain, on the EUR 213 million cash sale of 100% of Palink shares to ICA Gruppen, the shareholder of the Rimi Baltic retail chain. Valiunas Ellex advised the buyers on the deal.	EUR 213 million	Lithuania
Dec-16	Sorainen	Sorainen Lithuania assisted International Fintech with the launch of its operations in Lithuania.	N/A	Lithuania
Jan-17	Motieka & Audzevicius	Motieka & Audzevicius advised Lufthansa Technik AG on tax issues in Lithuania.	N/A	Lithuania
Jan-17	Motieka & Audzevicius	Motieka & Audzevicius, working alongside Dentons, successfully represented PAO Gazprom before the Supreme Administrative Court of Lithuania.	N/A	Lithuania
Jan-17	Sorainen	Sorainen Lithuania advised Finnish energy company Gasum on the sale of its shares in GET Baltic to Amber Grid, a Lithuanian gas transmission system operator.	N/A	Lithuania
Jan-17	Cobalt	Cobalt advised PVA European Refreshments, a company operating in the Republic of Ireland, on its acquisition of half of the shares in UAB Neptuno Vandeny from the soft drinks producer UAB Coca-Cola HBC Lietuva.	EUR 10 million	Lithuania
Jan-17	Tark Grunte Sukiene	Tark Grunte Sutkiene successfully represented UAB Senojo Boksto Klinika in the court of first instance and in the appellate court in an unfair competition dispute with Svalbono Klinika UAB, V.S. and UAB Valdimara.	N/A	Lithuania
Feb-17	Ellex (Valiunas); Glimstedt	Glimstedt advised the IKEA Group on its acquisition of a 45 MW capacity wind farm in the Lithuanian district of Mazeikiai by purchasing the shares of the investment fund Orion Alternative Energy Fund and the shares of Pamarjo Jegauni Energija held by the investment fund Energy Investment Fund. The sellers were advised by Ellex Valiunas.	N/A	Lithuania
Feb-17	Advokatu Kontora Gostautas ir Partneriai Advokates; Sorainen	Sorainen advised Taurapolis on the acquisition of a building complex on Aludariu street in the territory of the former Vilniaus Tauro brewery in Vilnius from Aludariu Development. The sellers were advised by boutique firm Advokatu Kontora Gostautas ir Partneriai Advokatas.	N/A	Lithuania
Feb-17	Ellex (Valiunas)	Ellex Valiunas assisted in integrating Omnitel and Baltic Data Center into Telia Lietuva (former Teo Lt).	N/A	Lithuania

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
Dec-16	Greenberg Traurig; Soltysinski Kawecki & Szezak	Soltysinski Kawecki & Szezak represented Agora S.A. on its sale of a 21.5% of the share capital in Green Content sp. z o.o. to Discovery Polska. Additionally, Discovery Polska subscribed for new shares in the increased share capital of Green Content. Greenberg Traurig advised Discovery Polska on the deal.	N/A	Poland
Dec-16	Domanski Zakrzewski Palinka	Domanski Zakrzewski Palinka successfully represented PKP Intercity in an arbitration before the Court of Arbitration at the Polish Chamber of Commerce in Warsaw related to a dispute over payment of a contractual penalty by Alstom for a delay in the supply of Pendolino trains.	EUR 42.3	Poland
Dec-16	Dentons	Dentons announced that the joint bid of a consortium consisting of it, Infralinx Capital Polska, Ove Arup & Partners International Limited, and the Institute for Public-Private Partnership Foundation submitted pursuant to a tender announced by the Ministry of Development for the award of a public contract for the Framework Agreement for Consultancy and Specialist Workshops Concerning Preparation for the Implementation of Public-Private Partnership Projects was chosen as one of the three best bids.	N/A	Poland
Dec-16	Dentons; Linklaters	Dentons advised European Property Investors Special Opportunities 3, an opportunity fund advised by European real estate investment manager Tristan Capital Partners, on its sale of the Zakopianka Shopping Center in Krakow to Echo Polska Properties. Linklaters advised Echo Polska on the deal.	EUR 54 million	Poland
Dec-16	Allen & Overy; Clifford Chance	Clifford Chance advised the European Investment Bank on the debut hybrid unsecured subordinated registered bonds in the amount of EUR 190 million issued by Tauron Polska Energia S.A. Allen & Overy advised Tauron Polska on the issue.	EUR 190 million	Poland
Dec-16	Glade Michel Wirtz; Greenberg Traurig	Greenberg Traurig advised Rentokil Initial plc on its joint venture agreement with Haniel & Cie. Holding Company. The Dusseldorf-based Glade Michel Wirtz law firm provided counsel to Haniel.	EUR 1.1 billion	Poland
Dec-16	Hogan Lovells; Pinset Masons; KKLW; Kochanski Zieba & Partners	Kochanski Zieba & Partners, working alongside Pinset Masons, advised Aberdeen Asset Management's Infrastructure Funds on its acquisition of a 49.99% stake in Intertoll Europe's PPP portfolio for ZAR 633.2 million (EUR 43 million).	EUR 43 million	Poland
Dec-16	Greenberg Traurig; Linklaters	Linklaters advised Echo Investment S.A. on its sale of the Q22 tower in Warsaw to the US-based Invesco Real Estate fund. Greenberg Traurig advised Invesco on the deal and on its financing.	PLN 1 billion	Poland
Jan-17	Eversheds	Wierzbowski Eversheds advised Rolls-Royce PLC and Rolls-Royce Polska Sp. z o.o. on the framework cooperation agreement they signed with Polska Grupa Zbrojeniowa S.A.	N/A	Poland
Jan-17	Hogan Lovells; Norton Rose	Norton Rose Fulbright advised a consortium of banks consisting of Bank Gospodarstwa Krajowego, Bank Zachodni WBK S.A., Powszechna Kasa Oszczednosci Bank Polski S.A., and the European Investment Bank on a PLN 629 million loan facility to be made available to Polish transport company Przewozy Regionalne sp. z o.o. Hogan Lovells advised Przewozy Regionalne on the deal.	PLN 629 million	Poland
Jan-17	Public Procurement Law Firm Robert Siwik	The Public Procurement Law Firm Robert Siwik represented a consortium of Saferoad group companies in appeal proceedings before Poland's National Chamber of Appeals concerning a tender for the maintenance of a section of the country's highway around Poznan.	N/A	Poland
Jan-17	Domanski Zakrzewski Palinka	DZP, representing the Transport & Logistics Poland Employers' Association, successfully persuaded Poland's Constitutional Tribunal that a Polish regulation allowing payments for international transport drivers to be made in the form of overnight allowances is not compliant with the Polish Constitution.	N/A	Poland
Jan-17	Public Procurement Law Firm Robert Siwik	The Public Procurement Law Firm Robert Siwik reported that it successfully represented two large trade associations – the Polish Association of Construction Employers and the Polish Association of Aggregates Producers – in appeal proceedings before Poland's National Chamber of Appeals involving the award of a contract for the redevelopment and extension of a section of the "inter-regional road" 559. The two associations had joined their claim to that of appellant Skanska SA.	N/A	Poland
Jan-17	SSW Spaczynski, Szczepaniak and Partners	SSW Spaczynski, Szczepaniak & Partners advised Vantage Development S.A. on its issuance of O-series bonds with face value of PLN 50 million.	PLN 50 million	Poland
Jan-17	Public Procurement Law Firm Robert Siwik	The Public Procurement Law Firm Robert Siwik successfully represented the Polish Association of Construction Employers before Poland's National Chamber of Appeals (NCA) in a case involving A4 motorway maintenance.	N/A	Poland
Jan-17	Greenberg Traurig; Hogan Lovells	The Warsaw office of Greenberg Traurig advised Galeria Warminska spolka z ograniczona odpowiedzialnoscia sp.k. on the sale of the Galeria Warminska shopping center to a Polish SPV controlled by Rockcastle. Hogan Lovells reportedly advised the buyers on the deal.	N/A	Poland
Jan-17	Dentons; Domanski Zakrzewski Palinka	DZP acted for Enea Wytwarzanie in negotiating a five month extension to a contract to build a 1075 MW energy unit in Kozienice with Mitsubishi Hitachi Power Systems Europe and Polimex-Mostostal. Dentons advised Polimex-Mostostal on the deal.	PLN 5.1 billion	Poland
Jan-17	Dentons; SSW Spaczynski, Szczepaniak and Partners	SSW Spaczynski, Szczepaniak & Partners advised Waimea Holding SA on the sale of a warehouse and production center in the North-West Logistic Park in Szczecin to the Exeter Property Group. Dentons advised the buyer on the deal.	EUR 41.2 million	Poland
Jan-17	Gessel	Gessel advised Good Food Products on a credit agreement with Bank BGZ BNP Paribas.	N/A	Poland
Jan-17	Gessel	Gessel advised Bank BGZ BNP Paribas S.A., cooperating with Biuro Inwestycji Kapitalowych, on its investment in CCIG Group Sp. z o.o.	N/A	Poland
Jan-17	FKA Furtek Komosa Aleksandrowicz	FKA Furtek Komosa Aleksandrowicz advised mBank SA on the sale of a portfolio of non-performing receivables towards corporate clients (and related receivables owed to a government financial institution) with a face value of over PLN 125 million.	PLN 125 million	Poland
Jan-17	BSWW Legal & Tax; Solivan	BSWW Legal & Tax advised Rank Progress on the EUR 26.7 million sale of Galeria Swidnicka to the Catalyst Capital Fund (an SPV of Caliope Investments). The Solivan firm advised the seller on the deal.	EUR 26.7 million	Poland

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
Jan-17	BIL Law Firm; Mrowiec Fialek and Partners	Mrowiec Fialek and Partners advised private equity fund Argus Capital and GTX Hanex Plastic sp. z o.o. on Argu's divestment of GTX Hanex to Marpol S.A. The BIL Law Firm advised the buyers on the deal.	N/A	Poland
Jan-17	Mrowiec Fialek and Partners	Mrowiec Fialek and Partners advised Matexi Polska Sp. z o.o. – a company belonging to Belgium's Holding Matexi development group – on its acquisition of unidentified real property in Warsaw.	N/A	Poland
Jan-17	CMS; Soltysinski Kawacki & Szlezak	Soltysinski Kawacki & Szlezak advised Eurocash S.A. on its acquisition of Polska Dystrybucja Alkoholi sp. z o.o. CMS advised the selling shareholders.	N/A	Poland
Jan-17	Mrowiec Fialek and Partners	Mrowiec Fialek and Partners advised Krakow-based Fabryka Pizzy sp. z o.o. on an investment agreement with restaurant company Sfinks Polska S.A.	N/A	Poland
Jan-17	CMS; KI Komosa Imielowski	CMS Poland advised the Brusikiewicz family on the sale of a 60% share in the Thai Wok restaurant chain to the EBS group. The KI Komosa Imielowski firm advised the buyers on the deal.	N/A	Poland
Jan-17	Squire Patton Boggs; Weil Gotshal & Manges	Squire Patton Boggs advised Resource Partners on its acquisition of a 70% stake in Polish cosmetics company Torf Corporation. Weil Gotshal & Manges advised selling Torf CEO Wojciech Piasecki and Director General Ryszard Guminski on the deal.	N/A	Poland
Jan-17	BSWW Legal & Tax	BSWW Legal & Tax provided advisory services to i2 Development S.A. with respect to its issuance of secured series C bonds with a total face value of PLN 30m.	PLN 30 million	Poland
Jan-17	Gessel	Gessel assisted J.S. Hamilton Poland S.A. in connection with a PLN 40 million issue of ordinary A-series interest-bearing unsecured bonds. The entire issue was acquired by institutional investors.	PLN 40 million	Poland
Jan-17	Public Procurement Law Firm Robert Siwik	The Public Procurement Law Firm Robert Siwik successfully represented a consortium of companies consisting of Mosty Gdansk and "Projmors" Biuro Projektow Budownictwa Morskiego in appeal proceedings before Poland's National Chamber of Appeals concerning the award of a contract for project documentation for building a canal across the Vistula Spit by the Gdynia Maritime Authority.	N/A	Poland
Feb-17	Allen & Overy; Polinvest	Allen & Overy advised Polski Fundusz Rozwoju S.A. in connection with financing provided to Trasa Lagiewnicka S.A. for the construction of a 3.7 kilometer stretch of the Lagiewnicka Route in Poland known as the Third Krakow Bypass. Polinvest advised Trasa Lagiewnicka on the deal.	PLN 1 billion	Poland
Feb-17	Clifford Chance; White & Case	White & Case advised the Polish Ministry of Finance on its EUR 750 million issuance of Green Bonds with a profitability of 0.634 percent and an annual return of 0.5 percent. HSBC – sole green structuring adviser, as well as a bookrunner – was advised by Clifford Chance.	EUR 750 million	Poland
Jan-17	Morgan Lewis; Wolf Theiss	Wolf Theiss, working with Morgan Lewis, advised Hong Kong-based Automated Systems Holdings Limited on its merger with U.S.-based Grid Dynamics.	N/A	Poland; Ukraine
Dec-16	Allen & Overy; Nestor Nestor Diculescu Kingston Petersen; Schoenherr	"RTPR Allen & Overy advised Raiffeisen Bank and Wood & Company Financial Services as managers on Med Life's IPO – the biggest private IPO in Romanian history – on the Bucharest Stock Exchange. Med Life was advised by Schoenherr. Nestor Nestor Diculescu Kingston Petersen advised Value4Capital on the sale of its entire shareholding of 36.25% in Medlife S.A., performed through the IPO.	N/A	Romania
Jan-17	Musat & Asociatii	Musat & Asociatii assisted Emerson S.R.L., the Romanian subsidiary of Emerson Electric, with the separation of Emerson Network Power for the purpose of its transfer to the American investment fund Platinum Equity.	USD 4 billion	Romania
Jan-17	Biris Goran; CMS	Biris Goran advised AdamAmerica Europe on its acquisition of Construdava, a 9,400 square meter office building located on Pipera-Tunari Road, in the North-East of Bucharest, from Commerzbank AG and Aberdeen Asset Management. CMS advised the sellers on the deal.	N/A	Romania
Jan-17	EY Law; Faegre Baker Daniels; Van Campen	Faegre Baker Daniels, EY Law, and Van Campen Liem advised the European luxury smartwatch brand Vector on the company's acquisition by Fitbit.	N/A	Romania
Feb-17	Clifford Chance; Nestor Nestor Diculescu Kingston Petersen	NNDKP provided legal counsel to a syndicate of banks on a EUR 24 million financing granted to the Pehart Tec Group. Clifford Chance advised the borrower on the deal.	EUR 24 million	Romania
Feb-17	Vernon David; Volciuc-Ionescu	Volciuc-Ionescu advised Banca Comerciala Romana on a EUR 25 million financing to TMK-ARTROM for the development of a thermal treatment line. Vernon David advised the borrower.	EUR 25 million	Romania
Dec-16	Capital Legal Services	Capital Legal Services advised the Government of Khabarovsk Krai in Russia's Far East on the December 12, 2016 concession agreement signed between it and the Regional Concession Company - part of the VIS Construction Group.	N/A	Russia
Dec-16	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners successfully represented the interests of Mondy Syktyvkar before the Federal Antimonopoly Service of the Russian Federation.	N/A	Russia
Dec-16	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners developed an antitrust compliance program for Russia's M.Video retail chain.	N/A	Russia
Jan-17	Akin Gump; Cleary Gottlieb	Akin Gump advised USM Holdings and its subsidiaries in the proposed sale of its stake in Mail.Ru Group Limited to PJSC MegaFon. Cleary Gottlieb is advising MegaFon, which announced its board decision to call a shareholder meeting to approve the acquisition.	USD 740 million	Russia
Jan-17	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners successfully defended the interests of T2 Mobile – a nation-wide mobile operator in Russia – in what the firm describes as "a precedent-setting case against the Moscow Metro regarding unfair tariffs for placing telecommunications equipment in the metro."	N/A	Russia
Jan-17	Morgan Lewis	Morgan Lewis advised Natixis on a USD 300 million pre-export finance facility for Russian Copper Company Group. Natixis was the Co-ordinating Mandated Lead Arranger for the deal, which was structured as a five year pre-export finance facility backed by receivables from export of copper wire rod and copper cathodes.	USD 300 million	Russia

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
Jan-17	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners provided legal support for a project called the Mortgage Securities Factory, a new tool used by Russia's Agency for Housing Mortgage Lending to refinance mortgages.	N/A	Russia
Jan-17	Pepeliaev Group	Lawyers from Pepeliaev Group's St. Petersburg office successfully challenged the cadastral value of Petrovskiy Fort, one of the largest business centers in St. Petersburg, in first instance and appeal courts.	N/A	Russia
Jan-17	Aliev; Goltsblat BLP; Herbert Smith Freehills	Goltsblat BLP advised Russian billionaire Roman Avdeev's Rossium group of companies on their acquisition of a 90.99% stake in Mikhail Prokhorov's Onexim group's RJS OPIN development group. Onexim was advised by Herbert Smith Freehills on the deal.	N/A	Russia
Jan-17	Capital Legal Services	Capital Legal Services advised the ADG Group on the engagement of Lenta as a key anchor tenant for 36 of its 39 district shopping and entertainment centers.	N/A	Russia
Feb-17	Debevoise & Plimpton	Debevoise & Plimpton advised Polyus Gold International Limited on a USD 800 million Eurobond offering due 2023 with a coupon of 5.25% per annum. The Notes were offered inside the United States to qualified institutional buyers under Rule 144A and outside the United States to buyers under Regulation S.	USD 800 million	Russia
Dec-16	Karanovic & Nikolic	Karanovic & Nikolic supported Affidea on its opening of the first foreign hospital located in Belgrade. The firm's services consisted of "extensive regulatory and corporate advice related to formation and start of operations of Affidea's first hospital in Serbia."	N/A	Serbia
Jan-17	BDK Advokati	BDK Advokati advised Blue Sea Cap, the owner of the private healthcare platform Medigroup, on the acquisition of 75% of capital in the Ioanna mesotherapy clinic in Belgrade.	N/A	Serbia
Jan-17	BDK Advokati; JPM Jankovic Popovic Mitic	BDK Advokati advised Iron Mountain, the NYSE-listed storage and information management company, on its acquisition of Data Outsourcing Centre d.o.o., a prominent Serbian archive management, imaging services, and data storage company, from sellers Sinisa Tutus and Milan Mojic. JPM Jankovic Popovic Mitic advised the sellers on the deal.	N/A	Serbia
Feb-17	Dentons; Zdravkovic & Partneri	Dentons advised the BNP Paribas Group on the sale of its Serbian bank subsidiary, Findomestic Banka a.d., to Serbian bank Direktna Banka A.D. Kragujevac. Zdravkovic & Partneri reportedly advised Direktna Banka on the deal.	N/A	Serbia
Dec-16	Allen & Overy; Havel Holasek & Partners	Allen and Overy advised HB Reavis on the sale of the Twin City A building in Bratislava to the Prvy Realitny fond managed by IAD Investments. Havel Holasek & Partners advised the buyers on the deal.	N/A	Slovakia
Dec-16	ODI Law Firm	ODI advised domestic and foreign financial creditors on the EUR 35 million out-of-court financial restructuring of debtor Vipap Videm Krsko, the largest paper mill in Slovenia and a prominent newsprint manufacturer in CEE.	EUR 35 million	Slovenia
Dec-16	ODI Law Firm; Rojs, Peljhan, Prelesniki & Partners	ODI represented a consortium of NLB, Banka Koper (Intesa Sanpaolo Group), Sberbank, Abanka, NKBM, and Gorenjska Banka on a EUR 113 million syndicated debt refinancing of UNIOR, which was represented by Rojs, Peljhan, Prelesniki & Partners.	EUR 113 million	Slovenia
Jan-17	Selih & Partnerji	Selih & Partnerji advised Paloma d.d. on the equity capital increase into the company by ECO-Investment, a.s.	EUR 18.2 million	Slovenia
Jan-17	MPRR; Wolf Theiss	Wolf Theiss advised CEE Equity Partners, the Investment Advisor to the China Central and Eastern Europe Investment Co-operation Fund, on the Fund's investment in Javna Razsvetljava d.d. and JRS d.d., which it describes as "market leaders in design and implementation of public lighting and signaling solutions, including Energy Service Company-based contracting, in Slovenia." MPRR represented the seller, an unidentified Cyprus entity.	N/A	Slovenia
Feb-17	Clifford Chance; Selih & Partnerji; Taylor Wessing	Selih & Partnerji, working alongside lead counsel Clifford Chance, advised a group of Asian investors represented by United Luck Group Holdings Limited (led by Chinese businessman Ou Yaping), on their USD 1 billion acquisition of Outfit7 Investments Ltd., the app producing company established by Slovenians Iza and Samo Login. Taylor Wessing advised the sellers on the deal.	USD 1 billion	Slovenia
Dec-16	Caliskan Kizilyel Toker; Kolcuoglu Demirkan Kocakli	Kolcuoglu Demirkan Kocakli advised Mediterra Capital, a prominent Turkish private equity fund, on its acquisition of 70% of shares in Arkel Elektrik Elektronik Sanayi ve Ticaret Anonim Sirketi through its portfolio company, Istinye Asansor Teknolojileri Anonim Sirketi. The sellers were advised by the Caliskan Kizilyel Toker law firm.	N/A	Turkey
Dec-16	Bezen & Partners; Clifford Chance (Yegin Ciftci Attorney Partnership); Willkie Farr & Gallagher	Clifford Chance and the Yegin Ciftci Attorney Partnership advised HSBC Bank plc on the recent financing of the Elazig integrated health campus using the first ever greenfield project bond structure in the Turkish PPP market. The sponsors were advised by Willkie Farr & Gallagher and Bezen & Partners.	EUR 360 million	Turkey
Dec-16	Erdem & Erdem	Erdem & Erdem advised Trakya Cam Sanayii A.S, a company of Turkey's Sisecam Group, on its acquisition of all assets of Italy-based flat-glass manufacturer Sangalli Vetro Porto Nogaro for a gross of EUR 84.7 million.	EUR 84.7	Turkey
Dec-16	Linklaters; Paksoy; White & Case	Paksoy, working in cooperation with Linklaters, advised Anadolu Endustri Holding A.S. and Bedminster Capital (working through its company SEEF Foods S.A.R.L.) on their sale of 55.25% and 44.75% shares, respectively, in Ana Gida Ihtiyac Maddeleri ve Sanayi Ticaret A.S., the prominent Turkish olive oil and seed oil producer. White & Case reportedly advised the Ana Gida on the transaction.	N/A	Turkey
Dec-16	Paksoy	Paksoy advised The Commercial Bank (P.S.Q.C) on its acquisition of the final 25% stake in Alternatifbank A.S. from Anadolu Endustri Holding A.s. through an exercise of its put option for AEH's remaining shares. Alternatifbank is now a 100% subsidiary of The Commercial Bank (P.S.Q.C).	N/A	Turkey
Dec-16	Paksoy; Tolga Ismen	Paksoy advised Coventya Beteiligungs GmbH on its acquisition of 80% of the shares in Politeknik Metal Sanayi ve Ticaret A.S. from its shareholders. Tolga Ismen advised the sellers on the transaction.	N/A	Turkey
Jan-17	Paksoy	Paksoy advised IMCD N.V., a distributor of speciality chemicals and food ingredients, on its acquisition of Feza Kimya Ic ve Dis Ticaret A.S., which specializes in technical sales, marketing, and distribution of speciality chemicals and instruments in Turkey.	N/A	Turkey

Date covered	Firms Involved	Deal/Litigation	Deal Value	Country
Jan-17	Bird & Bird; Erdem & Erdem	Erdem & Erdem advised Sisecam on the transfer of 10% of the shares of subsidiary Sisecam Cevre Sistemleri A.S. to the EBRD. The EBRD was represented by Bird & Bird.	N/A	Turkey
Jan-17	K&L Gates; Kolcuoglu Demirkan Kocakli; Paksoy	Paksoy and K&L Gates Italy advised the EBRD on its role, along with Hermes GPE, as co-investors in and providers of financing for, Mediterra's acquisition of 70% of Arkel Elektrik Elektronik Sanayi ve Ticaret Anonim Sirketi, the technology company manufacturing electronic components for lifts. Kolcuoglu Demirkan Kocakli advised Mediterra on the deal, Caliskan Kizilyel Toker advised the sellers, and Travers Smith advised Hermes.	N/A	Turkey
Jan-17	Baker McKenzie (Esin Attorney Partnership); Cigdemtekin Dora Cakirca Aranci	The Esin Attorney Partnership and Baker McKenzie have advised BRF S.A., one of the biggest poultry producers in the world, on its acquisition of a 79.48% stake in Banvit Bandirma Vitaminli Yem Sanayi A.S, a prominent Turkey-based poultry company. The controlling shareholders of Banvit were advised by the Cigdemtekin Dora Cakirca Aranci firm.	EUR 229.4 million	Turkey
Jan-17	Dentons (BASEAK)	Balcioğlu Selcuk Akman Keki Attorney Partnership, the Turkish arm of Dentons, advised Orix Aviation Systems Limited and one of its affiliates on the transfer of ownership of one Airbus A320-200 and two Boeing 737-800 aircrafts and their leases to what the firm describes as "a highly reputable airline in Turkey."	N/A	Turkey
Jan-17	Akol Ozok Namlı Attorney Partnership; Dentons (BASEAK); Yasaman Law Firm	Balcioğlu Selcuk Akman Keki Attorney Partnership has successfully advised Pera Capital on its acquisition of 45% of the shares of Asset Medikal from the Teknoloji Yatirim A.S. venture capital firm and founding Asset Medikal shareholders Mehmet Tuysuz, Fusun Tuysuz, and Filiz Bayindir. The Akol Ozok Namlı Attorney Partnership advised Teknoloji Yatirim and the Yasaman Law Firm advised the shareholders.	N/A	Turkey
Jan-17	Aksan; Turunc	The Turunc law firm advised Peoplise on investment it received from the 500 Startups venture capital fund. The Aksan law firm advised the investors on the matter.	N/A	Turkey
Jan-17	De Brauw Blackstone Westbroek Paksoy; Yurttutan Gurel Yoruker	Paksoy advised IMCD N.V., a distributor of speciality chemicals and food ingredients, on its acquisition of 100% of Istanbul-based Feza Kimya Iç ve Dis Ticaret Anonim Sirketi from the Bozkurt family. De Brauw Blackstone Westbroek acted as foreign counsel to IMCD on the deal, and the Yurttutan Gurel Yoruker law firm advised the Bozkurt family.	N/A	Turkey
Dec-16	Avellum	Avellum acted as Ukrainian law counsel to the EBRD in connection with a EUR 1.4 million loan facility to the Industrial Group KHASK.	EUR 1.4 million	Ukraine
Dec-16	Asters; White & Case	Asters and White & Case acted as legal counsels to PJSC Ukrzaliznytsia, the Ukrainian public railway company, on the restructuring of USD 500 million 9.5 per cent loan participation notes due 2018. The refinancing includes exchanging the 2018 notes for the new USD 500 million 9.875 per cent notes due 2021 and an amending of the loan agreement.	USD 500 million	Ukraine
Dec-16	Ilyashev & Partners	A senior lawyer from Ilyashev & Partners was selected by the U.S. Agency for International Development to perform an expert examination of three draft Ukrainian laws governing the procedure of safeguard, anti-dumping, and anti-subsidy investigations.	N/A	Ukraine
Jan-17	Ilyashev & Partners	Ilyashev and Partners represented PJSC KuibyshevAzot in an anti-dumping investigation related to import of nitrogen fertilizers of Russian origin into Ukraine.	N/A	Ukraine
Jan-17	Eterna Law	Eterna Law was successful for TPV Compound s.r.l., an Italian producer of polyvinylchloride compounds, in a multiparty debt collection matter before the Ukrainian courts.	N/A	Ukraine
Jan-17	Sayenko Kharenko	Sayenko Kharenko acted as legal counsel to Aegon Group, the Dutch life insurance business, on the sale of the Aegon Life Ukraine insurance company to the TAS Group.	N/A	Ukraine
Jan-17	Avellum	Avellum acted as Ukrainian law counsel to the EBRD in connection with its EUR 1.4 million loan facility to the Khask industrial group.	EUR 1.4 million	Ukraine
Jan-17	Vasil Kisil and Partners	Vasil Kisil & Partners successfully represented Ukraine's Intertrans LLC in a dispute with the National Bank of Ukraine and Department of the State Enforcement Service of Ukraine that reached the Supreme Court of Ukraine for a second time in a year.	N/A	Ukraine
Jan-17	Sayenko Kharenko	Sayenko Kharenko represented PJSC SIC "Borshchagivskiy Chemical-Pharmaceutical Plant" before the Ministry of Economic Development and Trade of Ukraine on its successful application to have the special sanctions applied by the State Fiscal Service of Ukraine terminated.	N/A	Ukraine
Jan-17	Sayenko Kharenko	Sayenko Kharenko obtained merger clearance from the Antimonopoly Committee of Ukraine for Denali Holding Inc.'s USD 60 billion acquisition of EMC Corporation.	USD 60 billion	Ukraine
Jan-17	Avellum; Latham & Watkins	Avellum acted as Ukrainian legal counsel to Canada Pension Plan Investment Board (CPPIB) in connection with its acquisition of an approximately 48% stake in GlobalLogic Inc. from Apax Funds. Latham & Watkins acted as the global legal advisor to CPPIB.	N/A	Ukraine
Jan-17	Avellum; Freshfields; Latham & Watkins; Sayenko Kharenko	Freshfields Bruckhaus Deringer advised Kernel Holding S.A. on the issuance of its USD 500 million guaranteed notes due 2022, which carry an interest rate of 8.75 percent. Avellum acted as Ukrainian legal counsel. Latham & Watkins advised joint lead managers and bookrunners JPMorgan and ING Wholesale Banking London on the issuance. Sayenko Kharenko acted as Ukrainian legal counsel to J.P. Morgan Securities plc and ING Bank N.V., London Branch.	USD 500 million	Ukraine
Jan-17	Aequo; Allen & Overy	Aequo advised Portigon AG (Dusseldorf, Germany), UniCredit Bank Czech Republic and Slovakia, a.s. (Prague, Czech Republic), and other lenders on the restructuring of the multi-million loan facilities granted to an unidentified company in the Ukrainian automotive industry. Allen & Overy advised on English, German, and Czech Republic elements of the restructuring.	N/A	Ukraine
Feb-17	Avellum	Avellum acted as a Ukrainian law counsel to a bondholder group composed of holders of senior notes issued by DTEK Finance plc in connection with the long-term restructuring of the notes as part of the long-term restructuring of the debts of the DTEK Energy group.	USD 1.2 billion	Ukraine
Feb-17	Aequo	Aequo advised the Ukrainian subsidiary of Sberbank of Russia on its restructuring of a multi-million loan facility granted to the Smila Electromechanical Plant.	N/A	Ukraine
Feb-17	Gestors	Gestors signed an agreement with GAO Chernomorneftegaz "on legal services regarding the return of the ship Titan-2."	N/A	Ukraine; Russia



Joint UNCITRAL-LAC Conference on Dispute Settlement

We are delighted to invite you to Ljubljana for the **Joint UNCITRAL-LAC Conference on Dispute Settlement**. The conference is organized jointly by UNCITRAL and the Ljubljana Arbitration Centre (LAC) and will take place at the Slovenian Chamber of Commerce and Industry on Tuesday, **4 April 2017**.

We are looking forward to welcoming some of the most renowned speakers from the field as well as connecting participants from around the world in particular arbitrators, lawyers representing parties in arbitrations, in-house counsels, state officials and globally operating businesses.

The conference will focus on:

- efficient organization of arbitral proceedings,
- a regional angle to international arbitration (overview of arbitration environments in the jurisdictions of the region),
- transparency in international arbitration,
- future of investment arbitration.

On the day following the conference, the Ljubljana Willem C. Vis Pre-moot will take place.

We are looking forward to welcoming you in Ljubljana.



WHEN:

4 April 2017

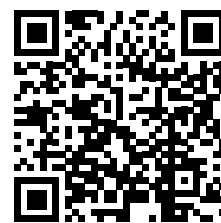
WHERE:

Chamber of Commerce and Industry of Slovenia,
Dimičeva 13, Ljubljana, Slovenia

WHO:

Arbitrators, lawyers representing parties in arbitrations, in-house counsels, state officials and globally operating businesses.

More information on the conference, the programme and the registration:



The Ljubljana Arbitration Centre is an autonomous arbitration institution that operates at the Chamber of Commerce and Industry of Slovenia and is independent from it. We are administering fast and efficient resolution of domestic and international disputes since 1928, thus representing one of the oldest arbitration institutions in the region. The LAC is a regional forum. Our parties come from CE & CEE & SEE regions.

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ON THE MOVE: NEW HOMES AND FRIENDS

Robert Siwik Announces Rebranding After Departure of Artur Bierc



Robert Siwik has announced that former Partner Artur Bierc has “ceased to be a partner in Bierc Siwik & Partners (BS&P) and engaged in the practice of the legal profession in another organizational structure,” and that, going forward, his firm will do business as The Robert Siwik Public Procurement Law Firm (in Polish, the “Kancelaria Prawa Zamowien Publicznych Robert Siwik”).

According to a press release issued by Siwik, “the restructuring is solely of an administrative nature and bears no impact on the company’s operational activities, which will be continued in the hitherto manner, especially in public procurement law, infrastructure, & energy sector.”

Changes in Grata’s CEE/CIS Presence



Grata International has announced two changes, one more cosmetic, one more existential.

First, in the first week of the new year, the firm announced that its associated office in Latvia, Alliks un Partneri, which joined Grata in August 2016, had changed its name to Grata Latvia. According to Grata, “collaborative work between the firms has stepped up to another level, opening even more opportunities for development.” The firm claims that “certainly a new name means a new status, which perfectly fits the contemporary realities and goals ahead.”

Subsequently, on January 25, Grata International announced that the RBL Law Office, in Samara, Russia, had joined its network.

According to a Grata International statement, the Samara re-

gion of Russia is “one of the major economic and industrial hubs of Russia, attracting a large amount of investment.” The firm describes local authorities as “determined to make the area attractive for investment, by improving taxation and business climate, upgrading infrastructure and ensuring financial and political stability.”

According to Dmitry Samigullin, the Managing Partner of the RBL Law Office: “I have always believed that the future of the legal service business is in business combination. Our law firm holds key positions in Samara Region; Grata International holds key positions in the CIS. At one point, it became clear that we needed to join together to enhance our competitive edge in order to consolidate our leadership and keep up with the times. Therefore, we accepted Grata’s proposal for combination and cooperation under a common brand, Grata International.”

Grata Senior Partner Akhmetzhan Abdullayev was also enthusiastic about the move, saying: “The legal market is changing very rapidly. The future belongs to professional services networks that can offer clients a really wide variety of services determined not just by content and quality but also by location. Grata International at the forefront of this trend. And I am proud of the fact, that we have joined our efforts with a team of successful, progressive and dynamically evolving professionals of the RBL (Russian Business Lawyers). I strongly believe our firms will achieve much greater success together. Our clients will be main beneficiaries of this.”

Ellex Klavins Expands by Merger with Glimstedt Latvia



On February 1, 2017, Klavins Ellex merged with Glimstedt’s Riga office to “form the largest law firm in Latvia.” The two firms are operating, going forward, under the Klavins Ellex brand, and the firm now has 47 lawyers and 13 administrative staff.

“The main objective of the merger is to provide additional benefits to our clients,” said Managing Partner Filips Klavins in a press release distributed by the firm. “They are: the combined expertise of two strong legal teams, which complement each other and will now be available as a single team; also a higher capacity for effectively managing large-scale and sophisticated processes. Consolidation of law firms is one of the key trends in

our industry on a global scale.”

“Both of us – Ellex and Glimstedt – are renowned for strong specialization in a number of areas of law,” added Peteris Daldēris, Managing Partner of Glimstedt, in that same press release. “By combining our expertise in each of these areas, we considerably extend the geography of our services. Consolidation by both of our law firms will ensure more professional lawyers and a wider scope of services for the industry in general.”

In a separate statement published on the website on its Lithuanian office, Glimstedt wished success in future endeavors to “partners in Latvia who have decided not to continue operating as a self-dependent firm,” and said that “from now on we will be providing legal services to our clients in Latvia directly or through cooperation with the partners whom we find to satisfy the highest standards of Glimstedt.”

This merger forms a prominent part of the ongoing reshuffling and consolidation of the Baltic legal markets, including Tark Grunte Sutkiene’s 2016 merger with Varul in Estonia, the creation of the Leadell alliance, and Cobalt’s merger with Borenius’s former offices across the Baltics, among others. The process was triggered, perhaps, by Tark Grunte Sutkiene’s 2014 merger with the former Baltic Legal Solutions office in Lithuania and the 2015 trade of Estonian offices by the former Raidla, Lejins & Norcoux and Lawin, with those two firms rebranding as Ellex and Cobalt. The process was considered at length in the June 2015 issue of the CEE Legal Matters magazine.

CMS to Separate from Ruzicka Csekes and Open New Slovakian Office



The CMS and Ruzicka Csekes law firms, which have been operating in association in Slovakia, have announced that they will terminate that arrangement as of May 31, 2017. CMS, the sixth largest global law firm, will then establish its own fully integrated office in Bratislava, using a newly created Slovak team.

“This strategic move in respect of the Slovak market is consistent with CMS’ global strategy which operates full service fully-integrated legal practices in each of the markets where it is present,” says Helen Rodwell, Managing Partner of CMS Czech Republic.” We and our clients have valued highly our long-term

relationship with Ruzicka Csekcs, but believe that operating with our own team of Slovak lawyers will provide the most seamless delivery of legal services to our clients,” adds Peter Huber, Managing Partner of CMS Austria.

Ruzicka Csekcs will continue to operate independently following the end of its association with CMS, and the firm reports an intention to “explore and consider all options with regard to further cooperation with one or more international law firms.”

“Our association with CMS has allowed us to offer a broad range of international capabilities to our clients,” says Ruzicka Csekcs founder and Managing Partner Jaroslav Ruzicka. “Moving forward we will continue to build on our leading position in Slovakia, while considering how best to wrap the international experience into our client driven practice.”

“We may associate with another international law firm, but we may also decide to maintain relations with multiple international firms, working with the firm best suited for the work required,” adds Founding Partner Erika Csekcs.

CHSH Launches New Real Estate and Construction Department



On January 1, 2017 Cerha Hempel Spiegelfeld Hlawati launched a new Real Estate & Construction department. According to CHSH, “the department’s primary focus is on national and international construction projects and real estate transactions, project development, rental and lease agreements, real estate disputes, claims management and construction litigation.”

The new department is headed by Partner Peter Vcelouch and includes Partners Manfred Ton and Mark Krenn, Senior Associates Matthias Nodl and Christoph Reiter, and Associate Elisabeth Stocker. The CEE Real Estate Practice Group, which specializes in advising clients on real estate transactions in Central and Eastern Europe, is part of the new department and will continue to be headed by Mark Krenn.

“We’re extremely pleased to announce the establishment of our Real Estate & Construction department,” said Peter Vcelouch. “This represents a significant step towards strengthening our real estate and construction practice and underscores the growth in this area of law.”

BDK Advokati Launches New Spanish Desk in Serbia



BDK Advokati has announced the formation of a Spanish desk, coordinated by the firm’s two Spanish-qualified lawyers.

The first, Pablo Perez Laya, joined the firm in January 2017. He is a member of the Madrid Bar and has more than seven years of experience in commercial contracting, real estate & real estate finance, IT, data protection, and telecoms. He earned his LL.B. from University of Navarra (Spain) in 2005, and he obtained an LL.M. in Business Law in 2006 from IE Law School in Madrid and another LL.M., in Law and Digital Technologies, from the Leiden University in the Netherlands. Before joining BDK Advokati, Pablo worked at the Real Estate Departments of Linklaters and SJ Berwin in Madrid and at the IP & TMT practice group of Clifford Chance in Amsterdam.

The second, Lazar Radic, joined BDK Advokati in 2015, and specializes in EU & competition law. Serbian by origin, Radic grew up in Spain, where he obtained his LL.B. from Universidad Autonoma de Madrid in 2012. In addition, he earned an LL.M. in European Union and International Law from the University of Amsterdam in 2014. He also has a degree in Political Science. Before joining BDK Advokati, Lazar worked as an associate for the prominent Spanish competition boutique Martinez, Lage Al-lendesalazar & Brokelmann.

The firm claims that the presence of Laya and Radic make it “the only law firm in Serbia with two qualified Spanish lawyers and testifying to our second-to-none ability to assist Spanish enterprises that wish to do business in the region.”

SENIOR APPOINTMENTS

Date Covered	Name	Practice(s)	Appointed To	Firm	Country
Jan-17	Miriam Simsa	Insolvency/Restructuring	Partner	Schoenherr	Austria
Jan-17	Lena-Sophie Kaltenegger	IP, Labor	Partner	Eversheds	Austria
Jan-17	Andrea Zubovic-Devedzic	Banking/Finance	Partner	CMS	Bosnia & Herzegovina
Jan-17	Jan Parik	Tax	Partner	White & Case	Czech Republic
Jan-17	Sylvie Sobolova	Competition, Dispute Resolution	Partner	Kocian Solc Balastik	Czech Republic
Jan-17	Christian Blatchford	Corporate/M&A	Partner	Kocian Solc Balastik	Czech Republic
Jan-17	Triinu Hiob	Dispute Resolution	Partner	Njord	Estonia
Jan-17	Anne Veerpalu	Corporate/M&A	Partner	Njord	Estonia
Jan-17	Boglarka Szantho	Dispute Resolution	Partner	Nagy es Trocsanyi	Hungary
Jan-17	Aron Laszlo	IP/TMT	Partner	Oppenheim	Hungary
Feb-17	Gergely Szaloki	Banking/Finance	Partner	Schoenherr	Hungary
Feb-17	Ildiko Komor Hennel	Dispute Resolution, IP/TMT	Managing Partner	Sar & Partners	Hungary
Jan-17	Lelde Lavina	Real Estate	Partner	Sorainen	Latvia
Jan-17	Joana Baublyte-Kulviete	Banking/Finance	Partner	Ellex (Valiunas)	Lithuania
Jan-17	Dovile Greblikiene	Compliance	Partner	Ellex (Valiunas)	Lithuania
Jan-17	Aiste Medeliene	Tax	Partner	Ellex (Valiunas)	Lithuania
Jan-17	Laura Ziferman	Infrastructure/PPP	Partner	Ellex (Valiunas)	Lithuania
Jan-17	Andrius Ivanauskas	Competition	Partner	Glimstedt	Lithuania
Jan-17	Tomas Kontautas	Banking/Finance	Managing Partner	Sorainen	Lithuania
Jan-17	Luka Popovic	Corporate/M&A	Partner	BDK Attorneys at Law	Montenegro
Jan-17	Ewa Lachowska-Brol	Labor	Equity Partner	Eversheds	Poland
Jan-17	Ewa Szlachetka	Corporate/M&A, Banking & Finance	Equity Partner	Eversheds	Poland
Jan-17	Gerard Karp	IP/TMT	Equity Partner	Eversheds	Poland
Jan-17	Bartosz Turno	Competition	Partner	WKB Wiercinski, Kwiecinski, Baehr	Poland
Jan-17	Robert Gawalkiewicz	Corporate/M&A	Managing Partner	Soltysinski Kawecki & Szelzak	Poland
Jan-17	Magdalena Zasiewska	Tax	Head of Tax	Jara Drapala & Partners	Poland
Feb-17	Marcin Kroll	IP/TMT	Partner	BSWW Legal & Tax	Poland
Feb-17	Stefan Feliniak	Banking/Finance	Head of Banking & Finance	Wolf Theiss	Poland
Jan-17	Cristina Togan	Banking/Finance	Partner	Leroy si Asociatii	Romania
Jan-17	Eleonora Udroui	Corporate/M&A	Partner	Leroy si Asociatii	Romania
Feb-17	Alexey Sizov	Compliance	Partner	KIAP	Russia
Dec-17	Alexander Kovalev	Corporate/M&A	Partner	DS Law	Russia
Jan-17	Rastko Petakovic	Competition	Managing Partner	Karanovic & Nikolic	Serbia
Jan-17	Dorde Popovic	Energy	Partner	CMS	Serbia
Jan-17	Milan Lazic	Dispute Resolution	Senior Partner	Karanovic & Nikolic	Serbia
Jan-17	Marjan Poljak	IP/TMT	Senior Partner	Karanovic & Nikolic	Serbia
Jan-17	Darko Jovanovic	Infrastructure/PPP	Senior Partner	Karanovic & Nikolic	Serbia
Jan-17	Milan Dakic	Real Estate	Partner	BDK Attorneys at Law	Serbia
Feb-17	Sona Hekelova	Corporate/M&A	Managing Partner	Schoenherr	Slovakia
Jan-17	Ozgur Guner	Labor	Head of Employment	Moral	Turkey
Jan-17	Sergii Kornienko	Corporate/M&A	Partner	Antika Law Firm	Ukraine
Jan-17	Maxim Korchagin	Dispute Resolution	Partner	Antika Law Firm	Ukraine
Jan-17	Stanislav Gerasimenko	Real Estate	Head of Real Estate	Eterna Law	Ukraine
Feb-17	Tetiana Gromova	Corporate/M&A	Head of International and EU Law	SDM Partners	Ukraine
Feb-17	Anastasia Usova	Competition	Head of Antitrust	Redcliffe Partners	Ukraine

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Period Covered: December 16, 2016 - February 9, 2016

PARTNER MOVES

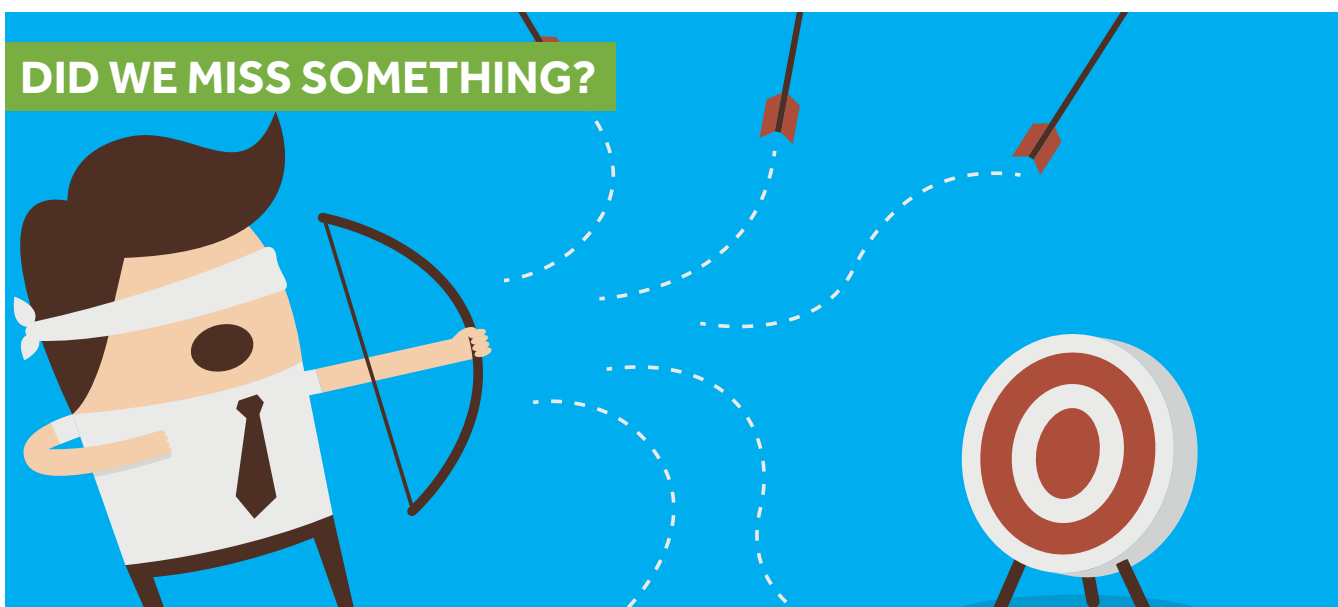
Date Covered	Name	Practice(s)	Firm	Moving From	Country
Dec-17	Krzysztof Haladyj	Capital Markets	Baker McKenzie	Eversheds	Poland
Dec-17	Iulia Stanculescu-Ilie	Dispute Resolution	Leroy si Asociatii	PwC	Romania
Dec-17	Catalin Suliman	Competition	PeliFilip (Partner)	Schoenherr (Head of Competition)	Romania
Jan-17	Roman Serb-Serbin	Dispute Resolution	Danilov & Konradi	Schekin & Partners	Russia
Jan-17	Christopher Rose	Corporate/M&A, Private Equity	Dentons	Squire Patton Boggs	Russia
Dec-17	Sila Yavuz	Banking/Finance, Capital Markets	Baker McKenzie (Of Counsel)	Pekin & Bayer (Partner)	Turkey
Feb-17	Oleksiy Sluch	Dispute Resolution	Integrites	Vasil Kisl & Partners	Ukraine

IN-HOUSE MOVES

Date Covered	Name	Company/Firm	Moving From	Country
Jan-17	Martin Vlcek	Deutsche Bank (Head of Compliance & Country AFC Officer)	RBS (Head of Legal and Conduct & Regulatory Affairs)	Czech Republic
Feb-17	Gergely Javorszki	PSA Insurance (Head of Legal)	Europ Assistance Hungary (Senior Legal Counsel)	Hungary
Jan-17	Aleksander Galos	Kochanski Zieba & Partners (Partner, Head of Energy, NR & Chemicals)	PGE EJ1 SP. Z o. o. (General Counsel)	Poland
Feb-17	Sergey Stefanishin	PwC (Director, Deals)	DHL (Head of Legal CIS & CEE)	Russia
Feb-17	Lucia Supekova	First Data Corporation (Compliance Manager)	ING Global Services & Operations	Slovakia
Jan-17	Altug Ozgun	Astellas Pharma (Ethics & Compliance Director)	Sandoz	Turkey
Dec-17	Nilufer Turkcu Hira	Lidya Madencilik (Head of Legal)	Paksoy Law Firm	Turkey

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Period Covered: December 16, 2016 - February 9, 2016



DID WE MISS SOMETHING?

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

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Managing Editor

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THE BUZZ

In “The Buzz” we interview experts on the legal industry living and working in Central and Eastern Europe to find out what’s happening in the region and what legislative/professional/cultural trends and developments they’re following closely. 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.

BULGARIA (JANUARY 19)

A familiar mixed report



Despite beginning the conversation by asserting that “there are not many new things to report in Bulgaria in terms of legislative amendments or legal market changes,” in fact Borislav Boyanov, the Managing Partner of Boyanov & Co., is fairly optimistic, pointing out that the Bulgarian economy is “relatively OK, reporting 3.4% growth in 2016, which for Europe is very good.”

Boyanov concedes that FDI went down last year, but he reports a trend of local buyers buying the Bulgarian assets of international companies, which he describes as “both good and bad: it’s

good because local companies are becoming stronger, but it’s bad because countries need foreign investors, and as I said, FDI was down.” Boyanov notes that, “Bulgaria has certain issues, for example with the necessary judicial reform – but in general this trend is not only because of Bulgaria; this is a global trend, and investors are cautious about foreign investments in Europe right now.”

Despite the mixed report, Boyanov says that his firm had “a very good year in 2016 – maybe the best ever.” He explains that the number of transactions, though not their size, increased in the country last year, and the IT and BPO sectors are famously strong in the country, as “there are some extremely good companies, and the sectors attract a lot of attention.” The Real Estate sector seems to be showing movement as well, he reports, though he concedes that, “other than that, not much.”

Many of the problems the market is facing are not local, Boyanov insists; they’re global or regional. Indeed, he reports that there’s anxiety in his country because of “what’s happening around Europe and around Bulgaria,” and he points to a dramatic 2016 in neighboring Greece, Turkey, and Ukraine.

Finally, Boyanov notes, the country’s previous government resigned at the end of last year. A new President will step in next week and will call new elections, “so we will lose at least four to five months.” He sighs that “the political uncertainty doesn’t contribute to economic growth,” but he also ends on a positive note: “if we can get a good, stable government, I’m optimistic, because Bulgarian companies are starting to move in the right direction, even internationally, primarily in FinTech.”



areas are booming: Real Estate, Telecom, Industrial deals. It's everything."

"There was almost no Christmas break in Prague, and if deals didn't close before New Years, then they're closing now."

Sixta believes the reasons for this recent boom are two-fold. First, he notes, the Czech Republic is simply strong right now, and foreign investors are generally attracted to the market. More significantly, perhaps, are the indications from the Czech National Bank that it may untie the fixed exchange rate between the Czech Crown and the Euro, which has kept the Crown at approximately 27.5 to the Euro. The Bank, Sixta reports, has declared that it will stop buying Euros to maintain this artificial level, and most believe the Czech Crown will naturally, once un-tethered, move to somewhere around 26. The Bank's earlier indications that it would make this move in late autumn 2017 have been replaced by hints that it may do so as early as March or April. "So if you have euros it's best to use them now," Sixta says, "and everyone trying to spend euros is wanting to do so as soon as possible."

As for legislation, Sixta reports that the country is still dealing with the significant changes to the Public Procurement Act that came into effect last year – "clients," he says, "are struggling with it." Otherwise there's little of significance, Sixta says, noting some minor – "nothing significant" – changes to the country's Labor Code that are coming in May. In his opinion, "the public procurement changes are more important to major clients."

There is also increased consumer protection in the banking sector, Sixta reports, resulting in more flexibility for consumers in respect to mortgages, and more banks requiring assistance. "So it's a good time to be a lawyer," Sixta says, smiling.

Finally, Sixta reports, elections for the Board of the Czech Bar are coming up this year. Various groups and coalitions are forming, as the current Chairman of the Board has said he won't serve an additional term. Of some significance is the ongoing attempt by smaller firms and solo practitioners who may view freshly graduating attorneys as competitors to push the concipient period to five years from its current three. Sixta opposes this move, saying "we see them not as competition, but as an opportunity!" and suggests that "we'd rather they come to us." The vote last year to extend the concipient period to the same five years it is in neighboring Slovakia was defeated by a slim margin, "with representatives of big firms voting against it." Sixta says, "We're hoping we can do it again, to protect our interests in this respect."

CZECH REPUBLIC (FEBRUARY 2)

Ramping up to full speed



"The [positive] trend that we discussed at the Round Table back in November is continuing," says Jiri Sixta, Partner at Glatzova & Co., referring to the upbeat reports on the Czech market provided by members of a November 2016 CEE Legal Matters' Round Table, "only moving up to full speed."

The market is buzzing, Sixta says. "There was almost no Christmas break in Prague, and if deals didn't close before New Years, then they're closing now." Sixta is confident the good fortune is felt equally across the market. "It's not just my experience," he says. "It's everywhere. Everyone has five or six deals they're working on. That's a very good sign, I would say, and almost all

ESTONIA (JANUARY 18)

Administrative reform tops the agenda

“Let me start with administrative reform,” says Juri Raidla, the Senior Partner of Raidla Ellex in Estonia. “Now the state is in good shape, with no substantial problem at all – but the country has an aging population, and we need to figure out how to make the government more efficient and less costly.”

Raidla says he started talking about the need for reform back in 2009, and although he admits that “it didn’t fly for a few years,” he says the significant Administrative Reform passed last year represents a significant step.

In addition, the country elected both a new President and a new Prime Minister in 2016. “When the new government took office in November,” Raidla explains, “the coalition agreement contained a clear statement for State reform.” Raidla calls this “very important,” describing it as “a good time to go forward.” Raidla says the entire process will probably take some ten years to really implement, “but now State reform is officially part of a political document called the Coalition Agreement, which is already significant.”

Raidla is especially pleased with the results of the well-publicized challenge to the constitutionality of the new Administrative Reform Act, which will reduce the country’s 113 municipalities – “far too big a number, with many of them far too small to provide sufficient services”, according to Raidla, whose office and Raidla himself defended the Act in Court – to consolidate into approximately 70 by October 2017. Raidla calls the challenge “a landmark case in Estonia,” and says that, “from a professional point of view it was one of the most exciting events last year, not only for me and for the firm, but perhaps for the entire legal market.” He notes with pride that essentially all significant provisions of the Act were upheld, and he points out that, “if the court had ruled differently, then all the Administrative Reform could have been derailed, or at least made substantially more difficult.”

Turning to the legal market, Raidla calls the last two years, “perhaps one of the most interesting periods in modern Estonian history.” Raidla refers to his firm’s creation of the Ellex alliance with the former Latvian and Lithuanian offices of Lawin and the resulting fallout across all Baltic markets as causing a “very very deep reshaping, especially in Estonia.” “In Estonia” he says, “a consolidation of the market and a new level of maturity was achieved.” The market has contracted, he explains, with the best legal talent increasingly drawn to the leading firms, and as a result, “the functioning of the legal market in Estonia is much improved,” and “it’s really helped competition in Estonia.”

Raidla notes that Estonia – despite having only 1.3 million people – has six firms with over 30 fee-earners. He notes with a smile that this is the equivalent of China having six firms with over 30,000. Competition is stiff, he says. “The quality is better, and it’s known who is good and who is not.”

HUNGARY (JANUARY 30)

Magyars staying busy



“The Hungarian market is quite busy – not primarily in transactions, but there are an increasing number of disputes and restructurings,” says Andras Szeckay, the Managing Partner of the Szeckay law firm in Budapest. “In addition, the Competition Office is pretty diligent, and there are a number of cartel cases and other procedures going on at the moment.”

Those aren’t the only active sectors at the moment. Szeckay says that compliance-related matters are also expected to increase, with large and medium-sized companies paying particular attention to this “very trendy” issue. Compliance is “flowing out of the tap,” according to Szeckay, because the authorities and regulators are “very keen to ask companies to comply in regulated fields of the business” As a result, he says, there are “lots of internal checks to make sure they’re in full compliance with applicable laws and regulations,” in a wide variety of areas, including Employment, Consumer Protection, Competition, Data Protection, and many others. “In the year to come,” Szeckay says, “this will likely produce a lot of work.”

Compliance-related matters are also expected to increase, with large and medium-sized companies paying particular attention to this “very trendy” issue.

Overall the legal market in Hungary is pretty stable, Szeckay reports, noting that the last significant development was the

move last July of the former Competition team from Kinstellar to Lakatos, Koves & Partners. The Hungarian Bar appears to be fairly calm at the moment as well – Szecskay, who's Vice President of both the Hungarian and Budapest Bars, says they're currently working on an electronic filing and communication system with the courts and preparing a new Act on the Legal Profession, which he hopes will be finalized by the Ministry of Justice and approved by the Parliament before the country's next elections in 2018.

Szecskay also refers to the new Act on Civil Procedure which has already been approved and will come into force in 2018, and which will, he says, "impose a number of new procedural rules on courts and lawyers." Szecskay calls it "extremely important." Both that Act and the revisions to the country's Competition Law, Szecskay says, were "well prepared and thought-through."

LITHUANIA (JANUARY 24)

Ever-increasing competition puts pressure on fees



"We don't have any big news in Lithuania at the moment," says Eugenija Sutkiene, Partner at Tark Grunte Sutkiene, "except for the general trends that are affecting legal markets everywhere, of course: commoditization, dropping legal fees, and growing in-house legal teams – the same as all legal markets." She laughs, saying, "We're running quickly to stay in the same space."

When asked about the dropping fees, Sutkiene reports that "we've been feeling this pressure for three or four years now because of the fierce pressure in the markets." According to Sutkiene, "Law firms here are stronger than ever and competition has increased, with increased capabilities and competencies." In addition, she reports, referring to the global crisis, "the legal market got spoiled, and it's hard to get back to those billing rates." Indeed, she says, hourly rates are essentially disappearing, and are primarily relevant at this point for internal budgeting purposes. "Most work is done on fixed budgets or with capped fees," she says. Still, she emphasizes, the problem is hardly exclusive to Lithuania: "It's a general trend across all markets."

This pressure reflects the fact that the Lithuanian legal market, according to Sutkiene, is "consolidating, and getting stronger," as the larger full-service firms are "matching competencies." As a result, with little else distinguishing the top players, "we're competing primarily for price now."

There's also little news on the legislative front at the moment in Lithuania, Sutkiene reports, although as the Peasant & Greens Union – an Agrarian political party in the country – won last fall's parliamentary elections, she says, "we'll see what they do, and if they live up to their promises."

The highly-anticipated Labor Law adopted by the old Parliament to introduce a long-awaited new employment scheme was supposed to come into effect on January 1 but has now been postponed until July 1, and Sutkiene reports that changes are likely to be introduced to it at that time. The previous employment scheme was considered "very rigid," she reports, and "one of the least attractive in Europe." The new version is expected to "increase competitiveness," and she describes it as "the most controversial and widely-discussed in recent years." Indeed, it should provide substantial work to law firms in Lithuania, and Sutkiene reports that Tark Grunte Sutkiene has "already started to work with clients in preparation."

MACEDONIA (FEBRUARY 3)

"Uncertainty is a killer for business"



"In general we are still suffering the consequences of the political crisis we've endured for two years now," says Kristijan Polenak, the Managing Partner of the Polenak Law Firm in Skopje, of the unsettled situation in Macedonia.

"The elections in early December did not solve it, and no parliamentary majority was created to elect the government, meaning we have a temporary government with limited ability to get things done." As a result, Polenak sighs, "this reduces the chances of having laws passed and improving regulations." There are talks among the various political parties to create a coalition, but this will probably drag on," Polenak says, calling it "familiar for the region."

Despite ongoing political uncertainty, Polenak reports, foreign investments in the country in the first eleven months last year reached EUR 213.5 million, an improvement from EUR 157 million in 2015. Still, Polenak notes that the country failed to meet the initial forecast of growth in GDP in 2016, mustering only about 2.4%. “The instability is reflected in all sectors of social life,” Polenak says. “You name it. Anywhere.” He says, “Uncertainty is a killer for business.”

“Notwithstanding all that,” Polenak says, “because we have about 90% foreign-based clients, our firm didn’t see a decline last year. Indeed, we had a good year in 2016, with above 7% increase in income over the year before.” Not everyone in the market is so fortunate, he concedes. “What I’m hearing is that some law firms in Macedonia are struggling,” he says. “Particularly those focusing on domestic clients.”

“The elections in early December did not solve [the political crisis], and no parliamentary majority was created to elect the government, meaning we have a temporary government with limited ability to get things done.”

Polenak reports that the Macedonian Bar Association has passed new tariffs, which became effective in September 2016, and which have increased the prices of legal services. “These tariffs introduced a minimum threshold of legal fees, which are fairly high,” he says, noting that they “are bound to affect the market, meaning people will be hesitant to retain a lawyer for small or medium-sized matters.” Many lawyers are enthusiastic about the changes, as “finally we have a proper tariff.” Polenak himself isn’t so sure. “That’s fine,” he says, “but whether the market can accept it we’ll have to see.”

Finally, Polenak turns to the subject of the increasing alliances and networks popping up among law firms in CEE, particularly in the countries of the former Yugoslavia, calling it “obviously a trend, and it will continue.” According to Polenak, “this shows that law firms are grouping into networks on a larger scale, probably because the local markets are fairly small.” For him, the question “Does it really enhance quality?” is unsettled, though he notes that “I can tell you that we learned a lot from our bigger partners in the SEE Legal Group, like Turkey, Romania, and Greece.” Macedonia, he notes, is small, with no international or regional law firms, and those few that have tried to operate in the country are facing scrutiny from the Macedonian Bar.

RUSSIA (JANUARY 17)

A recent increase in activity



Speaking on vacation from the beach in Mauritius, Rustam Aliev says he and his colleagues at Goltsblat BLP in Moscow are “looking forward to 2017.”

Indeed, Aliev reports an increase in legal activity “even at the end of last year,” as Russia continues to struggle through “difficult times with oil prices, sanctions, and international political tensions,” which he describes as “not very helpful.” Still, Aliev says, “even with the sanctions, people are still interested in the really good profits in Russia,” as “pretty much all big Western companies are continuing to make good money here.” In addition, the ruble ended last year in a stronger position compared to the dollar and a number of other currencies, making ruble-denominated assets increasingly valuable, and thus attractive to potential investors. This, he said, “should continue into 2017.”

He concedes that most activity is coming from internal Russian M&A, but says, pointing to several political deals of significance in the Russian Far East, “thus, we note increasing interest from Asian investors, including Chinese and Japanese.” He also sees a rise in interest from the Middle East – “we’re seeing interest from the Saudis, Qataris, and from Dubai and Abu Dhabi,” he says, though he warns, “it takes time, obviously.” He explains: “A number of deals closed last year with new foreign investors, but it takes time for them to get to know Russia and opportunities here.” As a result, he says, “we expect to see more this year.” In addition, he points to “some hedge funds and PE funds from the US and the West, which are cautious, obviously, but attracted by the huge yields in Russia.”

In short, Aliev says, “we are cautiously optimistic, because we see

some real business opportunities. If everything keeps going as it has – and there are no other political or economic crises – we will see increasing business investments.”

When asked, Aliev says “it’s simply too early” to see any effects of Donald Trump’s election on business in Russia. Besides, he notes with a smile, “we all know how politics work; it’s one thing to say something during a campaign and another to actually implement it once you’re elected.” In addition, he notes, “there’s a lot of controversy about Trump’s election in the United States, in part because of Trump’s alleged connections with Vladimir Putin, so it’s not clear what’s going to happen, and I think he’ll probably focus first on domestic and internal issues.” Finally, he says, “I think everyone in Russia thinks his election is the lesser of two evils (at least for Russia), and there is some sentiment that maybe it will result in the removal of the sanctions ... but it is not only the President who makes such decisions, so nobody knows for sure.”

Finally, when asked about the state of the legal market in Moscow, he says “we’ve seen the legal business shrinking for the last few years. This is something expected.” Still, he says, while “nothing is super-growing, some of the law firms in Russia are continuing their steady growth.” He’s proud to identify Goltsblat BLP as one of those firms that is growing steadily, adding Chinese and Japanese desks over the past few years, among other developments.

SLOVAKIA (JANUARY 31)

Clients recognizing the significance of Corporate Criminal Liability Law



“Right now probably the most important topic is Corporate Criminal Liability,” said Partner Dana Nemcikova of Ruzicka Csekcs in Slovakia. “The new law enacted last year incorporated criminal liability for corporations, which had not been part of the previous law.”

A year later, businesses are starting to recognize the significance of the law, Nemcikova reports, and while firms are continuing to offer seminars and webinars for their clients, those clients “are starting to pick up on it and come back to us with concrete questions.” Nemcikova describes this as “quite a hot topic” in Slovakia, reporting that Lucie Schweizer is leading the prominent Ruzicka Csekcs team on the subject.

As for the law itself, Nemcikova notes that “of course it’s a good step,” as Slovakia had been one of the few countries in Europe without such a law on the books. “It’s not written well,” Nemcikova reports of the new law, noting that it’s already been formally amended once, “but that’s always the way with a new law. Of course it will need some time to work itself out.”

As for the law itself, Nemcikova notes that “of course it’s a good step,” as Slovakia had been one of the few countries in Europe without such a law on the books.

According to Nemcikova, one particularly interesting development is the recent attempts in Slovakia to find ways around the amnesty issued in March 1998 by former Prime Minister Vladimir Meciar to those responsible (allegedly members of the Slovak intelligence service and the country’s government) for organizing the 1995 kidnapping of then-President Michal Kovac’s son. A new proposal would allow for the amendment of Constitutional Law and overturn that declaration of amnesty. Nemcikova describes this as “a very hot topic” – especially following the recent publication of a letter signed by some 26 of the country’s prominent legal experts, Supreme Court judges and Constitutional scholars declaring that the amendment would be possible and consistent with general legal principles and citing precedent from other countries.

In terms of the business climate in general, Nemcikova says that 2015 was “a very good year” in Slovakia, and last year “still had some good signs.” The most notable deal in recent years was the 2015 investment agreement signed by Jaguar/Land Rover to produce cars in the country, and construction started on the plant in August 2016. The first car is expected to roll off the line in autumn 2018, and Nemcikova notes with pride that Ruzicka Csekcs advised Jaguar/Land Rover throughout the process. She says there are also some “huge PPP projects” planned for the country for 2017, particularly for the country’s highways. “So we’ll see,” she says. “We’re quite optimistic. Hopefully it will happen.”

GUEST ARTICLE: CONFIDENCE RETURNS TO CEE'S M&A MARKETS

By Graham Conlon, Partner, CMS



As summarized in CMS's recently-released Emerging Europe M&A Report 2016/2017, the year just concluded, 2016, was an eventful one in Europe, as it included weak global growth and overall investor cautiousness, an attempted military coup in Turkey, a vote for the UK to leave the European Union, continued unrest in the east of Ukraine, continued application of sanctions in Russia, and the first full year of a new populist right-wing Government in Poland. There was plenty therefore to be concerned about, and we all feared what impact this might have on M&A deal activity in the region as a whole.

Indeed, for the fifth year in a row, deal numbers were down across CEE, and were less than half the level of 2011. However, confidence nevertheless picked up, and indeed the region saw a wave of megadeals (by CEE standards) towards the end of 2016, including Glencore's & Qatar Investment Authority's acquisition of a 19.5% stake in Rosneft for USD 10.2 billion, the sale of SAB-Miller's Central and Eastern European assets to Asahi for EUR 7.3 billion, Rosneft's acquisition of Bashneft for EUR 4.7 billion, the acquisition of Energeticky A Prumyslovy Holding in Czech Republic for EUR 3.1 billion, and Cinven's, Permira's, and MEP's acquisition of Allegro in Poland for EUR 3.1 billion.

Russia remained the most active country, in terms of both the number and the value of deals - though most of the deals were domestic in nature, and overall numbers were significantly lower than in previous years. This was followed by Poland (deal numbers down, values up), Czech Republic (deal numbers and values both significantly up, and the strongest M&A activity in a decade), Turkey (deal numbers and values overall down on the previous year), Romania, and Hungary. By sector, real estate & construction (357 deals), manufacturing (312 deals) and telecoms/IT (265 deals) took the top three spots.

Going forward, we are likely to continue to see a fragmented region with pockets of growth interspersed with subdued activity. For Russia, we forecast that the 2017 outlook will likely remain challenging, though overall our prediction is that M&A activity will be higher than had previously been forecasted, in particular driven by the active involvement of the State, consolidation in certain sectors like finance, oil & gas, telecoms, and agriculture,

and likely continued overseas investment from the Middle East and Asia, etc. In Turkey, investors will likely continue in a wait-and-see mode, depending on how things develop after the failed coup (and in light of the political and security environment more generally). There has been much talk about Poland, and although deal numbers were down in 2016, the country is nevertheless showing (despite subdued growth and concerns over the ruling Government's right-wing policies and rhetoric) a certain degree of resilience in the M&A market. Overall we expect deal activity to remain stable. The Czech Republic shows no sign of deal activity slowing any time soon, and all eyes are on Romania to see whether the Government will continue to clamp down on corruption (at the time of writing many people are on the streets protesting corruption in Romania) and improve the investment environment more generally. These factors, combined with Romania being one of the fastest growing economies in CEE, have resulted in increased deal activity in recent times.

Other opportunities throughout the region include non-performing loans (NPLs) – in which context deal-making in the second half 2016 was rather strong in CEE and is expected to continue throughout 2017 – and the knock-on effect that cleaning up NPLs has on the broader economy (with Croatia, Serbia, Romania, and indeed even Ukraine being talking points in the NPL community at the moment). Greenfield investments are also topical (Jaguar Land Rover started work on its new factory in Slovakia, Mercedes has committed to build a plant in Poland, and Amazon is looking to open new fulfillment centers in the Czech Republic and Poland). Of course there is plenty to remain cautious about, and the full impact of Brexit and the US elections (and upcoming elections in Europe) are yet to play out. But the lesson learned from 2016 is that political change does not in itself necessarily mean a brake on activity, and overall the factors that have made CEE attractive over the years (a relatively high annual GDP growth, proximity to Western markets, and the availability of a relatively low-cost, highly-skilled labor force) combined with increasing pressure on the part of Western investors to venture beyond established markets in the search for positive yield, all bode well for a cautiously optimistic outlook for the region as a whole during 2017.


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THE LONDON BRIDGE: CEE Firms Put Feet on the Ground in the UK

On February 2, 2017, CEE Legal Matters reported that David Shasha, a well-known figure for several decades in CEE's emerging legal markets, had agreed to come out of retirement to join Poland's Domanski Zakrzewski Palinka law firm as Counsel. Shasha, who will be working in London, will co-ordinate DZP's relationships with law firms, financial institutions, and companies located in the United Kingdom, as well as supporting DZP's lawyers advising international and Polish clients.

We spoke with Shasha and DZP Partner Krzysztof Zakrzewski to learn more about the arrangement, and spoke with Partners from two other CEE-based law firms with representatives in London – Sayenko Kharenko and Integrites – to see how their English strategies and operations compare.



David Shasha Spreads the DZP Gospel

DZP Partner Krzysztof Zakrzewski says that “an important part of [DZP’s] business has been ‘London related’ for many years,” and thus the firm’s decision to put someone on the ground in the UK “is not a new idea - we were contemplating ‘opening’ in London for quite a while.” Zakrzewski says he and his colleagues considered various options as to what form that presence would take, “including opening a full office, opening a representative office, or forming a joint venture of some kind with another firm from continental Europe.”



**David Shasha, Counsel,
Domanski Zakrzewski Palinka**

Eventually, they decided to reach out to an old friend.

David Shasha has worked with international law firms for over 30 years. From 1978 to 2001, before joining DZP, he worked at Clifford Chance (where, among other things, he founded the firm’s Warsaw, Prague, and Budapest offices), Simmons & Simmons, Gowlings (now Gowling WLG) and Watson Farley & Williams. He retired from Watson Farley & Williams in December 2015, taking a full year off before agreeing to work with DZP.

The opportunity to join DZP came unexpectedly. “I hadn’t been looking for a job,” Shasha laughs. “I promised myself when I retired that I would spend a year not doing any work – I would spend a year living (as opposed to working) in London, taking advantage of the chance to visit many of the places I have never previously had time

to see.” Still, when old friend Zakrzewski reached out to him to discuss options, Shasha was game. “We met up initially early last year, and had a number of conversations during the year about what I might be able to do for DZP. We discussed several ideas and plans and reached an agreement at the end of the year.”

And in joining DZP Shasha capitalizes on a long relationship with Poland. He says, in describing his history with the country, “I was the partner who was responsible for opening the Clifford Chance office in Warsaw in 1992. I spent long periods of time in Poland from 1991 to 1995; I had a flat I lived in here, and I attempted to learn Polish (unsuccessfully). But I did get a Polish girlfriend, who subsequently became my wife; we’ll be celebrating our twentieth wedding anniversary this year!”

Still, in his new role, Shasha will remain in his native England. “I’m going to be based in London. That’s home. I will occasionally visit Warsaw to show my face to people, but it’s a London-based role. It’s arranging introductions to contacts in London and elsewhere, for the purposes of business development for the firm. It’s supporting the firm’s marketing and business development initiatives generally, and helping to raise the firm’s profile.”

Shasha’s target list is broad. “The principal targets are law firms,” he says, “but also includes some corporates and other institutions – private equity houses, funds, and other financial institutions – who are interested in and active in what’s going on in Poland.”

Shasha emphasizes that DZP is not opening an office in the UK, nor currently planning to do so. Nor will it be relocating any Polish lawyers to London as part of this initiative, though DZP lawyers will of course continue to make regular visits to the city. Still, neither Shasha nor Zakrzewski will close the door on the possibility of opening a formal office down the road. “Of course we do not exclude such option should a need for further development occur,” says Zakrzewski. “At this point, however, we decided that a formal representation by David is sufficient.”

Ultimately, it appears that DZP’s deci-



**Krzysztof Zakrzewski, Partner,
Domanski Zakrzewski Palinka**

sion to hire Shasha for this new role was a matter of the right person being available at the right time. Zakrzewski says, “as our business in London was growing and as we were seeing even more opportunities – the need for a London presence became more and more urgent. No mystery. We started when we felt we were ready. We did not plan to do it on this given date a long time ago. We also did not plan this move in relation to any development or political situation, like Brexit. It all developed quite naturally.”

Contact Office: Integrites’ Office is a Bridge to CEE/CIS

In September, 2016, Integrites announced the appointment of Ivanna Dorichenko as new Head of the firm’s London office and leader of the firm’s newly established London-based International Trade & Commodities practice. Prior to joining Integrites, Dorichenko worked for four years in the London offices of Clyde & Co and another two with Hammonds, which later rebranded as Squire Patton Boggs. She was the first Ukrainian barrister ever called to

the bar by the Inner Temple.

In a statement at the time, Integrites Senior Partner Vyacheslav Korchev said, of Dorichenko’s decision to join the firm, that: “Given her skills, experience, and well established reputation on the London legal market she will undoubtedly add the exquisite London touch to our international operations, which will place us in a unique position on Ukrainian and regional legal markets.”

Integrites itself only opened its doors at the end of 2005. According to Dorichenko, it opened its London office less than five years later, in 2010, “because of the increasing volume [of] work both ways, the need to be here, the need to work as a main point of contacts for our clients who needed something in England, and then obviously to grow the client base, grow the relationship base, and increase the general visibility and workload, et cetera.

And unlike DZP, Integrites has chosen to operate an actual office in the English capital, though at the moment it’s staffed by only two lawyers. Dorichenko explains that “we are of course not a full-service office but rather a permanent contact office from which we do our niche commodities work (my practice) and advise/represent a small number of international clients in trading matters, including our clients from the CIS/Black Sea trading area.”

Dorichenko insists that Integrites – which also has offices in Ukraine, Russia, Kazakhstan, China, and the Netherlands – understands the expectations of clients in London. “Our founding partner’s ideas for opening the office in London were. We wanted to make sure we were up to the standard, and we would be able to com-





Ivanna Dorichenko,
Head of London Office, Integrites

pare ourselves to the local standard, and we would be able to help our clients as much as we can.”

Dorichenko is skeptical that an English presence, if focused only on business generation and marketing, will be enough for the most demanding clients. “I don’t believe that a pure sales person can do the job,” she says. “Because you should be someone who understands how the work is done, you should do the work, because that is how people will perceive you as their equal, because here in London people are very robust, people are very evidence-based. They don’t want to talk to sales people. Cold calls don’t really work here.”

Thus, Integrites’ London office serves as a conduit between the London-based firms who are sources of referral work to the firm’s Ukraine and CIS presence, and the firm’s own clients coming from that part of the world who may need English assistance. According to Dorichenko, “we really function as a bridge.”

Sayenko Kharenko’s “Value Added” Representative Office

“Our story is simple,” says Sayenko Kharenko Founding Partner Vladimir Sayenko. “We noticed that London has by far the largest concentration of our international clients and decided that we want to be closer to them, as well as to law firms that often refer business to us. The office also helps us a lot when partners and clients of the firm travel to London.”

Sayenko Kharenko’s office in London opened its doors in 2013, led at the time by Andy Hunder, who had earlier launched the London office of Magisters (before

that firm’s merger with Egorov Puginsky Afanasiev & Partners). According to Sayenko, in addition to coordinating Sayenko Kharenko’s business development efforts in London, “Andy’s task was to launch a government relations practice. The challenge back in 2013 was to convince our typical multinational clients that GR services could be provided in Ukraine without raising typical compliance issues that [such] lobbying services used to raise in Ukraine. Coordination of this practice from London by a UK expert who used to work for several multinationals helped us position our firm properly in this new segment.”

“You should be someone who understands how the work is done, you should do the work, because that is how people will perceive you as their equal, because here in London people are very robust, people are very evidence-based. They don’t want to talk to sales people.”

Currently, the firm’s London office is run by Eugenia Rebotunova, a Ukrainian, Russian, and New York-qualified lawyer with a background involving time spent at both Altheimer & Gray in Kyiv and White & Case in Moscow. According to Sayenko, “while Eugenia primarily develops and maintains relationships with our London-based clients and friendly law firms, we also rotate several Ukrainian lawyers in the London office to advise clients who are interested in doing business in Ukraine and prefer to have face-to-face contact with their legal counsel. Ukrainian clients also often require support choosing lawyers and other providers for their business needs, arranging meetings and sometimes they even need help with basic logistic support during their trips to London. Finally, our firm actively participates in the activities of various professional organizations, such as the British-Ukrainian Law Association, and in the life of the Ukrainian diaspora in the UK. All of these activities keep our team in London busy and we are think that our London team will grow in the near future.”

Sayenko emphasizes that the firm’s London office is a “pure representative office



Vladimir Sayenko, Partner,
Sayenko Kharenko

with auxiliary functions,” and that “we do not handle any matters through the London office at the moment, although the model might change in the future.” He points out that “English clients asking for English-law advice would not be the target client for a Ukrainian law firm in any case,” and that “even when it comes to Ukrainian law advice, these matters are handled by the Kyiv office.”

Still, the firm’s representatives in London do more than business development. “There are matters where clients appreciate personal meetings with their trusted advisors who will hold their hand in a difficult transaction or a complex dispute matter,” Sayenko says. “That is why senior Ukrainian lawyers rotate on a regular basis in London, essentially coming on lengthy business trips.”

Clients appreciate the service, Sayenko says. “When it comes to Ukrainian clients, the assistance they require is not legal advice, but ‘value added’ practical advice, which comes at no cost to the client. We also have some clients who schedule important meetings on sensitive matters outside of Ukraine for confidentiality reason and London serves that purpose perfectly well.”

Be that as it may, BD is hardly a secondary consideration. Sayenko concedes that “the main function of our London office is clearly the promotion of the firm’s capabilities in Ukraine to potential clients and major international law firms and cooperation with international legal publications and directories, as well as other BD activities.”

David Stuckey

MARKETING LAW FIRM MARKETING

What one part of your job do you enjoy most, and why?

Marietta Vidali, Corporate Communications Manager, Drakopoulos, Athens



The most satisfying part of my job is the ability to co-decide on certain issues, thus impacting the firm in a positive way. Our flat organizational structure enhances my role's involvement in the decision-making process, allowing for faster response times to business challenges and an open, collaborative

environment that promotes brainstorming and innovation. As a marketer, I really enjoy working for a firm that relies on ideas, innovation, and employee engagement to keep up with a quickly changing business landscape.

Marta Albrecht-Niedzialek, Marketing Communications and Operations Manager, Wolf Theiss, Warsaw



Genuine and effective communication with lawyers and co-workers is a key. For me, it is all about having the proper attitude for a situation. I'm a devoted marketing communicator. I really enjoy helping our lawyers become marketing communicators, too. I feel a deep satisfaction when working with colleagues who

are eager for knowledge. It's so nice to see the positive effects multiply as every new lawyer becomes an ambassador of Wolf Theiss.

Alexandra Yoshida, Business Development and Marketing Director, Karanovic & Nikolic, Belgrade



Learning what is going on in the market and working with my partners to find strategic ways to be a part of it is interesting because it requires a certain framework of thinking that pushes us to understand and take advantage of that which we see as opportunities in the market, to help further our role

in protecting and advancing our clients' businesses and professions. Being able to foresee potential outcomes and guide our team towards those opportunities is fundamental to the development of the business.

Katalin Kovacs, Head of Business Development, CMS, Budapest



What I enjoy the most in my work is interacting with clients and colleagues and learning more about what the real important things for them are. These informal discussions and their everyday challenges, successes or concerns can show us a whole different perspective and help us stay focused when planning

our BD activities or marketing campaigns. Also, I have the luck to work with some great minds of the legal world; that is very inspiring and leads to no dull existence.

David Clark, Chief Operating Officer, Akol Ozok Namli Attorney Partnership, Istanbul



Being a top tier law firm capable of the most challenging domestic and international projects is essential but not enough for us; doing this by developing a group of people who are strongly motivated to work for each other and reflecting that into a team that clients can really enjoy working with, now that is a

challenge that I love.

Connecting with people, both internally and clients, to create something great for everyone involved is what gets me up each morning with a smile. This is a human business after all.

Agnes Hargitai, Business Development & Marketing, Wolf Theiss, Budapest



This is not an easy question especially with such a complex job that requires multiple personalities aligned to 20+ lawyers at the same time, not to mention the need to be constantly creative, agile, and persistent as well as always up to date with the latest economic matters.

This is very challenging, and I think this is the part of my job I enjoy the most. I also enjoy providing direct and valuable support to our lawyers in a way that really makes a difference, providing the background and a stable base for their work. I love the freedom in my work and also my role as a member of a great and supportive international team that provides me opportunity to brainstorm, to think outside the box and come up with unusual solutions in order to put new ideas into motion.

Petra Svoboda, Head of Communications CEE, Taylor Wessing, Vienna



Many people – including Communications experts – might think that law firm PR/marketing is somewhat unvaried. The opposite is the case. I truly enjoy the multifacetedness of our job. It's all about different practice areas (and different topics even within these practice areas), different industries and

– being an international law firm – different countries and local particularities. No two days are the same!

Hristo Deliolanov, Marketing Manager, Schoenherr, Sofia



I really enjoy organizing our corporate events – both internal and external. My first really serious professional challenge in Schoenherr, back in 2007, was organizing a teambuilding in the Bulgarian mountains for more than 100 people from all our offices. It was really successful in general and made a

good start with a consecution of different events. The thrill of event organization doesn't disappear, because each project starts all over again, and no matter how successful your last event was you face the same challenges each time. And the biggest challenge is to make it memorable. To make people remember and even talk about your event is more or less mastery in our age of distraction and profusion of information and experiences. And this depends mostly on the idea and creativity and then on the budget.

Olivia Popescu, Marketing & PR Consultant, Maravela | Asociatii, Bucharest



Whether it be the particularities of legal marketing, clearness of the outgoing news, the numerous professional events, the wide international exposure and the fast-paced working environment, everything leads to a varied and fulfilling job, suited for a dynamic individual.

And the one part I enjoy most about my job is its complexity. Activity-wise, the continuous international liaising and interaction is one of my favorite job-spec components.

Tanja Arnegger, Head of Marketing Strategy & Developments, Schoenherr, Vienna



I love analytics, so the digital part of marketing is definitely my favorite. Everything is quantifiable and measurable, and no realistic planning can be done without data. You can learn a lot from your website's traffic, as well as the entire spectrum of analytics available nowadays. Data is such a great basis

for any Web, Content, SEO and Social Media Strategy.

Iva Vosolova, Marketing Manager, bpv Braun Partners, Prague



Marketing for an attorney's office is challenging for me every day. Sometimes it can be very hard to convince the team that we also have to focus on long-lasting goals. Therefore, I really enjoy when my colleagues put aside their focus on just billable hours for a while and are able to contribute with their

great input. Such knowledge exchange and their contributions with new issues and topics is something that I really appreciate in my job. When I feel that my colleagues share the goal of being well presented on the market and succeed I am happy. I feel very content after organizing a special event or seminar to experience directly the feedback from our clients and business partners. Obtaining a positive reaction to our just-implemented marketing activity, I know that my work is really worth it.

Kalina Dimitrova, Marketing Expert, Dimitrov, Petrov & Co., Sofia



What I most enjoy about my work is the chance to make the others' work more visible so that their dedication and professionalism do not go unnoticed. Though I was put in charge of marketing only recently, I have been with Dimitrov, Petrov & Co. for over eight years now. I have seen the law firm grow and change

offices, people come and go, grow up, get married, have children. What remains the same, however, is the immense energy, time, and zeal my colleagues put into their work. I had not seen anyone work so hard before I joined the law firm, neither have I seen it elsewhere since. My job is to help my colleagues obtain the acknowledgement I do believe they deserve, and every little step in this direction makes me really happy.

Larysa Syvak-Anina, Marketing and PR Manager, Baker McKenzie, Kyiv



I enjoy the act of communicating itself, with entirely different people every day – from lawyers to journalists, designers, and, of course, clients. Each individual shares his or her ideas and thoughts, inspiring me to be more creative and effective in my work. As a Marketing and PR expert within a global

firm, it's fantastic to be able to communicate with my colleagues around the globe.

Tatyana Brezhneva, Head of Marketing, CMS Moscow



While marketing services is a very interesting sphere in general, it has a lot of routine work. That's why I am particularly excited about getting tangible results. Winning a new client, getting a higher rank in legal directories, feeling the smell of freshly printed brochures, or seeing happy faces after a client event

make the efforts – at times very big – worthy and rewarded.

Erik Uszkiewicz, PR and Marketing Manager, Schoenherr, Budapest



I have always loved meeting people and getting to know them. One of the key parts of this job is to design and maintain a great deal of personal contact with a lot of people and to find a common harmony with them. Whether meetings with clients, organizing events, or brainstorming with lawyers, personally

for me the most exciting part of my job is to get to know their stories, think together, use our creativity, and learn much more about the situations in which we may help each other. This is an amazing part of this work and is beyond the realm of law. Conducting all of this in an international environment can even be more fun where languages, cultures, and customs meet as an added value not only for me personally, but for the organization as well. No wonder that the marketers' room is the loudest.

Jana Stevanovic, Corporate Communications Manager, Moravcevic Vonovic and Partners in cooperation with Schoenherr, Belgrade



My favorite part of my job is creating, influencing, and sustaining the intangible culture that makes the firm so special and unique. I love spending time with lawyers and clients, soaking up their experiences and feelings connected to the firm. Transforming these experiences into stories enables me to coach

and guide the lawyers of all levels of seniority through uncharted waters of marketing and business development in a law firm.

Natalia Blotskaya, Marketing and Business Development Manager, Avellum, Kyiv



I enjoy planning our marketing activities and budgeting for months ahead. Most of all, I like to follow plans and enjoy the results of our marketing work. I prefer to have all activities under control – it helps to avoid any unwelcome surprises. I have aimed

at paying maximum attention to our planning for the last 18 months, during which time Avellum was launching a number of complex and strategic projects, including the updating of our corporate visual identity, launching a new website, and developing of digital strategies targeted at our clients and potential employees. Naturally, sometimes initial plans are revised, since our fast-paced world is changing

so quickly, and the deadlines might be really tight. However, I enjoy proper planning and analysis, which make it halfway to success and start to be rewarding.

Biliana Tzvetkova, Business Development and Marketing Manager, Djingov, Gouginski, Kyutchukov & Velichkov, Sofia



I guess the one thing that most motivates me being a BDM is that I've managed to acquire valuable practical knowledge of the Bulgarian economic and legal framework.

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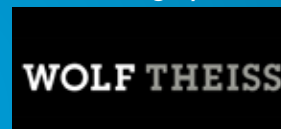
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FACE-TO-FACE: GABOR OROSZ AND JANOS TOTH

Wolf Theiss Budapest Partner Janos Toth Interviews Gabor Orosz, Associate General Counsel and Legal Director EMEIA of National Instruments Corporation.



Gabor Orosz,
Associate General Counsel, Legal Director
EMEIA, National Instruments Corporation

J.T.: As the Associate General Counsel of National Instruments Corporation you are in charge of legal affairs for Europe, Middle East, Africa, and India. How would you define your role, what are the main challenges posed by your role, and what do you enjoy the most?

G.O.: For the last 15 years, it has been a remarkable experience to serve National Instruments (NI), starting as an outside counsel for Hungary, then quickly joining the in-house team in Austin, Texas, to work closely with our General Counsel, David Hugley as my mentor, and prepare for a broader role of overseeing our legal matters for all of Europe. After two years in the US and in the UK, I was able to return to Hungary as European Legal Director and start building the legal team that is currently in charge of supporting over 40 NI entities in the EMEIA region as well look-

ing after legal affairs in countries where we work with resellers. There was about a year-long period where I was asked to manage our legal issues for Japan, Korea, and Hong Kong as well, which was quite an experience.

We manage the full range of practice areas, from commercial and licensing matters through M&A, all the way to various aspects of legal compliance, with many topics in between.

I feel truly fortunate to have a world-class in-house team to work with in Hungary, which is certainly not a standard setup for a US public company. Most of the senior colleagues have around a decade of NI tenure, so we have a solid and highly engaged department, with significant knowledge and understanding in terms of the business and strategy of the company.

I wouldn't particularly call out any specific challenge and will say that as long as you view this job as an exciting framework for being able to attend to matters in so many cultures and work with people from a variety of backgrounds, every day will carry its own unique learning opportunities.

J.T.: I understand that you have a competent legal team of three lawyers at your Hungarian headquarters. What kind of legal work do you tend to carry out in-house and what matters do you prefer to hand out to external counsel?

G.O.: We would be nowhere without a highly capable network of outside counsels

in the countries we cover, most of whom have been working with NI for between 10 and 15 years, with several of them for over two decades. We are often subject to jokes suggesting we should be bringing in more litigation work, but the reality is that we tend to have a good track record of avoiding litigation to the extent possible. The in-house team primarily supports the vast majority of our commercial activities, and we will mostly turn to outside counsel when local legal knowledge and/or a license is required. Typical areas include regulatory matters, labor and employment, and real estate transactions, and we always involve external counsel for M&A type work.

J.T.: Who is the decision-maker in selecting an external counsel and what are the criteria in selecting the firms you will be working with? What tools do you use to learn more about their capabilities?

G.O.: For the region, I am usually in the position of making the decision on the choice of outside counsel. We always try to carry out a fair amount of research before starting an interviewing process in a given country and we identify a short list. The criteria really depend on whether we are looking for a firm to support us with a full range of day-to-day matters or whether we have a specific assignment and will look for some niche expertise. In the first case, a key consideration is that we gain confidence in the firm's ability to provide us with everything needed at a high quality level, with proper attention and turna-

round times and at a competitive price, of course, with a partner and a senior associate dedicated to the NI account who familiarize themselves with our business and products. In the second case, we will go for the strongest firm we can find for a certain topical area. In any case, we are one of those “old school” clients where personal impressions still matter more than simply looking at the brand name of the firm.

In terms of assessing a firm’s capabilities, we will reach out to existing external counsels and see if they can give us any referrals. We will also look at rankings from the usual sources and will check out the websites of the firms we would interview. In almost all cases we would travel to the specific country and carry out a thorough interview process before coming to a decision. You can probably tell that outside counsel selection is something not taken lightly at National Instruments, which has always been a matter of principle for our GC and also one of the first things I had learned from him when he first hired me as an outside counsel.

J.T.: When you rely on external counsel, do you have a panel of law firms you work with or do you pick them on a case-by-case basis? Do you prefer to use the same law firm in different jurisdictions and/or different mandates?

G.O.: Once we have picked a firm, we tend to be very loyal clients on the long run. Unless there is a matter that clearly requires unique expertise, we would largely stick with a “one-stop-shop” concept. What has proven to be the case several times is that our general firm would actually refer us to the appropriate expert even outside their offices, should we face a situation where we need some additional knowledge and experience.

There are some exceptions, primarily in

countries where NI has more sizeable operations, where we would by default work with a panel of firms due to higher complexity levels. We also have a couple of firms that we would work with for EU scale regulatory projects in areas such as data protection, customs and export compliance, etc.

I can only think of one example, where for several years now, we have been using one firm, very successfully by the way, for multiple jurisdictions in South-East Europe.

J.T.: What do you expect from a law firm? Beyond those elementary requirements that it “understands your business and the sector needs,” are there specific criteria a potential law firm should prove to meet your expectations?

G.O.: Obviously, expertise and experience will matter the most as well as having an interest in attracting NI as a high-tech client. We are a company with an employee-friendly culture regularly ranked among the best places to work in multiple countries based on various survey formats. It is therefore also important for us to find a firm whose values tie in nicely with ours, primarily around respecting the individual. Very often, even in the first interview, I would ask the partners giving us their pitch if it was possible to have a tour of the offices where the lawyers work and also have the opportunity to meet the associates who would be assigned to our account.

We also place an emphasis on the fee structure and, as many other companies, are looking at ways to keep legal spend at rational levels, without compromising on quality.

J.T.: How can a law firm make the cooperation with NI more efficient and effective?

G.O.: I would put a little twist on the answer for this question in that we strongly



Janos Toth,
Partner,
Wolf Theiss

believe that, as clients, we shouldn’t only set expectations to the firms we work with in terms of alignment and always meeting our requirements, but prefer to actively work together, taking the time to explain business rationales behind decisions and putting assignments in strategic perspective. This really helps with building a trust-based and more personal relationship.

Seven years ago we launched an initiative where every other year we would invite the in-charge partners from all the firms we work with in Europe to Budapest and spend two and a half days together in a conference setting discussing NI-specific legal topics, but also invite a couple of our executives to talk about the business, new product offerings, and application use cases. We also arrange some cultural and team building activities that are always a lot of fun. That firms commit their partner time to this event is always a positive for us – and we always receive exceptional feedback on how valuable these occasions are for outside counsels as well, not only from a client=relations perspective but also in terms of NI facilitating a valuable networking event for these colleagues from different parts of Europe. Next time we plan to invite external counsels from



the Middle East, Africa, and India as well, which promises to be an even more interesting mix of colleagues from various legal backgrounds.

J.T.: What source/media do you prefer regarding the receipt of updates on legal issues, legislative changes, regulatory developments etc.? Do you prefer face-to-face meetings (business breakfast/conferences/tailor-made in-house trainings) or electronic sources (newsletters, webinars, etc.)?

G.O.: I really value all of the above and, if done at the right quality level, find these methods the most credible marketing tools for any serious firm. I wish I had more time to attend face-to-face events, but the reality is that it is more likely that I will read

through a newsletter. I also encourage my colleagues to attend webinars falling within their areas of practice.

J.T.: What kind of legal/regulatory challenges does a US-based company face in our CEE region?

G.O.: I would say we probably need to be proactive and vigilant around topics that are similar to any other company in the B2B technology sector, namely environmental compliance, data privacy, labor law requirements, competition, and anti-bribery legislation, just to call out a few. I would not say that the CEE region is any more challenging for us than any other region of Europe.

J.T.: And finally allow me a personal one: if you had the opportunity tomorrow to start life afresh, would you pick the profession of lawyer again?

G.O.: Good question. Let me start with saying that my wife, who is also a lawyer, and I already encourage our children (ages seven and ten) to keep an open mind about becoming engineers, doctors, teachers, or even musicians, and not necessarily lawyers. At the same time, if I were to decide again, I would likely become a lawyer again in a heartbeat ... it is a rewarding profession to have if you feel you can make a small positive difference around yourself day-by-day.

Radu Cotarcea



INSIDE INSIGHT: INTERVIEW WITH MARTIN STRNAD, GENERAL COUNSEL AT Y SOFT

CEELM: What's your background, and how did it lead up to your current role?

M.S.: Well, each of my past experiences seemed to gradually prepare me for the one that followed: I studied Law and Legal Sciences at the Masaryk University in Brno, Czech Republic. During my studies, I participated in a number of extra-curricular activities, such as the student magazine and the European Law Students Association. Afterwards, I worked for a short period as a clerk and the legislative department of one of Czech Ministries and, after that, I switched to big law firms, namely Havel, Holasek & Partners (the largest Czech

firm) and PwC Legal, where I dealt predominantly with IP & TMT work. After more than ten years in the business, which also included partial in-house work for a few clients, I received an offer to go in-house full time from Y Soft, a Czech-based global company that develops intelligent enterprise office solutions to help build smart business.

CEELM: In what ways is what you are doing at Y Soft different from what you were doing before?

M.S.: As I said, I have had several in-house positions before, including with one of the

largest global IT companies, so there was no major surprise. Of course, the work is indeed quite different. The internal client is much closer in all senses of that word, which allows for a more efficient and less formal cooperation. On the other hand, the responsibility is greater, as being a lawyer in the position of General Counsel or something comparable you are ultimately responsible for all legal affairs of the company and cannot afford just to react on individual external requests as, typically, an attorney-at-law does.

CEELM: How large is the legal team at Y Soft and how is it structured? Are you



Martin Strnad has been the General Counsel of Y Soft – A Czech Software company headquartered in Brno, with offices in ten countries – since March 2016. He was previously an Attorney with Havel, Holasek & Partners and a Managing Associate with PwC Legal. Earlier still, he was a Clerk responsible for drafting bills of law and assisting in the preparation process with the Legislative Office of the Czech Ministry of Interior.

responsible for all the jurisdictions Y Soft operates in or just the Czech Republic?

M.S.: My team is small but efficient. We currently have two lawyers and will be expanding the team further this year by at least one additional colleague. All in-house staff are currently located in Brno and are Czech-qualified. We handle work in other jurisdictions by using local law firms either directly or via one of the Czech-cooperating law firms and their networks.

CEELM: What does a regular day in the office look like for you?

M.S.: Each day is different as each day brings something new. There are days where closings or general meetings take place and we can't catch a break; there are days when we have to travel outside the office for meetings, which always bring some new exciting experiences and people; and there are slower days back at the office, when we deal with the backlog of operational work and administration. I'm really happy to say that the majority of my time I get to spend on actual legal work, not on some kind of back-office related paperwork.

CEELM: TMT tends to be a sector in which regulations are not always up to speed with the latest technological developments. Does this create ambiguities for you in your line of work? If so, what strategies

have you developed to handle them?

M.S.: Yes, law in the TMT sector does fall behind and hopefully it always will as it simply means that the environment is moving forward quickly. Probably more than in any other sector, it is necessary to estimate the future regulations and the actual impact of the current ones, which may not be suited for our specific purpose. Legal departments must, to a certain extent, share the can-do attitude and low risk aversion of the IT business. That being said, in some heavily regulated areas such as data protection, employment, or corporate law, we have to defer to external expert legal services to duly protect the interests of the company.

CEELM: What types of legal work do you tend to outsource to external counsel and what are the main criteria you use in selecting them?

M.S.: We tend to outsource rather little as the internal capacity is, at the moment, a more cost-effective and, at times, even more time efficient alternative. Typically we would use an external law firm for larger transactional work (such as SPA negotiations, closing organizations), the majority of the work abroad, and for specialized IP work, such as patent registrations/litigations.

We have a pool of cooperating law firms which we use for work in their respective

fields of specialization. If a particular case can be done equally well by more than one law firm, we decide based on price.

CEELM: If you could change any piece of legislation affecting your work, what would it be and how/why?

M.S.: Our partners and customers are facing frequent challenges in the field of data protection, especially in connection with cross-border data transfers. I would say that a DP legislation easier to implement and slightly more lenient would be a great help for them.

CEELM: On the lighter side, who would you identify as a mentor that most shaped you professionally and what was their impact on you?

M.S.: Oh, where should I start? I am incredibly thankful to many great mentors and colleagues I have had the privilege to work with during the last few years. If I had to choose one, it would have to be Robert Nespurek, a HHP Partner responsible for IP & TMT matters who taught me not only the subject matter but, more importantly, how to approach and serve clients; basically what makes a good lawyer great!

Thank you for having me!

Radu Cotarcea

MARKET SPOTLIGHT: HUNGARY



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GUEST EDITORIAL: TIME TO REFLECT AND LOOK AHEAD



A significant anniversary inevitably causes us to reflect upon the period gone by. The sub-prime mortgage crisis in the US started in 2007 and, after spreading to other countries, became the global financial crisis that caused the longest-lasting recession of the post-war era. This recession, in conjunction with other factors, triggered sweeping changes in the Hungarian legal market. In retrospect, clear, recognizable patterns have emerged in the ten years since then.

One of the main triggers of these changes in Hungary – as in other markets – has been the dramatic increase in clients' cost consciousness. Alongside this change in attitude, demand for legal services has decreased or remained flat at best. Consequently, the market has shifted from a seller's to a buyer's one, where traditional pricing models no longer work. This has had a direct impact on pricing strategies but has also had the long-term effect of creating innovative pressure, unlike anything in the past.

But what exactly are the forces behind that pressure? One of the obvious determinant factors is that clients have become increasingly cost conscious in recent years. This may explain higher expectations towards project and cost management, as well as the tendency to outsource high-volume, process-oriented work such as data management or legal research to other providers in order to reduce expensive hourly rates paid for legal services. The application of artificial intelligence in the fields of data management and contract analysis is an obvious response of law firms to the demand for reducing costs for services with less added value.

Meanwhile, efforts taken to improve data protection and cyber security are not just the results of cost-saving measures triggered by the recession. These efforts are motivated more by the necessity for law firms to address the challenges of technological innovation. These challenges force the players in the legal market to rethink the earlier, mainly lawyer-based models for legal services. The ability to combine high-added-value services with the application of innovative technologies in the case of more commodity-like tasks will be a crucial differentiating factor among competitors.

The evolution of factors previously thought to be constant is not restricted to the Hungarian legal market. The leading global law firms with Anglo-Saxon backgrounds could earlier rely on the assumption that in their home markets the fundamental conditions would remain steady. In 2016, however, world politics delivered two events that undermined this belief: the Brexit vote and the unexpected victory of Donald Trump in the US elections.

The pessimistic market predictions ahead of these two events have not yet materialized. President Trump's program with its protectionist language did not cause the markets to collapse. On the contrary, the Dow Jones index peaked at new all-time highs in January. Fears about free trade and geopolitical risks seem to be outbalanced by promises made by the President on tax cuts and infrastructure investments.

The actual predictions about Brexit are characterized by uncertainty. This is partly because of the cabinet's decision to go for a "hard Brexit" option, with the UK leaving the single market as well. The real economic consequences of this decision can only be assessed once the formal Brexit negotiations have started. On the other hand, the demand for legal services related to infrastructure and real estate investments, as well as to the new regulatory framework arising from Mr. Trump's promises, could pick up.

These questions may have a significant impact on CEE, but not necessarily in a negative sense. CEOs in our region are confident about their companies' growth prospects and the outlook for the global economy. On the other hand, they are also aware of the various geopolitical and environmental risks, as well as the fragility of economic growth in the foreseeable future.

The Hungarian market can be also described as confident. The World Bank raised its forecast for GDP growth to 2.6% in its January report from the 2.1% estimated previously, although it is still not a very impressive figure in terms of regional comparison. The strong deal flow in M&A and real estate seems to be continuing in both numbers and values, thanks to the activity of domestic and foreign investors.


Hungarian and regional law firms are faced with an important question: how can they adapt themselves to the increasing innovative pressure as well as to the changes in client expectations? Some of the leading law firms, including DLA Piper, have at their disposal the devices necessary to address these challenges – for example, legal project management software that enables highly detailed reports of matters at the phase/task level, which we can share with clients regularly throughout a matter. Software that helps speed up and improve accuracy in due diligence and document review is another AI-based supporting device applied to legal tasks, as well as the document assembly software that automates the creation of agreements with predictable content, such as sales contracts, facilitating efficient drafting without sacrificing quality.

How the wider use of these technological devices will reshape the legal market in our region remains one of the big questions in 2017. Anyway, it remains certain that this year promises to be an exciting one for law firms as well.

**Andras Posztl, Country Managing Partner,
Horvath & Partners DLA Piper**

TENDING THE BAR:

Interview with Budapest Bar Association President, Laszlo Reti



Laszlo Reti, now mid-way through his third term as President of the Budapest Bar Association, takes pride in the ease with which he's managed both the Bar and his long career as the Managing Partner of the Reti, Antall and Partners Law Firm in Budapest. Both the Bar Association and his law firm, he says, change with the times. In his words, he's "swimming with the current."



Reti, whose firm associated with PwC, was first admitted to the Budapest Bar in 1985, well before the end of communism and the subsequent re-privatization of the legal industry. In 1995 his firm tied up with Stikeman Elliot. That relationship ended when the Canadian firm withdrew from Hungary in 1999, and a year later Reti's firm tied up with PwC, and has been in "close cooperation" with the Big Four stalwart since.

Reti notes that despite being a member of the PwC network, he and his partners retain full ownership of the firm. Indeed, he says, "I've never been as free as I have the past 17 years. My independence and integrity is absolute," he says, "because PwC wouldn't even think of taking it away or hindering." He emphasizes the point: "I have never been instructed to do anything. The only thing is, we can't work for PwC-audited clients, for conflict reasons."

Despite starting with the Bar association in 1982 as Santa Claus in its Christmas celebrations, Reti says, he wasn't particularly active until 2006. "And then I became the President," he laughs, reporting that he was elected "as a kind of third party candidate as I was not a member of the leadership at the time." He smiles at the memory, reminiscing that he was "elected off the streets."

With 53% of the over 13,000 members of the Hungarian Bar Association ("and maybe even more of the financial strength," Reti notes), the Budapest Bar Association is by far the largest of the 20 county-based local bar associations that make up the national Bar.

"We are the first instance body for registration and first instance for disciplinary procedures." The Budapest Bar is, Reti explains, the primary service body for lawyers. The Hungarian Bar, by contrast, "is the main regulatory body. But there aren't many regulations."

Indeed, Reti says confidently, the Budapest and Hungarian Bars suffer from few of the conflicts and controversies that sometimes plague neighboring countries. "It's very boring here – things run pretty smoothly." Instead, he says the main issues he faces are the same as everywhere else: "Digitalization. The future of generalists and solo practitioners. How will we react to commoditization and robotization? How



Laszlo Reti

will the state react? How can we serve our clients?"

When asked if the Bar is experiencing any conflicts with the State in these controversial times, Reti rolls his eyes. "We are not so important. Of course there are individual lawyers who are involved in challenges against the State for one reason or another, and we will of course protect our members if they are arrested." He pauses. "If they are arrested," he repeats, smiling at the concept. "We are not Turkey. If you want to be arrested, you have to work very hard here." He later clarifies out of a concern that even his joke might be misleading: "We cannot imagine that a lawyer might be arrested for political reasons here."

The Budapest Bar, Reti insists, has traditionally not been a very stringent or demanding organization, and he notes that "direct political control over the legal profession faded away in the 1980s, and the Ministry of Justice since then has been more focused on protecting the interests of the profession than controlling them." The regime since the change "has reflected the approach of the pre-Communist regulatory regime: there are no artificial bars to joining the Bar, and both the Hungarian Bar Association and the regional associa-

tions, such as the Budapest Bar Association, enjoy a great degree of regulatory freedom."

The future may be different, however, and Reti says the current system may not last long. "It's sort of the dying light of day, as things are changing," he says. "A traditional bar association has two basic functions: issuing licenses to practice law (registration) and taking away licenses, as a disciplinary measure. I believe that now we must give more to our membership in the form of technical support, bulk procurements, as we are in a better position to negotiate with suppliers,

etc. In this sense, we must change the 19th century approach of how a bar association works and adapt to the changing times."

And Reti notes with a sigh the increasing demands the state makes of its lawyers to share kinds of information once considered absolutely confidential. "Anti-money laundering requirements was the first time we were obliged to report things that had previously been privileged," Reti says, saying that when that demand first came, "it was unbelievable." Such demands are increasing. "Now tax information. And the 'curious' state wants ever-more information from us. We have to change or we will lose our clients." Reti says, "so we are at the border now."

Although some forms of law firm advertising and marketing are certainly allowed under the Budapest Bar, it has what he calls "a conservative approach with respect to the approval of advertisements." Reti, who calls himself "the first instance of discipline" of offending advertisements, defends that conservatism. "A minimum of dignity is expected. And it must be fair according to the advertising principles."

Unsurprisingly, the definition of "dignity" and "fairness" in the law firm advertising context can be subjective. In explaining

that the Bar Association precludes firms from identifying clients in any public statement or announcement, Reti notes that 90% of the members are sole practitioners. On the other hand, he claims to be less conservative than some regarding other advertising questions: "I have no problems with billboards," he says, as an example. "Some of my colleagues and deputies do, but I don't."

Finally, Reti turns to the subject of the highly anticipated new Hungarian Act on the Legal Profession, which is currently being prepared for submission to Parliament in draft form for enactment and entry into force on January 1, 2018. He's looking forward to the Act, which he says reflects a "very amicable cooperation with the Hungarian Ministry of Justice," following its invitation to the Bar Association to participate in its creation. The big change, according to Reti, will be the integration of in-house counsel into the Bar for the first time. He is aware that many in-house counsel worry that they'll be overwhelmed by the lawyers in private practice and see their concerns ignored or minimized, but he dismisses the possibility. "They don't know us," he says, smiling.

Reti emphasizes that the idea for the integration was initiated by the Ministry of Justice and not the Bar Association. "This is very important: this was not our idea. We never initiated this. The government would like to see a simple, transparent organization where everyone is registered. They would like to see some quality control." Still, he says, "I am very happy about this. I am absolutely happy. I don't want to work with an unhappy group. I want to see a win-win. If this is a step forward for everybody, then yes. If this is torture for anybody, then no thank you. We could even do just registration with no disciplinary power. Or in-house counsel could get a self-governance body within the Bar Association. Whatever they want, the Budapest Bar is happy."

Happy he may be, but Reti, who's turning 60 this year, may not be around much longer to evaluate the ultimate success of the integration, as he says he doesn't know yet whether he'll run for a fourth term. He smiles one last time. "We'll have to see."

David Stuckey

LEGAL MARKETING TRENDS IN HUNGARY

By Mate Bende, Managing Partner,
Pro/Lawyer Consulting



Until 2009 legal marketing was overregulated in Hungary. Since then lawyer ads are basically allowed, but they have to comply with the Hungarian Bar Association's guidelines.

Everything is Online

There are around 12,000 active attorneys in Hungary, and still only a small fraction of them have an online presence. Although in the US and the UK law firm websites are obvious tools of the practice, in Hungary we are still behind in the penetration of online tools. Obviously, the top 50 law firms in the country (including the international and large locals) have nice websites, and most of them are active in social media (mostly LinkedIn) as well. The problem starts with smaller law firms and solo practitioners, who make up 95% of all Hungarian attorneys. Most of them don't have a website, and those that do exist are usually outdated. Around 100 of them have a Facebook page, but most of them are inactive or have an average of only 200 followers – mainly friends and family. They use hardly any online marketing tools like AdWords, Facebook ads, or even banners.

Why do I start with their online presence? Because in 2017 online is everything. Potential clients search for lawyers on Google or at least use the website to verify that they are really experts in their fields. If the lawyer doesn't even have a professional website, the client will find one who does.

Content Marketing is Still the Thing

Since Hungarian lawyers are traditionally not comfortable with regular advertisements, content marketing is a perfect solution for them. A well-written and -told

story sticks harder and longer in the heads of potential clients than any slogan, offer, or discount. The legal environment is in a constant state of change, so this provides many opportunities for lawyers to comment on the changes, to provide expert analysis, or simply to blog about fresh legislation. The trend in the marketing world is towards graphic content, especially infographics and video – probably the most visible tools in communications arsenals. Only a few law firms in Hungary use these kinds of tools at the moment, but I predict a huge increase in their use in coming years.

PR and Marketing for Everyone

Most of the top 50 law firms in Hungary are active in public relations (PR). More and more firms are working with outside experts to plan and execute their communications strategies. They use all of the classic PR tools like press relations and brand image campaigns to increase visibility, sponsorships, and employer branding. Last year there was a day when four law firms issued press releases on different legal topics!

On the marketing side they create and publish press articles and even print and online ads. The large, multinational firms have strict and centralized policies and international know-how regarding the perfect usage of these tools. But more and more mid-sized locals are implementing these solutions and competing with their larger competitors. Recognizable branding, a strong presence in the business press, newsletters and office management tools for leads conversations, and CRM systems are all part of the arsenal of this new breed, which are typically spinoffs from larger firms, and which therefore have the client

management attitude of an international firm but the flexibility and pricing of a local law firm. And they do this on a quite impressive level: for example, one of our campaigns for a Hungarian law firm won a B2B marketing award in November 2016 – so legal marketing is becoming a recognized specialty of professional marketers as well.

The trend in coming years will be that all firms will acknowledge the importance of PR and promote themselves in their own way. Responsive webpages, search engine optimization, AdWords, social media (LinkedIn and Facebook especially) – these don't require significant extra effort or a dedicated budget but are nonetheless a critical part of the day-to-day business of a 21st century law firm. Modern solo practitioners, especially outside of Budapest, could have a huge advantage over their competitors with the smart use of online tools.

And a Word on Legal Directories

The above-mentioned top 50 law firms are the ones present in the usual international legal rankings. In recent years more and more firms have started to submit to these publications, even though we learned from CEE Legal Matters' Corporate Counsel Handbook that GCs are more than three times more interested in a firm's brand and track record than they are in its legal ranking. Still, law firms spend serious time and energy on these submissions instead of building a strong and recognizable brand for themselves.

HUNGARIAN ROUND TABLE: The In-House Perspective

On January 30, 2017, eight members of the In-House Advisory Panel for the 2017 GC Summit gathered at the offices of Squire Patton Boggs in Budapest for a Round Table conversation on the challenges they face and strategies they employ in dealing with external counsel. The event was moderated by Akos Mester, Partner at Squire Patton Boggs.

Akos: Thank you, David. Sziasztok, everyone. The pleasure is ours to have you all here. Please introduce yourselves and share the size of your legal team, and whether compliance and regulatory is included within it or not.

Daniel: My name is Daniel Szabo. I'm representing Hewlett Packard Enterprise, which has a relatively significant footprint in the country. We employ a significant number of people, and we have diverse activities from manufacturing to services to sales. The legal team is partially responsible for compliance, as are a number of other functions in the company. The overall leadership however, is taken by Legal. And of course it is a very important area in my practice. More so that Transparency International has recently published its Corruption Perception Index, and Hungary's rating unfortunately fell. Its current ranking is 57 – down from 50 – and any country scoring more than 50 is considered high risk. So from low risk it has shifted to high

risk. And as we continue to conduct sales activities in the country, this is of course something that we need to deal with.

Szabolcs: Hi, I'm Szabolcs Gall, I'm Head of Legal for Scitec Nutrition, and I'm also responsible for regulatory. Compliance is part of that role. We sell in over 100 countries, and I'm basically responsible for ensuring compliance in all those countries. In most of those countries I use local counsel or local regulatory assistance, but I still take primary responsibility for all that. We have a small internal team, just a few people. And we use mostly external lawyers for our activities.

It's an interesting business. Sports nutrition used to be a free-for-all industry. Companies would put whatever they wanted in their products, because customers who were taking them wanted to see results quickly. It's a big challenge to walk the tightrope between being fully compliant everywhere and at the same time having

useful products.

What you find is that the laws are all over the place for sports nutrition, so I can sell a product that's legal in Hungary, but in Sweden they would say it hurts people. So how do you really balance that? And how much do you try and create a product that is compliant everywhere and still have a successful global business?

Judit: I'm Judit Pettko-Szandtner, Head of Legal at UniCredit Bank Hungary. Up until the beginning of last year, legal and compliance was under one umbrella. It is split now, so I'm responsible for legal and regulatory matters but not for compliance. The legal group in Hungary has a headcount of 19, including part-time workers and some standard external lawyers that work with us.

The banking sector is, on the one hand, like a dinosaur, and on the other hand it's at a turning point now, because lots of people think that we are not competitive enough



any longer. For legal the next period will be exceptionally exciting and challenging compared to previous years. In previous years we were mainly occupied with consumer protection, regulatory issues, reputation and damage control, and now the main focus will be on innovation and competition. After some more cautious years risk appetite will grow again. Together with the banking sector in-house banking counsels should redefine themselves as well.

CEELM: When you say banking is like a dinosaur in some ways, what do you mean?

Judit: When I started in the 90s, the banking industry was very sexy, and everyone wanted to work here. It was very different from now. Now working in some new, fresh industries, such as the IT sector seems to be much more attractive. It's a big issue in the banking sector right now. How to remain competitive in the age of Big Data, digitalization, how to keep up with the competition coming from other

industries, such as the fintech sector, how to keep clients, how to attract employees and talent are the current challenges.

Zsolt: I'm Zsolt Wieland, from OTP Bank, the largest Hungarian bank – so one of the largest dinosaurs. We are sitting not only in Hungary, but we have subsidiaries and branches in eight different countries, mainly in CEE, and in Russia and Ukraine as well. The legal team is about 30, but we have a different structure, with legal colleagues in the region as well, so it's a matrix kind of governance. I'm responsible for retail and general issues.

Akos: So in your role you're responsible for OTP's operations in all these other countries, or just in Hungary?

Zsolt: We have more than 50 subsidiaries, with project firms and things like that. Of course if we have a bank in Hungary, we have to ensure they are doing the same things. It's not corporate governance, but let's say it's a very intense discussion between the headquarters and the subsidiaries. But yes, we are responsible. It's mainly focused on the reporting obligations. We have a reporting line, and we discuss some of the issues.

CEELM: How many lawyers do you have reporting to you?

Zsolt: Each subsidiary that is relevant has about 25 or 30, so it's a regular reporting line. And some extraordinary ones exist as well.

Zoltan: I am Zoltan Fenyi, from Sberbank Hungary, Head of Legal. We are the Hungarian subsidiary of the largest Russian bank, and we have regular discussions with them on a regular basis, of course. In Hungary compliance and legal functions are separated, since August. When I was also responsible for compliance it was an exciting experience for me. I do think these functions are best not held in the same hand, because I have sometimes felt conflict of interest situations, and there is a group policy that these functions have to be separated, which I think is the right approach. Regarding the Hungarian banking market, I fully agree with Judit that we are facing a new era, and we have to focus on business and business support. This is the era of creativity, I think. The last couple of years were about regulatory compliance,



**Akos Mester, Partner,
Squire Patton Boggs**



**Andras Levai, Head of Legal,
Tesco Global Zrt.**



**Anna Kis, Legal Director,
Auchan Hungary**



but currently legal heads have additional responsibility. Regarding the staff, I am responsible for seven lawyers, and as I have some compliance functions, I have to keep contact with the authorities and some type of reporting tasks, I have three further colleagues dedicated to these issues.

Andras: I am Andras, and if you are talking about dinosaurs, I represent one of the biggest, Tesco. Tesco has 19,000 employees, here in Hungary alone. It is the biggest employer after the Hungarian Post – we’re the biggest private employer. Tesco is also present in the Czech Republic, Slovakia, and Poland. Altogether we have 70,000 employees in these countries. In Hungary alone we have 208 stores and HUF 700 billion annual turnover. So it’s a huge company. My role: it’s a special and interesting combination of a local and a regional role, because I am partly responsible for the Hungarian legal team, and mainly for local matters like authority investigations, disputes with customers and employees, and also all kinds of litigation. But I am also responsible for ethics and compliance on a regional basis. The reason why we have this interesting combination of the local and regional roles is that two years ago these four countries were integrated into one business unit – we usually call it “One Europe.” And the regional leadership team decided to structure the Central European legal team like the rest of the business, so instead of a geographical-based structure now there is functional support in six different functions, from commercial to property to employment to compliance, and each function has its Head of Legal responsible for the whole region, and I am responsible for Ethics and Compliance, and with respect to Ethics and Compliance I have a team of five lawyers in the four

countries and on top of this I have three lawyers here in Hungary responsible for litigation, dispute resolution, and all other regulatory matters. Plus informally – on a dotted line – I also take care of the Hungarian legal team, though officially they do not report to me, but as we sit in one room, physically we are together, so I’m like the unofficial Head of Legal in Hungary, and they can come into my office and discuss everything – even though I am officially not responsible for their area. So it’s an interesting combination of roles.

And it has been quite tough, for the last year, because everybody had to get familiar with this new structure. Now it’s better, but it’s still quite difficult to work in this remote way and manage people in the region.

Akos: Thank you all. Moving from these introductions, I would be very interested in your experience working with external lawyers and the way you outsource legal services to law firms. What are your experiences on that?

Daniel: That’s an interesting topic. When I moved in-house the first thing I noticed is that all my friends in private practice began giving me business cards (laughter). I got phone calls and messages, all of them convinced they are on the marketing path here. The truth is mundane. Multinationals like ours, which are vertically integrated and have reached a remarkable level of efficiency, do not allow local counsel or regional counsel to adopt decisions alone as to which firm they can work with, because costs do matter and there are sophisticated procurement procedures in place in the company. You know, we consume legal services at all levels of the market, so we have internationally recognized brands for big transactions, restructurings, litigations,

government investigations, and the like. Then we usually have the mid-tier firms – independent local firms that do things like corporate work and competition. And when it comes to corporate housekeeping, day-to-day stuff, small disputes, and the like, it’s sometimes sole practitioners, sometimes it’s small law firms, who know our business well because they’ve been around for some time.

The lower you go on the reporting line, the less influence you have in choosing the big brands, and even the mid-tier. You have more flexibility in selecting the smaller firms, and sometimes with the mid-tier firms. The big brands are selected at the HQ level.

CEELM: How does HQ know which international brands are good in Hungary? Just because they’re good in New York doesn’t necessarily mean they’re good in Budapest.

Daniel: Actually, my experience tells me that if somebody’s good in New York and has a good network, then it’s as good on the ground as it is there. There are occasions, when it comes to small countries, that you don’t see big US law firms present, so they use sub-contractors. But it’s usually pretty reputable law firms in the group, so I’ve never had an issue with a US firm and a local firm they work with, because they’ve provided the same kind of service.

CEELM: So you’ve never been asked by HQ to recommend a good international firm on the ground?

Daniel: If there’s an issue on the ground that’s significant and attracts your attention, then of course HQ will listen, but I’ve never had a problem with a firm they’ve appointed. Sometimes we’ve seen big international firms leave the region, but nevertheless they’ve left behind well-established practices that somehow managed to retain that know-how, that ability to follow the trends. They’re pretty good.

Akos: Does your HQ instruct you which law firm to use, or do they trust your judgment?

Daniel: You have to think of this in terms of approved pools of suppliers, and from there you can of course pick, but ultimately HQ has to bear in mind the company’s best interest at a global level. It’s never a zoo of hundreds of different suppliers. It

would be impossible to coordinate and to efficiently manage. But we are made up of 100% subsidiaries, and I think maybe other companies that are perhaps not as hierarchically integrated and are made up of partial subsidiaries might have a very different approach, because partial subsidiaries have a greater degree of flexibility.

Akos: Do you all have the same experience in terms of your flexibility to hire external counsel?

Zoltan: We have more responsibility for selecting external counsel. We also have a panel defined by HQ, but of course if we decide in favor of a company on reasonable grounds which is not in that panel, they will accept our suggestion. But on the other hand there is an expectation from their side to keep as much work as possible in house. Of course these expectations are expressed in terms of KPIs, strict budgeting, procurement procedures, and so on. As a result the room for external services is limited. Of course there are some tasks that require external counsel, for example, labor disputes and litigations, where there could be a conflict of interest. And bigger transactions, especially where foreign jurisdiction rules will apply. In this case a firm with a good international reputation will be important as well. And sometimes there can be a need for an opinion on a subject we are not entirely sure of the answer to. But generally we try to keep the work in-



ternal.

Akos: But with all that, there still needs to be a decision made at some point which lawyer to work with. I'd be very much interested to find out, are you making that decision, or is it a joint decision of the business and the legal function to pick that specific legal counsel for that specific project?

Zoltan: It depends on the topic. For example, if you are talking about cross-border finance from several lenders, it's certainly not an individual decision, because there are several counter-parties. There are pros and cons. And of course prices are relevant. As a result, it will be the result of consensus. It's not only an individual decision.

On the other hand, if you are talking about lower-level questions and individual legal opinions, I myself can decide on proposing a law firm, and I can take my experience into account. The name of the firm is of course relevant, but so is my knowledge of the lawyer, and my experience, and I can certainly decide in favor of a person who is not included in an international pool, with no international background, if I have good experience with him. The level of fees is important as well, of course, but there is certain room for considering other factors in case of offers from the same level.

Szabolcs: I had a different experience, both in my previous role at Tesco and in my current role as well. In my current role, obviously, I decide who to use. And whenever I take on a new role, I try to reduce the number of external counsel, and use a few of them, almost exclusively. I find that that works best. My experience at Tesco when I was there was quite interesting. A few years ago they tried to essentially buy legal services like they would buy bananas, using the procurement team. And in my experience that never worked. The panel of law firms was good, maybe in the UK or the US, or in other jurisdictions. But I was never happy with the firms that they were using. So I found that buying legal services for a group is very difficult because the jurisdiction changes – and the regulatory matters within the jurisdiction change – so much, and the quality of firms change so much, depending on the jurisdiction. So I think, you know, buying legal services on



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Judit Pettko-Szandtner, Head of Legal, UniCredit Bank Hungary Zrt.



Attila Bocsak, Head of Legal, Turk Telekom International

a group level is dangerous. If you have a good panel obviously where you've got good local firms on the panel, where you have some flexibility, that's great, but having some decision from headquarters as to who you use locally, on a local matter ... I think lawyers should have some input. I think Andras can confirm that that's the situation now at Tesco.

Andras: Yes, I think the situation is better now, because we explained to the procurement team that this is not like buying a cleaning service. They don't know the leading firms, and the lawyers who work at a given law firm, and therefore we agreed that they will be excluded from these kinds of procurement processes, and it's our full competence who to go with.

And a very interesting experience, and I don't know how it is with your companies, but my experience is that money doesn't really matter. The offers of the big international law firms with the good brands are quite similar. Certainly there are law firms which are a bit more expensive and others that are a bit cheaper, but at the end of the day the offers are quite similar, so my experience is that for an English lawyer, these kinds of offers are relatively low. So the tiny differences don't really matter, and the quality and the lawyer sitting in the law firm are the factors which really matter.

Daniel: While I agree that lawyers should have a say in procurement, I don't agree that procurement doesn't have a role to play here. I think that if you leave the procurement of legal services exclusively to the legal department, that's a potential for a conflict of interest. Especially in small countries like ours, where everybody knows everybody, and you frequently

switch roles between in-house and private practice. It's not necessarily healthy if you are on too good terms with a supplier and if others in the company don't really see what's behind your decision. And as to the fees, in fact it is an issue for us, just as with any other consultant services or any other supplier to the company. I think the key here is to be able to assemble a professional pool of bidders, and then if they're comparable because they have similar skill sets and experience, then you can leave the rest for the fees to decide.

Zoltan: In my opinion the fee has an additional meaning. If fee requests are capped, for example, we can estimate the work they would expect to perform to answer that specific question. If I have a deep understanding of that question and I think that it requires hours and hours to provide a qualified legal opinion and in-depth analysis of that question, and the fee offers do not reflect the necessary hours, I would think it would have a negative impact on our decision, so it would be a bad move of the external counsel to offer us an unreasonably low price. Of course, it may be possible that they are making the offer knowingly, preparing to answer the question almost free of charge so they can refer to the case and to us in their marketing materials, so there could be added value. In those cases it's not necessarily that bad a message for us.

Judit: I think the system is much more simple at UniCredit. We do have procurement rules and a special procurement system, depending on the values of the external contract, but the main rule is that we work as efficiently as possible, so we have a certain budget, which doesn't give us too much room. In-house people have

a budget, and we definitely decide on a cost benefit basis, keeping in mind the procurement rules as well. Price is extremely important. On the other hand, the Group gives us a complete free hand, apart from the budget. We do have a panel, but on this Group panel, there are hardly any law firms that are active in Hungary. So on the one hand we have absolute freedom and we use this freedom to get the most added value for the best possible price.

Anna: I've been the legal director of Auchan Hungary for almost 13 years, and basically, if we go into details, we are also a tiny unit. There are about four of us on the legal team. And my ambition is always to do as much work internally as possible to reduce costs. I'm not very much liked by external law offices because usually when I arrive the first thing I try to do is cut costs. I can say that unless there's a very big issue – for example in 2012 when Auchan bought the seven Cora supermarkets in Hungary, that's a kind of question that, even though I think we're extremely competent, I think we need external help with. And sometimes we need help with company matters, but otherwise we try to do as much work ourselves as possible.

I have a lot of flexibility in selecting external counsel. French companies normally, they're not as internally regulated as others. There is a laissez-faire attitude: you have more autonomy in certain decisions. But of course I do have a boss. I do have a budget. I think I've reached the optimum of the costs possible, so I'm not as flexible as I might want to be. It always depends on the issue.

Akos: One more thing on fees. What's your view on fixed fees or capped fees relative to hourly rates?

Szabolcs: When I started at Scitec Nutrition, the structure that I inherited was a fixed fee. A lot of firms were getting paid a fixed monthly fee. So one firm would be getting paid 4 or 5 or 600,000 forints, and they were on retainer to do whatever. And that "whatever" was too loose. And so I went in and I said "OK, can you show me what you've done for the last six months," and there were months where they hadn't done anything. Which is disconcerting because you get there, and your chosen firm that you trust is billing you for doing nothing.



ing. So I like fixed fee arrangements, and the arrangements I put in place were a mix of fixed fees and hourly, with pretty fixed targets. So say if I'm paying a firm a few thousand euros a month to do something, there's an annex of what you're doing for that month. So I disagree with Daniel's procurement comment, because I prefer to work with lawyers that I trust and that are my friends, because I think the relationship that you have with your lawyers is a close relationship, so having ...

Daniel: Well, it's not "my" relationship, it's my company's.

Szabolcs: Well, yes, but it is your relationship, because at the end of the day you're responsible for the product. So, for me, using someone that I trust and that is a friend of mine, and that I know is competent, is much better than using somebody that I'm told by the head office that I need to use.

Andras: We have three preferred models at Tesco, and all three are used by us currently. The first one is a fixed monthly fee. We pay a small law firm who is responsible for litigations, and the agreement is that we give a number of litigations to this law firm, and then our expectation is that they should take care of all of them. The second one is the hourly rate. In the biggest investigations it is impossible to agree on a cap, because if it takes three or four years to manage a tax investigation or competition investigation, a law firm can not be expected to give us a cap, and in those cases we need to agree on an hourly rate. And the third one is the cap, which is the best, I think, for us. My practice is that I try to explain to the law firm in great detail what our expectation is, and what the case is about, in order to avoid any unexpected surprises in the future, and then it will be the law firm's problem if we go beyond this cap (which is quite common, actually). From that perspective it's quite beneficial to have relationships with fewer law firms, but that relationship should be very close and very good, because in this situation you can agree on a quite good cap. And the opposite scenario is you go to a law firm without any background and history, and then you cannot agree on the same kind of good fee, because you are there for the first time, and maybe from that perspective they will give you a good price, but I think it's even

better to have a close and good relationship with law firms.

CEELM: How often is the cap what you actually end up paying?

Judit: Always. I have never seen the cap not used. Never in my life. Also, we didn't mention success fees yet. I really like them a lot. I like a model where a cap is combined with a success fee because in this case the law firm does not lose motivation even in the unfortunate case that the cap is exhausted. Again, my main approach is a cost-benefit balance, and the best possible result comes with a success fee, where you have this kind of comfort.

Zoltan: It is also a good indicator in cases where, for example involving litigation, you can see the confidence in the general counsel pitching for the case, because if they accept a big success fee, we think we can rely on their confidence that we will win. We can check it against the fee quotes and the hourly rates that they give, and we can estimate it, and it has an actual value and an actual message for us.

Attila: My name is Attila Bocsak, and I am the Head of Legal of Turk Telekom International. Our legal department is five people. Three of them are here in Hungary. One lady in Austria, and another guy in Turkey. It's pretty unique, I would say, and it's also quite unique I'd say to cover both Turkey and Ukraine, from the Hungarian market. It's very hard to find one law firm that can really help with that.

My thinking here is that, first of all, generally, to simply speak about engaging a lawyer, without breaking down the kind of work involved, is very hard. It's very different if it's regulatory work, if it's a legal dispute, or if it's an M&A transaction. I think you cannot just put everything under the same umbrella. And from that perspective it's very difficult to come up with a general rule. But I understand that you're mainly talking about transactional work, which is much of what is externalized.

Akos: Thank you, Attila, and thank you all for coming. Again, it's been a pleasure having you all here, and Squire Patton Boggs has enjoyed hosting and participating in this fascinating conversation.

David Stuckey



Szabolcs Gall, Chief Legal & Corporate Affairs Officer, Scitec Nutrition



Zoltan Fenyi, Head of Legal, Sberbank



Zsolt Wieland, Director, Advisor to the Deputy Chairman, OTP Bank

MARKET SNAPSHOT: HUNGARY

IP LAW IN HUNGARY – FINTECH IS THE BUZZWORD OF 2017



Ildiko Komor Hennel,
Managing Partner,
Sar and Partners Attorneys at Law

Creative industries have continued their exponential growth, steadily carving out a larger and larger slice of the market pie. This steady trend brings some changes, however, to their legal needs and expectations.

FinTech and Mobile App Development as the Artery of Copyright

First, let us look at the current state and the trends of the past year in Copyright Law in Hungary.

The most prominent trends that may be observed as being on the rise are these: the market is moving away from litigation and towards out-of-court solutions; assignments regarding start-up companies' needs from the development of a product idea all the way to execution are steadily increasing; and there's a marked rise in legal services provided to companies developing mobile and web-based applications and various other companies and ventures developing smart technology.

The most prevalent increase we've witnessed this past year is in the field of "FinTech" – the industry sector of companies developing innovative technological solutions which act as intermediaries to the delivery of financial services – the growth of which is currently also being considerably expedited via the provision of financial aid by the government. This cutting-edge and heavily innovative field requires precise legal work because of its deep and diverse connections with Banking and Finance Law, Consumer Law, and various confidentiality concerns, while also posing a wide array of criteria to be met regarding Data Management regulations, all of which are interconnected with the copyright aspects of FinTech services. Sadly, most companies still don't take copyright into sufficient consideration, which is a deficiency we intend to remedy.

Trademarks – Decreasing Litigation

This past year we've noted in our Trademark Law practice that trademark opposition procedures and various other out-of-court procedures pursued before the Hungarian Intellectual Property Office continue to be more prevalent and widespread than court

proceedings, although we must note that despite the ratio being in favor of out-of-court proceedings, civil litigation cases are still fairly common.

The number of trademark applications and trademark research requests continues to rise, with the filings for national trademark applications traditionally outweighing those of community trademarks, which has, in the last few years, remained fairly standard. In 2017 we expect these tendencies to continue.

Unified Patent Court – Ready, Steady, Go!

In the field of Patent Law, the ratio of litigation to out-of-court settlements and other non-conflictive solutions is relatively high in comparison to the other branches. This ratio has however remained fairly constant over the last few years, and although we hold it as a tendency, it is relatively unchanging. However, we must make an important distinction within the broader category of patents to better reflect on their litigation ratios.

Some patents are specifically applied for as a future protective measure to a product, inherently meant to provide a market edge by way of exclusion, where the patent rights holder expects his/her patent to be infringed upon in the future. Because of this, the ratio of litigation being high is no surprise here. Other patents are applied for to serve more as a mark of quality, where the rights holder uses the patented nature of the product not only as an excluding measure but also as a marketing tool; in this subdivision the litigation ratio is significantly lower than in the first category.

The other dominant tendencies in Patent Law are, firstly, the observable rises in assignments regarding patent license contracts' drafting, and secondly, the growing number of clients inquiring about the soon-to-be-active Unified Patent Court (UPC) and seeking to prepare early for the UPC's practice in order to gain a strong market.

What's to be Expected

Looking back on this past year and its tendencies, we expect nothing but the marked and continuous rise of both the creative industries and IP Law in 2017, with the economic importance of all pertinent legal fields steadily increasing.

**By Ildiko Komor Hennel, Managing Partner,
Sar and Partners Attorneys at Law**

M&A EXPECTATIONS – AN OVERVIEW



Viktoria Szilagyi,
Partner,
Nagy es Trocsanyi

Last year delivered some surprises in global politics and economy. It was a year of unexpected voting results, which will no doubt have a serious effect on the global legal and economic landscapes in the long term. The international, regional, and Hungarian M&A market will all be affected. The question is what comes in the year ahead.

In 2016 the M&A market of the CEE region was led by the Czech Republic, Poland, and Turkey, with Hungary and Romania being next in line. The Hungarian market was reported by Ernst & Young as being stable up until the first half of 2016, with manufacturing, IT and technology, and energy and mining being the leading sectors, and with banking and financial services and real estate still doing well. The market, like in previous years, was dominated by domestic transactions, as in more than half of the deals both the seller and the buyer were Hungarian entities.

The expectations for 2017 are optimistic, as many analysts expect the year to be a turning point in the M&A market. Economists forecast a definite increase in M&A transaction volume in Hungary, especially in the field of venture capital investments.

In an interesting trend mentioned by major economists, many Hungarian mid-size companies are coming close to a generation change. In many cases there are no potential rising stars at these companies who could take over the ownership and management from the current owners, so the owners are expected to sell these companies.

On the other hand everyone is being cautious about worldwide economic expectations, arising mainly from Brexit and its potential effect on the Hungarian market. At least two major effects will have to be considered: One is the effect on Hungary of the EU-UK economic relations to be set up in the coming years and the status of EU economics following the withdrawal of the UK, especially considering the budgeting within the EU once the UK stops paying its share. Establishment of a Hungarian-British Business Council at the Hungarian Embassy in London has already been announced in order to help coordinate the presence of Hungarian companies on the British market and British companies on the Hungarian market. The aim is also to ensure that British-Hungarian commercial relations will remain intact and will not be harmed by the effects of Brexit.

The other major concern is the reallocation of currently available EU funds and establishment of a new budgeting mechanism. Several options are already being discussed in this regard. Whether the total budget is to be decreased and fewer funds allocated or the payment portion of each country staying in the EU is to be increased or some other arrangement is settled on in coming years, there will be a serious effect on the Hungarian market.

It is of course not only Brexit that will have an effect on the

M&A market. The 2016 US election, the December 2016 resignation of the Italian Prime Minister, and the upcoming 2017 elections in the Netherlands, France, Germany, and China will also influence the road ahead.

By Viktoria Szilagyi, Partner, Nagy es Trocsanyi

NET NEUTRALITY & ZERO-RATING: HUNGARY AMONG FIRST EU MEMBER STATES TO APPLY NEW REGULATION



Attila Komives,
Senior Associate,
Allen & Overy

In December 2016, the Hungarian national electronic communications regulator (the NMHH) was among the first EU national regulatory authorities to apply the new EU Regulation 2015/2120 on net neutrality (the “Regulation”), then followed that up with a similar decision in January 2017. In these decisions, the NMHH followed the strict interpretation of the Regulation proposed by the Body of European Regulators for Electronic Communications (the “BEREC”).

The NMHH’s decisions are part of a wider string of test cases springing up across the EU on how the Regulation is to be interpreted.

Net Neutrality

On November 25, 2015, the EU issued the Regulation, which lays down measures concerning open Internet access and addresses the concerns of net neutrality advocates. The Regulation enshrines common rules to safeguard the equal and non-discriminatory treatment of traffic, as well as ensuring that end-users have a right to access and distribute the content of their choice. The EU intended to put in place a system to guarantee the continued functioning of the Internet ecosystem as an engine of innovation. The Regulation’s form means that the rules are directly applicable and transposition into national law is not necessary. The Regulation entered into force on April 30, 2016.

Zero-Rating

A flash point in the ongoing debate on net neutrality is the issue of zero-rating. Zero-rating is when an ISP, often a mobile broadband provider, imposes a limit on data traffic by contract, yet allows unlimited use of one or more apps without their traffic counting towards this limit. Should this practice be allowed under the net neutrality principle? This is a divisive issue.

BEREC Guidelines

In anticipation of future discussions on interpretation of its text, the Regulation mandated that the BEREC issue guidelines for national authorities.

According to the BEREC’s reading of the Regulation, zero-rating is not in and of itself a violation, and it may be allowed under certain circumstances. The BEREC adds that the number of



Tibor Szanto,
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applications zero-rated by the operator is a relevant factor, as are other considerations, such as whether the range and diversity of applications that end-users can choose from is materially reduced in practice. Under the BEREC's approach, if just a single app's traffic is zero-rated, then this is more likely to limit choice than if an entire category

of apps (e.g., all music-streaming apps) is zero-rated.

Most interestingly, however, the BEREC seems to interpret the Regulation strictly by making a harsh distinction between zero-rating before and after reaching a data traffic cap: "[A] zero-rating offer where all applications are blocked (or slowed down) once the data cap is reached except for the zero-rated application(s) would infringe [the Regulation]."

The BEREC has been fiercely criticized for interpreting the Regulation so strictly. For example, in their contribution to the public consultation by BEREC, the GSM Association and the European Telecommunications Network Operators' Association came to a very different conclusion. They believe that zero-rating could, in some cases, be extremely beneficial to the consumer (in particular in e-health or educational applications), and its harmfulness to competition should be assessed in light of the real benefits it brings to consumers. They also argue that if operators can price the data consumption of different apps differently, then this is beneficial to end users: the more choices the operators can offer, the better they can tailor the products to their customers' preferences. However, if operators must cut off zero-rated apps when the data limit is reached (as the BEREC guidance requires), then in practice they would not be able to make retail offers based on such differential pricing.

NMHH

In its December and January decisions, the NMHH followed the BEREC's narrow interpretation. Magyar Telekom offered its mobile customers unlimited video streaming through a wide array of apps, whereas Telenor allowed mobile consumers to use certain music-streaming and chat apps. Both operators slowed down the data speed after customers reached the monthly data cap but made exceptions for zero-rated services. According to the NMHH, this breached the Regulation. Both operators indicated that they are appealing the NMHH's first-instance decision – and their dispute with the NMHH may well end up in court.

Similar cases are arising across the EU. Will the regulators and courts follow the BEREC's strict approach to net neutrality, or will they take a flexible approach? In any case, their choice will have a fundamental impact on services provided over broadband Internet throughout the EU.

By Attila Komives, Senior Associate, Tibor Szanto, Counsel, and Felix Seuntjens, Allen & Overy

STRENGTHENING INVESTOR'S TRUST IN HUNGARY



Gergely Szaloki,
Partner,
Schoenherr Hungary

In the past few years people turned to capital markets instruments because of the low interest rates attainable on savings accounts held by banks. Several brokers offered interest rates three or four times higher than savings accounts, and some established fraudulent schemes to pay the early bird interest. Some brokerage houses falsified reports sent to their clients and to the Hungarian National Bank,

which is responsible for the supervision of capital markets. After the brokerage scandals of 2015, which revealed that some local brokerage houses had manipulated their information systems, making their reports on securities an inaccurate reflection of reality, retail investors lost trust in capital markets instruments and investment service providers. And no wonder why: hundreds of billions of Hungarian forints went missing, tens of thousands of depositors and investors were aggrieved, and many brokers were arrested.

2016 was meant to be the year that investor trust was restored. The new EU Market Abuse Regulation took direct effect across EU member states on July 3, 2016, and it has not only extended the market abuse regime to issuers of securities traded on multilateral and organized trading facilities but has also had an impact on disclosure and record keeping obligations of issuers of securities currently listed on EU regulated markets, as well as bringing about significant changes to the reporting of directors' and senior managers' dealings.

Under the new EU Market Abuse Regulation, issuers are obliged to inform the public as soon as possible of inside information that directly concerns the issuer. Further, ad hoc notices need to be posted in an easily identifiable section of an issuer's website for at least five years, and the inside information disclosed needs to clearly indicate date and time of disclosure and must be organized in chronological order. The Issuers are still permitted, though, to delay disclosure of inside information to protect their legitimate interests, as long as the public is not misled and confidentiality can be maintained. Furthermore, although issuers were already obliged to maintain insider lists documenting details of persons with access to inside information, such lists are now required to be more elaborate, with more detailed personal information of insiders included.

As to the reporting of directors' and senior managers' dealings, the new EU Market Abuse Regulation continues to oblige persons discharging managerial responsibilities and other persons closely associated with them to publicly disclose any transactions conducted on their own account above an annual threshold. The new rules also extend this disclosure obligation to persons discharging managerial responsibilities of an emission allowance market participant or of an auction platform, auctioneer, and auction monitor involved in the auctions held under Regula-

tion (EU) No 1031/2010, in so far as their transactions involve emission allowances, derivatives thereof, or auctioned products based thereon. The reporting timeframe has been tightened, and the reporting has been standardized. Also, the new EU Market Abuse Regulation introduces a general trading prohibition for persons discharging managerial responsibilities in closed periods (for instance, for 30 calendar days before the announcement of an interim or year-end report).

Beside the regulation of the European Union, which is directly applicable in Hungary, the government introduced a new checking scheme for investors on January 1, 2016, to further strengthen capital markets activities and to restore investors' trust. The new scheme allows investors to check whether the information received from a broker is the same as that submitted by that broker to the Hungarian National Bank. Brokers must send their reports to investors and to the Hungarian National Bank on a monthly basis. The information sent to the Hungarian National Bank is anonymous, and contains only the account number and the list of securities deposited into the account; therefore, the Hungarian National Bank cannot identify the owner of the account. If the monthly balance sent to the investor is not identical to the one submitted to the HNB, the investor may initiate an HNB investigation against the broker. The investigation can be initiated anonymously as well.

The measures seem promising so far, though not perfect. The low interest rates attainable on savings accounts are pushing retail investors towards capital market instruments, and such reporting and monitoring measures may in the future prevent systematic falsification of the reports and harm to investors.

**By Gergely Szaloki, Partner,
Schoenherr Hungary**

THE IMPACT OF THE RENEWABLE ENERGY DIRECTIVE PROPOSALS ON HUNGARY



Gabor Kovacs,
Partner,
OPL

The European Commission has put a new energy package on the table in order to maintain the European Union's leading global role in clean energy transition. This package proposes to cut CO₂ emissions by at least 40% by 2030 while modernizing the economy, creating jobs for European citizens, and catalyzing growth. The 13 proposals have three main goals: putting energy efficiency first, achieving global leadership in renewable energies, and providing a fair deal for consumers. Such goals are ambitious, but they may be achievable if the content of the proposals is in line with stakeholders' views. The Commission has good intentions with this legislation, but the proposals must line up with market reality to deliver on these goals.



Adam Burt,
Trainee,
OPL

Current renewable energy rules, laid down mainly in the EU's Renewable Energy Directive (RED), provide that 10% of the energy used for transportation must come from renewable sources by 2020. Given the existing level of technical advancement, many Member States can only meet this mandate by blending biofuels with high greenhouse gas (GHG) fossil fuels. Due to a recent revision of the RED, at most 7% of this target should come from conventional biofuels such as those sourced from starch-rich crops (e.g., maize) or oilseeds (e.g., rapeseed). The latest proposal rebrands these biofuels as "food-based biofuels" and suggests a further lowering in the cap to 3.8% by 2030. This proposal is aimed at boosting the advanced biofuel industry due to its allegedly higher GHG savings and, at the same time, respecting the humanitarian and environmental arguments promoted by NGOs active in Brussels law-making.

Regulation lies at the heart of every renewable energy business model, including those related to biofuels. Indeed, regulation is crucial for biofuels not only because it defines the potential market but also because it seeks to ensure a level playing field within the EU and provide adequate protection against cheap imports from overseas. Finding the right regulatory scheme requires a thorough analysis of the best available science on GHG emissions, a requirement set by the RED itself. Moreover, even the best scientific results have to be interpreted in the context of other EU policy goals, including rural development, job creation, and economic growth. Although the proposal of the Commission certainly takes GHG emissions into account, it seems to fall short of making convincing arguments regarding their real life-impact on the rest of the issues at stake.

The direction that EU legislation is taking is of utmost importance to Hungary, since the country has lately become the third biggest bioethanol producer in the EU. It is little wonder that the proposal of the Commission raised eyebrows throughout the Hungarian agribusiness and biofuels communities. Hungary will reach the biofuels blending rate specified by the current RED on January 1, 2019, only a year before RED II kicks in and – according to the present form of the proposal – gradually phases out conventional biofuels as a legally recognized method of mitigating GHG emissions. Therefore, the country would have to readjust to the changes in the regulatory environment both domestically and in its export markets. Industry speakers claim that the good intentions of the Commission in making these legislative changes do not line up with the proposals themselves, as the nascent Hungarian bioethanol industry would all but perish as collateral damage if it cannot make the shift to producing advanced biofuels. Critics of the proposals say that such a transition seems unrealistic at this moment even with the most optimistic financial models due to the lack of regulatory certainty, which might deter any potential investors.

To sum up, the public debate about the future of renewables in European mobility has just entered into a new phase, and there is no doubt that the outcome will have a profound impact on the economy of the CEE region, including Hungary. The stakes are high because the new regulation may give further impetus to the bio-economy, but it may kick the industry onto a sidetrack as well. The ball is now in the court of the Government of Hungary to take a position on the future of biofuels.

**By Gabor Kovacs, Partner, and Adam Burt, Trainee,
OPL**

REAL ESTATE: HUNGARY IS ON TRACK / SIC ITUR AD ASTRA?



Zita Orban, Senior Lawyer,
Head of Real Estate,
Kapolyi Law Firm

An advantageous economic environment supported a growth in investment volume in 2016, as the residential investment sector and other segments of the property market performed well. Generally, the market has become more balanced in recent years after the recession triggered by the economic crisis, both in terms of segmentation

and in supply and demand.

Considerable new investment and development projects have appeared in recent years, triggering vigorous progress in the office sector for 2017, since some of these projects remain in progress and other, new ones, are about to commence. One of the most popular places for property investments and developments is still Budapest. The so-called office corridor on Vaci Street represents a highly popular location, with numerous projects continuing in 2017. Our law firm is proud to be assisting our client, a Hungarian investment fund, in a significant real estate transaction in 2016 in this office corridor, as well as other clients in several complex projects in the industrial and hotel segment.

Positive tendencies can be detected also on the industrial property market, although not as spectacularly as in the office sector. Statistics show positive developments here, after a previous five-year period of stagnation. The vacancy rate is very low in modern logistic parks, and since demand continues to increase, investment volume should continue to grow in 2017.

The hotel sector is a dynamically developing sector, and our country is very proud of one of our luxury hotels located in downtown Budapest, which won the TripAdvisor Traveller's Choice Award this January in worldwide competition.

Although dynamic development appears in almost all segments of the real estate market, longer construction periods and higher construction costs – resulting in higher rental fees – are common due to manpower shortfalls in the construction industry. Due to increasing demand numerous new projects will be launched, and growing competition may be expected among the market play-

ers. Therefore, innovative development solutions, cost efficiency, and excellent accessibility will, as important decision making criteria, become more critical.

While a Eurostat survey showed a solid 4.3% increase in housing prices as measured by the House Price Index from Q3 in 2015 to Q3 2016 at the EU level, the highest annual increase (11.6%) was recorded in Hungary.

Residential property prices moved significantly in the past five years, but the extent of the increase was different in various geographical areas and segments. The most dynamic growth occurred in Budapest, while house prices in the small cities in the countryside ascended only slightly. In addition to newly built residential properties, the prices of secondhand homes have also risen significantly. Solid growth is expected to continue in 2017.

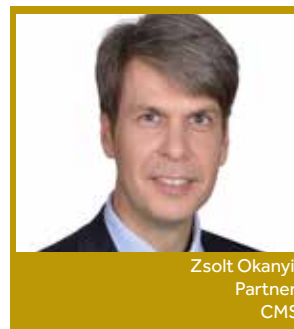
A foreseeable boom is coming in the residential property market due to the effect of the numerous flat-construction projects that started last year. The figures of the Hungarian Statistical Office reveal that the number of newly built flats increased by 22% in Budapest in 2016, with 29% growth reported in cities with county authority. According to the estimations of real estate market analysts, the number of new homes to be built in 2017 may reach 14-16,000, with Budapest (and its greater metro area) and the Lake Balaton area expected to remain the most popular areas.

The Hungarian government's housing market policy has also had a positive impact, stimulating not only the newly built but also the used-home market by means of a home purchase assistance scheme.

Beyond the local investment funds and individual and institutional investors, more and more foreign investors are finding Hungary attractive for property investments, and as the credit rating agencies have also graded Hungary suitable for investment, we can confidently state that Hungary is back on the local and international investment map.

**By Zita Orban, Senior Lawyer, Head of Real Estate,
Kapolyi Law Firm**

TRENDS AND TENDENCIES ABOUT WHITE-COLLAR CRIMES IN CORPORATE CULTURE IN CEE



Zsolt Okanyi,
Partner,
CMS

"This crisis has the potential to be a lot worse than Lehman Brothers," opined George Soros, the Hungarian-born American financier and philanthropist about the 2009 crisis, and he was right. In 2008-2009, no one could have imagined that the crisis that was about to unfold would change corporate lawyers' spectrum so dramatically,

how we think about business law, and how thin the borderline

is when it comes to white-collar crimes. In this article we will provide a brief overview of some of the key trends in corporate culture that have caused significant changes to legal services in the past decade in Europe – particularly in Hungary and the rest of Central and Eastern Europe (CEE).

Corporate life has changed massively these past few years: ethics and compliance have become core issues and key functions; in-house legal departments have assumed new duties encompassing, among other things, internal investigations, compliance guidelines, and whistleblowing systems; and these phenomena have been mirrored in law firms that service international corporations and their local affiliates. Lawyers in law firms and in-house legal departments who promised eternal fidelity to civil law in law school started to review old criminal law textbooks. Particularly in CEE, general financial instability, increasing living costs, unpredictable career paths, and existential fear often formed the basis of employees committing white-collar crimes of diverse magnitudes. Nationwide scandals involving white-collar crimes by members of the political elite further eroded personal integrity. Employees who had been caught red-handed often reacted by confessing, fighting not only with fear of legal consequences but also with loss of their human dignity. Others, with a more criminal character, often attempted to escape by destroying or forging evidence, threatening witnesses, or traveling to jurisdictions with no extradition treaties. For a long while it appeared that ever more irregularities were committed, or at least detected and investigated, and imposing punishment to make an example of those violating the law was seen as necessary to limit further wrongdoings.

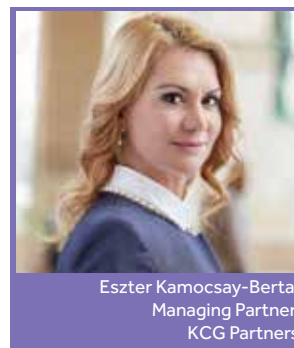
In fact, while previous irregularities long went unnoticed or, if detected, often unpunished, the new era required in-house and external counsels to investigate and analyze a plethora of white-collar crimes – from all kinds of fraud (like a misuse of the corporate credit card), through embezzlement, up to various forms of bribery and corruption. It often astonished investigators to see how creative and sophisticated – or, alternatively really plain and dull – their former colleagues were when inappropriately funneling out corporate assets. And it must have been bitterly surprising for ex-workers, who often believed it was fine to use corporate funds for private purposes or that corruption was an inherently normal form of business, that not only were they laid off, but civil or even criminal actions were initiated to reclaim misappropriated funds. In my own practice I observed that all employers always wanted immediate labor law consequences, with about two-third also requiring a repayment of the pecuniary loss, but a much lower percentage (not more than 15%) wanted charges filed with the police – and even fewer sought injunctions and other procedural tools to block the stolen funds.

In Hungary, as elsewhere in CEE, introducing whistleblowing hotlines was extraordinarily challenging, as the mere action of reporting recalled one of the darkest elements of communist regimes. Nonetheless, employees quickly understood that reporting irregularities served both their own interests and those of the corporation, and statistics demonstrate that whistleblowing has now become a key tool in corporate self-cleaning.

Where do we stand today? Many believe that this process is about to peak now with regular compulsory compliance trainings for all employees, establishment of compliance departments separate from traditional legal work, and the creation of investigations teams both in-house and by law firms. It is nonetheless not possible to predict which way we are moving forward and whether compliance will take an even larger bite from our everyday work and life. As a matter of reaction, however, exemplary consequences imposed on wrongdoers and the increased likelihood of getting discovered should in an ideal world result in fewer white-collar crimes being committed, which may soften proceedings and restore balance.

By Zsolt Okanyi, Partner, CMS

THE REVIVAL OF THE EMPLOYEE STOCK OWNERSHIP PLAN IN HUNGARY



Eszter Kamocsay-Berta,
Managing Partner,
KCG Partners

Background – The History of the Principle of Self-Regulation in Hungary

Hungary's Act XLIV of 1992 on the Employee Stock Ownership Plan (the "ESOP Act") allows employees to acquire an ownership stake in their employing company on their own initiative within the framework of an Employee Stock Ownership Plan by means of an organization established by themselves on the basis of the principle of self-regulation. The purpose of this legal instrument was to boost the company's economic performance by bringing together the owners' and workers' collective interests. However, the ESOPs established in the nineties ceased to exist after a dynamic initial period, which might be explained by the fact that several benefits related to the ESOP were abolished. In contrast, the ESOPs in the United States of America based on the same principles became stable and reliable operators of the capital market.

Seismic Shift in Hungary – The New ESOPs

The amendment of the ESOP Act by Act CLXXXVII of 2015 established a new form of ESOP, operating with centralized management. As a result of the amendment, financial institutions, insurance companies, and investment firms may also launch an ESOP with the aim of managing financial instruments acquired by the employees within the framework of the remuneration policy. This opportunity may well lead to the widespread use of ESOPs. Depending on which employees are covered by the ESOP, the personal scope might be extended from the managers to all employees of the company and its subsidiaries within the company group.

The ESOP might be used as an incentive instrument in an exclusive or complementary manner or as an instrument used for "privatization purposes." If, however, the ESOP is based on se-

curities representing shareholders' rights, the employees do not necessarily become owners of the founding company who established the ESOP, but acquire membership in the ESOP organization, which itself becomes owner of the founding company.

Upon meeting the conditions set in the remuneration policy, the employees may exchange their membership in the ESOP organization for cash or securities or for a combination of these two.

High Hopes – ESOPs from an International Perspective

From an international perspective, ESOPs could be a major economic growth factor in Hungary. In the United States, for instance, roughly 7,000 ESOPs were launched before 2015, in which approximately 13.5 million employees were involved, owning more than 8% of American corporate assets. 40% of the companies with ESOPs are in fact wholly owned by the ESOP itself, although the average ownership interest in the founding business is 17.4%. According to US surveys, companies launching ESOPs can expect a profit growth of 2.3-2.4% annually, reflecting the extra motivation arising from the participating employees and managers in the ownership. Although the newly introduced ESOPs are still in their birth phase in Hungary, the above figures project high hopes for this entirely recent legal institution.

Competitive Advantage – The Main Advantages of an ESOP-Based Remuneration Policy

The revised ESOP legislation significantly encourages a “stakeholder” approach of employees while control remains with the employer over the business share provided to the ESOP organization.

In addition, it ensures favorable taxation compared to the traditional form of share transfer programs; i.e., payments made to the employees within the ESOP are solely subject to a 15% personal income tax, implying that the social contribution tax of 22% and health care contribution can be saved.

All in all, it gives priority to the company's long-term business goals over the employees' short-term interests in a way that ensures that employee performance is rewarded in accordance with the company's business performance.

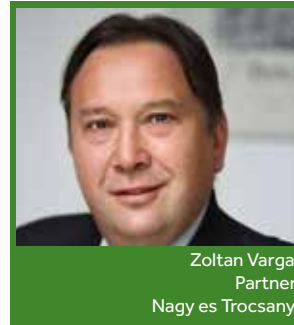
What Next? – How to Make the Most of the ESOP Act by Building on the Knowledge Generated in the Last Year

The newly amended ESOP Act can be regarded as a giant achievement in encouraging the business community in Hungary to perceive new economic opportunities. The diversity of approaches in interpreting the vocabulary of this new legislation establishes the need for a close collaboration between legal professionals, tax consultants, and authorities in charge of supervising proper market practices.

By **Eszter Kamocsay-Berta**, Managing Partner,
KCG Partners

CHANGES TO THE COLLATERAL SYSTEM OF THE NEW CIVIL CODE IN 2016

In 2016, primarily to correct the legislative concept in relation to collateral and to ease the financing activity of Hungarian financial institutions, the Hungarian Parliament adopted a significant amendment package to the new Civil Code.



Zoltan Varga,
Partner,
Nagy es Trocsanyi

Although forms of fiduciary collateral such as purchase options and assignment of claims had been constant parts of the Hungarian collateral regime under the former Civil Code, the new Code introduced an overall prohibition of fiduciary arrangements as collateral (with some specific exemptions related to the relevant EU Directive

on financial collaterals).

Under the Parliament's new amendments to the Code that became effective on July 1, 2016, however, banks may again create a purchase option as fiduciary collateral. This provides an additional security option for banks, as in case of non-payment the bank may unilaterally acquire the subject asset of the purchase option. Similarly, the assignment of claims or ownership title transfer with collateral purpose may now again be part of the security structure of financing transactions.

Nonetheless, fiduciary collateral remains excluded from the security structure if the borrower qualifies as a consumer.

The amendments also eliminated the requirement of the consent of the debtor as a condition for the assignment of the bank's claims to third persons.

Because the separated mortgage that had been introduced by the new Civil Code was insufficient in terms of the operation of mortgagee banks, the amendment that became effective on October 1, 2016, reintroduced the independent mortgage with regulations based on market standards.

Only financial institutions may be the beneficiaries of independent mortgages, which may be established over a real property even without an underlying claim. The independent mortgage is not accessory to the underlying claim and may be transferred without the underlying claim in whole or in part. The intention of the legislator with the reinstatement of the independent mortgage was to promote the refinancing of commercial banks through the mortgage bond market in order to enhance the financing activity of the banks.

The existing separated mortgages can be converted to independent mortgages upon the request of the mortgagor under a procedure specified in the amendment act providing such titleholders the opportunity to improve their legal position.

Satisfying the long need of the financial market the legislator ac-

knnowledged the security trustee concept in the new Civil Code. Based on practical experience the recent regulation on security trustees was also amended. According to the earlier regulation, a security trustee may only be nominated at or after the conclusion of the mortgage agreement. The new regulation enables the nomination of a security trustee prior to the conclusion of a mortgage agreement as well, which provides the security trustee the right to conclude the mortgage contract in its own name but for the benefit of the other mortgagees.

According to the amendment, a security deposit may be created, not only on payment account balances, but also by expanding the scope of assets serving as collateral on deposited funds available on deposit accounts.

The amendment act has brought changes also with respect to the previously introduced transfer of contract. Previously, the collaterals of the transferred contract terminated without the mortgagor's approval. Market experience has shown that it is not appropriate to eliminate the collateral related to a contract in the case of a new party's entering. Due to the amendment, the collaterals related to the rights acquired by the party entering into the contract remain, even without the consent of the collateral provider.

By Zoltan Varga, Partner, Nagy es Trocsanyi

NEW CODE OF CIVIL PROCEDURE – NEW TRIAL STRUCTURE, NEW RULES OF EVIDENTIARY PROCEDURE TO SPEED UP LITIGATION



Gergely Ban,
Managing Partner,
Ban & Karika Attorneys at Law

On November 22, 2016 the Hungarian Parliament adopted the Act on the new Code of Civil Procedure. The new Code, which will enter into force on January 1, 2018, brings many innovations to the current rules of civil actions and out-of-court proceedings to – as per the intentions of the legislator – facilitate the effective resolution of civil disputes that have become

more and more complex over time, in social and economic conditions that have changed profoundly since the current Code of Civil Procedure entered into force more than 60 years ago.

One of the most important aims of the new Code is to allow civil actions to be judged more effectively and in a shorter period of time – within one single hearing on the merits, if possible. To facilitate this the legislator has implemented the so-called divided trial structure, with the goal of allowing decisions on the merits of the case to be rendered sooner, following a diligent and thorough preparatory phase conducted with the involvement of the parties to the proceedings.

Under this divided trial structure, the first phase, separate both

in function and time, will consist of pre-trial hearings that aim to determine both the subject and the framework of the dispute brought to court, followed by a second phase: a hearing on the merits of the case.

The new rules of evidence are adapted to this divided trial structure; designation of evidence and submission of motions for probation shall be carried out within the pre-trial hearings by the parties, while the actual presentation of evidence on the merits of the case will take place in a targeted manner within the hearing phase, though remaining within the boundaries specified in the pre-trial phase. As a rule of thumb, no additional motions for probation on the merits will be allowed in the hearings, although they may be possible under exceptional circumstances.

In addition, the legislator has strived to regulate the legal institutions that are currently not regulated in detail by the effective law, but which were developed by judicial practice or are applied inconsistently due to the lack of proper regulation. As a result, the usage of unlawful items of evidence and the outcome of evidence recorded in other proceedings will be regulated, the scope of named items of evidence increased, and the so-called evidentiary emergency regulated as well.

On this last item – the regulation of evidentiary emergencies – the Code intends to assist the proving party in situations where due to the specific position of the parties, the opposing party holds the relevant evidence, and thus the efficiency of the evidentiary procedure may be hindered or even prevented.

The legislator has expanded the ability to provide evidence by expert testimony as well, especially in respect to controversial evidence provided by private experts, with the expectation that this will further decrease the trend of malicious deferral of litigation.

All these changes are designed to increase the efficiency of providing evidence and thus to improve the speed of the courts' decision-making process.

In order to further increase the effectiveness and speed of the evidentiary procedure, the new Code extends the possibility of using electronic communications networks to judicial inspections, the new Code endeavors by the revised rules of evidence to reflect technological developments and ensure the flexibility they demand. The same applies to the purpose of the new regulations regarding communications between the courts and parties to proceedings.

The business community has welcomed the announced re-regulation and looks forward to seeing intentions become reality. Since the direct (and partially the indirect) costs of litigation are proportional to the length of the procedure, a system of more effective and thus shorter trials with more foreseeable and predictable conduct of proceedings may result in companies' being able to decrease their litigation budgets and allocate those savings to other business or functional areas.

**By Gergely Ban, Managing Partner,
Ban & Karika Attorneys at Law**

INSIDE OUT: Oppenheim Facilitates the Messer Group's Acquisition of Air Liquide's Hungarian Subsidiary



The Deal: In July of 2016, CEE Legal Matters reported that Oppenheim had advised the Messer Group GmbH, a German supplier of industrial gases, on its acquisition of the Hungarian subsidiary of France's Air Liquide. CHSH Dezso es Tarsai advised Air Liquide on the deal.

Oppenheim Partner Ivan Bartal agreed to share insight into the deal with us.

CEELM: How did Oppenheim become involved with the Messer Group on this matter? Why and when were you selected as external counsel initially?

I.B.: Oppenheim's antitrust group was approached by Messer in late 2014 to provide them with an initial antitrust/merger control assessment of an envisaged transaction on the Hungarian market.

CEELM: What, exactly, was the initial mandate when you were retained for this project (as compared to the final result)?

I.B.: Initially, it was Oppenheim's antitrust practice group which acted as the "gatekeeper" for the matter. The reason for this is that we were entrusted with assisting Messer in the evaluation of the (then merely envisaged!) transaction from a competition

law perspective: A key issue was whether we saw an opportunity to get the transaction cleared by the Hungarian Competition Authority (HCA). Given the special features of the Hungarian industrial gas markets (with more than 14 (!) separate product markets reviewed by the HCA) this appeared indeed a challenging task. After several rounds of discussions with Messer we gained a much deeper insight into the way these markets worked and – together with a renowned competition-economist team – we were convinced that it was possible to meet this challenge.

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

I.B.: Our antitrust team – consisting of Partners Gabor Fejes and Zoltan Marosi and Senior Associate Lia Scheuer-Szabo – was involved initially. Then our corporate team (headed by me, along with fellow Partner Jozsef Fenyvesi, and including Senior Associate Barna Fazekas) did the due diligence part and assisted Messer in various rounds of negotiations.

CEELM: How was the agreement structured?

I.B.: The agreement was structured as a share sale and purchase for all the shares of the target company in Hungary.

CEELM: What was the most challenging or frustrating part of



Ivan Bartal, Partner, Oppenheim

the process?

I.B.: Closing required the fulfilment of various conditions precedent, including the approval by the HCA. Our competition lawyers led Messer through a complex, two-phase process, which lasted for almost ten months and entailed various rounds of discussions and the submission of volumes of economic and legal argumentation for the merger. Although the process went very smoothly, the duration of the HCA's investigation meant a challenge for both the legal and the business teams, especially on the side of Messer, which was eager to see their merger agreement finally come into life. A further challenge was that in addition to approval by the HCA, further competition approvals from additional countries (such as Serbia and Albania) were also required and also had to be dealt with. With these approvals obtained, the transaction met its successful closing in June 2016.

CEELM: Was there any part of the process that was unusually or unexpectedly smooth or easy?

I.B.: Although (as we mentioned) the merger control process before the HCA indeed required considerable time, the discussions with the HCA officials were always conducted in a smooth, cooperative, and professional manner.

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

ipated?

I.B.: The final result was very much in line with the initial mandate.

CEELM: What individuals at the Messer Group directed you – and how would you describe your working relationship with them?

I.B.: We were particularly impressed by Messer Hungary's extremely open and friendly CEO, Zsolt Bohner, as well as Messer HQ's excellent in-house legal team, including Tobias Dietrich and Carsten Knecht.

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

I.B.: CHSH had a very capable and cooperative team, which was very good to work with.

CEELM: And how would you describe the significance of the deal to your clients, to Hungary, and/or to CEE?

I.B.: The deal was one of Oppenheim's key deals for 2015/2016 – as an antitrust lawyer, it was especially remarkable that we were able to work closely together with our friends in the CEE region on merger notifications (and thus provide an easy one-stop shop for our client).

David Stuckey

EXPAT ON THE MARKET

Interview with Kinstellar's Anthony O'Connor

Anthony O'Connor came to Europe from his native Australia in 2006. As a Partner at Kinstellar in Budapest, he is both head of Kinstellar's Hungarian Corporate/M&A practice and Co-Head of its firm-wide Private Equity practice.

CEELM: Run us through your background, and how an Australian lawyer became head of Kinstellar's Corporate/M&A practice in Hungary.

A.O.: I moved to Hungary in 2006 to join White & Case's regional private equity and M&A team. At the time, while I wasn't actively looking for work in Hungary, the opportunity to live in a location so different from that I had grown up in, together with the assurance of continuing to work on large and challenging transactions, was too attractive to pass up. When I was approached last year with the opportunity to join Kinstellar and head their Corporate/M&A practice, it really felt like a very natural fit – a premier law firm operating in markets that I was very familiar with, the DNA of a London-market firm (approach to quality, client service, and a keen awareness of regional and international market trends), and the ability to drive strategy and leverage over ten years of experience in CEE. I am now handling a much more diverse mix of things in addition to my core areas of M&A and private equity, and I'm really enjoying that!

CEELM: Was it always your goal to work abroad?

A.O.: From early on, I have made decisions specifically with a view to being able to travel and not only work but pursue a career. This led me to focus on transactional practices and, in the beginning, move to Sydney for a few years and work with the private equity team at Baker McKenzie. I always envisaged working

somewhere in Europe, but rather than follow the well-trodden track of Australians moving to London, I was determined to end up somewhere out of my comfort zone – that said, Budapest is home for me now, and very much a place of comfort

CEELM: Tell us briefly about your practice, and how you built it up over the years.

A.O.: I specialize in M&A and private equity and cover most of CEE, including Turkey and Kazakhstan. It's quite a mixture in reality, from large M&A auction processes for international PE and corporate clients throughout the region, inbound investment into Hungary for what are often more small to mid-market M&A deals, to quite a bit of transactional real estate work with the recent activity in the local market here. Knowing these markets very well, in addition to having seen transactions throughout the entire spectrum of size and complexity, has meant I've built up a nice amount of experience. The practice has really grown off the back of clients needing a seasoned transactional lawyer who can guide them through the process and whose judgment they can trust, sometimes irrespective of the jurisdiction or governing law.

CEELM: What do your clients appreciate most about you?

A.O.: You might have to ask them that! What I can say is that quality, experience, and a firm but calm manner is what I try



to bring to the table. I also don't like playing games or wasting clients' money, and instead prefer an open and commercial approach where we focus on what's really important to the client.

CEELM: Do you find Hungarian clients enthusiastic about working with foreign lawyers, or – all things considered – do they prefer working with local lawyers?

A.O.: I've found myself doing quite a bit more work for Hungarian clients lately, particularly as a result of more outbound investment over the last 12 months. It really comes down to whether you can resonate with those Hungarian clients that place a high value on working with a lawyer who will do more than just carry out instructions but instead partner with them on a transaction and deliver on documentation, negotiation, and deal management. It's never a binary choice, however: in Hungary and indeed the region, we have the ability to offer this, together with exceptional local law advice – it's really an integrated approach, which results in a stronger offering overall.

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

A.O.: I was having a conversation about this with a Hungarian-law-qualified colleague recently – Australia derives much of its law from English law, and in that sense there is a huge amount

of precedent to look at and interpret. This allows you to form a pretty comfortable view of the proper interpretation in a given situation. I don't envy my Hungarian colleagues most of the time, as it seems there is much more uncertainty around legislative intent and interpretation in the Hungarian legal system. I keep telling them how things would play out under English law. I suspect they're sick of hearing that from me.

CEELM: How about the cultures? What differences strike you as most resonant and significant?

A.O.: Hungarians have incredibly analytical minds, and that tends to bleed into all aspects of life, while Australians tend to be a little more laid back in decision making, generally taking a punt that it will all work out well in the end. My wife is Hungarian, and we have a two-year-old son – I put it down to his Hungarian side whenever he spends ten minutes staring at a box of Kinder Eggs trying to ensure he's chosen the most perfect egg (or perhaps not the wrong one)!

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

A.O.: I'm conscious that I'm head of the practice but not Hungarian-law qualified – with a top-quality team around me, it actually allows me to think more like a client, and very often question whether a particular approach or interpretation needs to be reconsidered. Additionally, having Australian and English law qualifications allows the team to leverage off my experience across the table from large London and New York law firms, ensuring that we have a practice at the cutting edge of the international market.

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

A.O.: I'm going to stretch the definition of CEE, and say Turkey. My wife and I lived in Istanbul for two and a half years, and we both have some of the fondest memories from our time there. First and foremost, the people are incredibly warm and hospitable, but also the food is spectacular, the beaches are beautiful and we had the luxury of stepping outside our apartment into a world-class historical city.

CEELM: What's your favorite place in Budapest?

A.O.: Budapest has an eclectic mixture of truly stunning architecture, often in the most unexpected places, like an apartment building covered with gothic statues in a small street of a residential inner-city neighborhood. It's the striking beauty in everyday places that still amazes me about the city. I also do love a run up to Janos-hegy in the morning or late afternoon. To have such tranquility and natural beauty in a location so close to the city again reminds me of how unique this city is and how lucky I am to live here.

David Stuckey

EXPERTS REVIEW: DATA PROTECTION

In the Hungarian Round Table on January 30, 2017, Daniel Szabo, Legal Counsel South-East Europe at HPE, drew attention to the fact that Hungary's ranking in Transparency International's annual Corruption Perceptions Index had slipped this year (see page 52). Szabo is right: Hungary's score dropped from 51 to 48 (on a 0 ("highly corrupt") to 100 ("very clean") scale) – though the country is still better than the overall average of. The country also slipped from 50th to 57th in Transparency International's global rankings.

Intrigued, we decided those 2016 rankings would be a useful way to order the Data Protection Experts Review articles in this issue. Accordingly, this issue's articles are presented in order of the countries they come from in the Perceptions Index. Thus the Austrian article is presented first, as Austria is perceived to be CEE's least corrupt country, and Poland's comes second. By contrast, the Ukrainian and Russian articles come last, as those two countries are tied for 131st in the world, far nearer the worst (Somalia and Libya tied for 170th place) than the best (New Zealand and Denmark tied for first).

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Austria

Data Protection in Austria

Data Protection - Key Changes and Important Obligations Under the GDPR



Andreas Schutz

Starting in May of 2018, the EU General Data Protection Regulation (GDPR) will apply to all European entities and, because of its extended territorial scope, to many entities outside of Europe. Companies will face a considerable rise in data protection compliance duties, and, in cases of noncompliance, significantly increased fines of up

to 4% of the global annual turnover of the whole company group or EUR 20 million (whichever is higher).

The GDPR is directly applicable law and will amend or replace material parts of the Austrian Data Protection Act as follows:

Implications of the Accountability Principle for Business

The GDPR focuses on the concept of accountability, and it requires businesses to demonstrate compliance with the principles relating to personal data (set out in Article 5 of the GDPR) through a proactive approach. Companies must be prepared to respond to requests from individuals who want to exercise their rights with respect to the processing of their personal data, as well as to requests and investigations from Supervisory Authorities (SAs). Failure to do so may expose businesses to high fines, damage to their reputation, and/or loss of business opportunities.

Key Changes for Business Under the GDPR

Data Breach Reporting to the Supervisory Authority

Data controllers are required to report a personal data breach to the competent SA without undue delay and, where feasible, not later than 72 hours after becoming aware of it, unless the breach is unlikely to put to the rights and freedoms of data subjects at risk.

Data Protection Impact Assessment

Where a data processing activity is likely to result in a high risk to the rights and freedoms of natural persons, the company shall, prior to the processing, carry out an assessment of the impact of the envisaged processing operations. Where the assessment indicates that the processing would result in a high risk, the SA shall be consulted.

Transfer of Personal Data to Countries Outside the EU

Similar to existing rules, the Regulation prohibits the transfer of personal data to third countries, unless: (a) the Commission has adopted an adequacy decision regarding the target country; (b) the parties provide sufficient guarantees (e.g., through standard contractual clauses); or (c) there are Binding Corporate Rules in place.

An approved code of conduct may provide appropriate safeguards by referring to a certification mechanism related to compliance with data protection seals and marks. The framework for the code of conduct must be established by the Commission, the European Data Protection Board, and the SAs.

New One Stop Shop Mechanism



Karin Tien

One crucial element of the GDPR is the new “one stop shop” mechanism, intended to help organizations have a single SA – that in the jurisdiction of their “main establishment” – to take responsibility for EU-wide data processing obligations, even if they operate in more than one Member State, and to facilitate discussions between competent SAs in cases involving more than one regulator.

Exemption for Employee Data Protection

Through various opening clauses concerning employee data protection laws, the Austrian legislature is authorized to implement more specific provisions regarding the processing of HR data (e.g., the approval of Works Council). However, employee data protection laws must take into account the fundamental rights and freedoms provided for under the Regulation.

Impact of GDPR on Companies

Preparation for the GDPR requires the reorganization of various internal procedures, as well as a review of existing agreements with data controllers, sub-contractors, and data security services.

Businesses should compare their existing data privacy practices against the GDPR's requirements in order to identify the actions they need to implement to satisfy those requirements by 2018.

Senior management must make data protection concepts a high priority. It should set out the tasks, responsibilities, and reporting lines of individuals involved to ensure continuous compliance with the GDPR. Businesses with an existing Data Protection Officer (DPO) may create a governance structure accountable for the overall data privacy program. Those who do not have a DPO should carefully consider designating one internally or externally, whether or not they are required to do so.

Looking Forward

In Austria, the next few months will reveal how the national legislature will implement the GDPR. A draft bill implementing the GDPR is currently in preparation and is expected to be introduced in the first half of 2017. As a result, in its quarterly newsletter the Austrian Data Protection Authority only refers to various aspects of the GDPR, such as several opening clauses, several missing procedural provisions, and the removal of the Data Processing Register.

Andreas Schutz, Partner, and Karin Tien, Associate,
Taylor Wessing Austria

Poland

General Data Protection Regulation – New Burden or New Hope for Business in Poland?



Ronald Given

Regulation EU 2016/679 of the European Parliament and of the Council of April 27, 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the “General Regulation”), will directly apply in the EU Member States starting May 25, 2018.

Compared to its predecessor (Directive 95/46/EC), the General Regulation contains an expanded catalogue of rights granted to individuals, including the right to be forgotten, the right to data portability, and the right to restriction of processing. The General Regulation imposes a number of new obligations on data controllers and will influence the functioning of all entrepreneurs dealing with consumers.

A particularly notable change pertains to the process of acquiring consent for data processing. The consent an entrepreneur obtains from an individual, regardless of whether it is secured from the data subject on paper or electronically, will have to be separable from other statements and contain detailed information (including information about all purposes of processing and about the right to withdraw the consent at any time). At the same time, the consent form must be presented in a concise, transparent, intelligible, and easily accessible form, using clear and plain language. Consent-by-silence or acceptance of pre-ticked boxes will not be sufficient.

In addition, more caution and more paperwork will be needed to demonstrate necessary compliance with the General Regulation. Official codes of conduct will be introduced and will have to be followed.

Many controversies will surely arise as to the right to be forgotten, because every controller who has made personal data public and receives an erasure demand will need to inform all other controllers processing the data to also erase any links to it, or copies or replications of it. This could be a real challenge.

At first glance the General Regulation may seem overly protective and too restrictive towards business. However, a closer look at its provisions and a comparison to the Polish status quo is helpful in understanding its rationale.

First, European Community lawmakers recognized that data protection rights do not always deserve priority over other protected rights, such as the freedom to conduct business and freedom of expression. The General Regulation should help assure entrepreneurs, as they consider how they do business, that both data protection rights and other protected rights will be recognized and appropriately balanced.

Second, Poland really needed up-to-date regulations. The current

data protection law in the country dates back over 20 years and is at odds with the technological development that has taken place since then. The Polish social and business environment has also changed rapidly following the introduction of a free market. Since the new law, unlike its predecessor, comes in the form of a Regulation, it will be directly applicable and will result in an unprecedented occasion to review, revise, and delete all the outdated acts.

Third, Polish entrepreneurs are already accustomed to a number of similar obligations pertaining to personal data processing. According to current laws, every personal data controller has to maintain formalized documentation, to grant data subjects access to information, and to correct or remove data upon a valid request. On a positive note, the strict formalities that have been a difficulty for small- and medium-sized businesses will change. The General Regulation is respectful of the specific situation of micro, small, and medium-sized enterprises and introduced a derogation for those with fewer than 250 employees with regard to record-keeping. Under the existing regime, it is often a struggle for them to maintain the obligatory technical and organizational requirements.

From a Polish perspective, a new law regulating data protection has been needed for a long time and, despite its restrictions and the uncertainties that accompany any new set of rules, the General Regulation is a reasonable response to this need. The two-year transition period is adequate for the scale of adaptations to be made by both lawmakers and entrepreneurs. The process of adaptation should start as soon as possible.

Ronald Given, Co-Managing Partner, and
Magdalena Nowak, Associate, Wolf Theiss Poland



Magdalena Nowak

Slovenia

Slovenian Data Protection



Branko Ilic

Due to technological advances, it is becoming increasingly difficult for people to effectively manage the way their personal information is being collected and stored. It is thus quite surprising that the provisions of the Slovenian Personal Data Protection Act have managed to stay unchanged for almost ten years. But that does not mean that

there have been no recent developments in the information privacy regulatory framework.

The most comprehensive changes are those reflected in the European Union Data Protection Reform. We are expecting a smooth and timely transition of the Slovenian jurisdiction to the new rule set. Regarding the changes to the rights of data subjects, we will be especially aware of developments involving the right to be forgotten, now called the right to erasure. We find that with general

awareness of this instrument spreading through the public, erasure requests are becoming more and more common, especially with high-net-worth individuals. The data controllers and processors that we work with are, on the other hand, most interested in the new obligation to designate a special data protection officer and the noticeably higher ceiling for fines that can be imposed for breaching data protection rules. Considering the fact that the current Slovenian Personal Data Protection Act sets the maximum fine at only EUR 12,510 while the new fines can potentially go into millions of euros, data protection compliance will gain additional attention.

On the national level, the recent regulatory changes in personal data protection were mostly conducted through executive acts and the guidelines of the Slovenian Information Commissioner. The Government of the Republic of Slovenia has published a decree on unmanned aircraft systems that the Information Commissioner has been requesting for quite some time. The decree primarily regulates flight rules, permits, and supervision, but with regards to data protection the decree also (in Article 19) requires operators of unmanned aircraft weighing 5 kilos or more who are planning to operate in urban areas and operators of unmanned aircraft weighing 25 kilos or more who are planning to operate in other residential, business, or recreational areas to prepare a preliminary assessment of the effects of their activities with regards to personal data protection. This assessment must be prepared on a prescribed form and sent to the Information Commissioner. The assessment must contain information such as the type of data that will be captured, stored, or processed, the legal basis, the purpose of use, and the time period of data storage. This new source of information enables the Information Commissioner to more effectively supervise drone usage, and a fine of up to EUR 2,000 can be levied on operators for not providing the Information Commissioner with the necessary information.

The Information Commissioner has been regularly issuing practical guidelines for database operators about the particular database safety measures required in certain situations and on how invasive data-gathering may be without breaching the minimum statutory level of personal data protection. The changes most relevant to the everyday needs of our corporate clients are those contained in the new Guidelines on personal data protection within employment relationships. These guidelines were necessary, as only biometric measures and video surveillance are specifically regulated in the Personal Data Protection Act, while monitoring Internet, email, and telephone use, gathering specific personal data, and conducting GPS and other types of surveillance on the workplace are not.

As a notable share of the Slovenian economy is still owned (either directly or indirectly) by the Government, the provisions of the regularly amended Public Information Access Act are also an important aspect of the country's Data Protection practice. As a lot of the amendments involve widening the scope of public disclosure, numerous provisions were considered controversial and were contested in and partially repealed by the Constitutional court.

In January, the Constitutional court delivered another landmark decision preserving the public disclosure requirement for business information in consulting and similar contracts that companies in majority public ownership have entered into with third-party providers. The court has stated that in these cases the needs of the

public interest do justify lowering the necessary level of private data protection. Due to the general applicability of this decision, we anticipate that future amendments of the Act will continue to be steered in the direction of increased public disclosure.

Branko Ilic, Partner, and Miha Babic, Associate, ODI Law

Lithuania

Does the Public Interest Always Win Against Confidentiality of Personal Data? – The Lithuania Case



Daiva Dumciuvienė

The limits and understanding of patients' right to confidentiality of their private personal data usually depend on the extent of the public interest in seeing it – the definition of which differs among EU Member States. Confidentiality exceptions also exist in the category of sensitive personal data, which includes personal health data. According to Lithuania's Law on the Rights of Patients and Compensation for the Damage to their Health, any information about a patient's stay in a health care institution and his/her treatment, including information about the patient's state of health, diagnosis, and prognosis, as well as any other personal information about the patient, is considered confidential even after the patient's death. The law provides for an exception to this rule: patients' personal data may be transferred to another public institution without the patient's consent where that institution is given the right to receive it by law. Therefore, in the public and health care sector, the protection of patients' private lives, to the extent it relates to personal data, is quite narrow. The new General Data Protection Regulation supports the current practice, leaving the scope of "public interest" to be defined by the Member States.

Special Lithuanian laws entitle the Centre of Registers, health care institutions, the social insurance agency, and the disability and working capacity assessment office to receive and use patients' personal data. The Centre of Registers is the processor of the Lithuanian centralized e-health IT system (ESPBI IS), where all patient data is collected, stored, and used by other health care institutions and public authorities. Still, the problem of data reliability exists because health care institutions delay entering data into the system, and not all institutions are connected to the system because of software or infrastructure incompatibilities. Therefore, the practical and legal reliability of the centralized e-health IT system should be improved.

That patient data in the centralized database be sufficiently reliable for use in a court of law and other legal relations is important for four major reasons: First, the quality of health care services cannot be measured without reliable data; therefore the public interest in measuring it is not facilitated and the requirement that the public interest be served is not met. Second, reliable data can reduce the burden of proof in courts for patients protecting their rights. Third, reliable data can ensure the transparency of health care processes (i.e., misdiagnoses or inaccurate interpretations of medical

data can be detected more efficiently). Fourth, according to data protection rules, all patient personal data should be correct, and patients have the right to its rectification. Therefore, it is worth discussing further whether Lithuania should include in its laws a legal presumption of correctness of patient data processed in the centralized IT system as it has in Lithuanian legislation concerning public registers.

The OECD Public Governance Review 2015 revealed that Lithuania, like Estonia, suffers from low trust in health care services. According to information from the Lithuanian Ministry of Health, 40% of 15-74-year-old people do not trust the health care system in general. Therefore, reliable data in the e-health system and the functioning of electronic prescriptions, which can also serve as a tool for statistical and policy analysis, could enhance the confidence of patients and the quality of the health care system in general.

Personal data encryption measures are another challenge for future Government policies. It is not necessary to have complete personal data for scientific research or policy evaluation tasks. Art. 32 of the General Data Protection Regulation provides that the controller and processor must implement appropriate technical and organizational measures to ensure a level of security appropriate to the risk, including, inter alia, the anonymization and encryption of personal data, as appropriate. This security measure, at least, should be applicable to sensitive personal data used for public purposes.

Lithuania has an elaborate legal regime applicable to the use of personal data, which generally strikes a proper balance between private and public interests. However, there are still some limits to the reliability of such data (e.g., in the case of patient data), and there is still some room for improvement in the legal test as well as in how the data is managed by relevant registers. The low level of trust of the public makes it more difficult to justify the use of personal data for activities in the public interest, such as scientific research and policy assessments.

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Czech Republic

Monitoring Employees at Work and Data Protection

Conflict of Rights



Drahomir Tomasuk

Throughout an employment relationship, there are conflicts in almost every activity between the employee's right to privacy and the employer's right to require the employee to carry out his/her obligations and to monitor whether such obligations are being fulfilled. This conflict is due to the fact that monitoring an employee's activities can be considered an intrusion into his/her personal sphere and personal data processing.

It's not the aim of this article to address all the areas of such intrusions but only the area of electronic communications in the work-

place, especially as pertaining to the Internet, e-mails, and similar activities where electronic communication is used.

The definition of "personal data" does not merely include identification data, likenesses, or other unique data about a person, as many mistakenly believe, but also all data that can be related to a person in a manner defined by law.

Legal Regulation



Jaroslav Zahradnický

A potential intrusion into an employee's right to privacy must be assessed from the perspective of several legal regulations. Certain principles are defined in the Czech Civil Code (Section 81 et seq.); however, these are rather general. Specific provisions relating to personal data protection must also be taken into account. These are contained in the Czech Data Protection Act. The main rules, however, are defined in the Czech Labor Code.

The Czech Labor Code provides that an employer may not, without serious reasons related to the special character of the employer's activities, intrude into the privacy of an employee at the employer's workplace and common premises by subjecting the employee to open or secret monitoring, tapping and recording of telephone calls, or monitoring of e-mails or of letters addressed to the employee. If there is a serious reason that is related to the special nature of the employer's activities and which justifies such monitoring mechanisms, then the employer shall be obliged to inform the employee directly on the scope and manner of such monitoring.

Moreover, employees are not permitted to use the employer's means of production and work, including computer technology, or the employer's telecommunication equipment for their own personal needs without the employer's consent. This can be controlled by the employer in an appropriate manner.

When is Monitoring Allowed?

It is not easy to define the conditions under which monitoring is allowed. Completely different conditions may exist for monitoring a night watchman, telephone operator, operator of a nuclear power station, or senior manager.

Each job has its own specific characteristics that must be taken into account in each individual case when assessing the legality of the relevant monitoring instruments. Nevertheless, principles and general rules can be defined in advance. These arise in particular from the Czech Labor Code and Czech Data Protection Act.

Principles

First of all, the purpose of monitoring must be clearly defined; only then can monitoring be assessed as legitimate, and only then can the type of monitoring/controls taking place be distinguished, and finally whether or not the corresponding obligation as contained in the Data Protection Act can be considered fulfilled.

The next principles are subsidiarity and adequacy. The monitoring instruments may be introduced only as an ultima ratio; i.e., if there is any other less intrusive way to inspect whether an employee's

obligations are being fulfilled, it should be preferred. If there is no other option, the monitoring should take place only in an adequate scope.

One of the most important rules is transparency. Only if the employee is aware of the monitoring instruments and is able to create for him/herself a reasonable expectation of the monitoring can such employer's behavior be considered legitimate. This fully corresponds with the principles embodied in the legal regulation.

Case Law

Decisions by Czech courts relating to employee monitoring are still rather rare. One decision, however, can be found in the *Kasalova Pila* case. In this case the Czech Supreme Court found that employee monitoring is legitimate where an employee uses his/her employer's computer for his/her own personal needs (i.e., if he/she was visiting websites for more than 100 hours in a month), despite being forbidden from doing so. The Supreme Court found that it was acceptable to monitor the extent of such usage but not the content.

Drahomir Tomasuk, Counsel, and Jaroslav Zahradnicek, Advocate, Kocian Solc Balastik

Slovakia

Impact of General Personal Data Protection Regulation in Slovakia



Andrea Farinic Stefancikova

Slovak legislation on personal data protection implementing the EU Data Protection Directive 95/46/EC is generally very strict when compared to the regulations of other EU Member states. These different rules – often, in Slovakia, excessively bureaucratic – resulting not only from legislation itself but also from its interpretation by the country's

Personal Data Protection Authority – often cause problems for both local entrepreneurs and international business groups with subsidiaries or branches in Slovakia.

Perhaps most problematically, Slovak personal data protection legislation does not reflect the challenges of the digital world and requires the subject processing personal data to use a written form even in cases where the communication between all parties involved is only electronic, such as processing by hosting or cloud service providers. As an example, contracts between data controllers and data processors must, without exception, be physically signed by the parties concerned. Also, direct marketing communication addressed to the postal address of a data subject is allowed by law, while electronic mail with the same content requires the data subject's consent.

On May 25, 2018, however, personal data protection will be fully harmonized, subject to minor exceptions, throughout all EU member states in the form of the directly applicable General Data Protection Regulation 2016/679/EU (the GDPR) on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, repealing Directive

95/46/EC).

For many EU countries, the GDPR means an extension of their obligations. In Slovakia, however, the situation is slightly different. Many of the obligations imposed by the GDPR are already present in the Slovak Act on Personal Data Protection and are duly enforced by the local Authority with potential fines of up to EUR 200,000. For example: the obligation of the data controller to be able to demonstrate that the data subject's consent was given, the obligation of the data controllers to ensure that the data subject's consent is not required as a pre-condition for entering into a contract, or the existence of direct obligations of the data processors.

Slovak data controllers and data processors are obliged to make and keep written documentation on the security measures they have adopted to protect personal data, including written records on instructions to all individuals – mostly their employees – processing personal data on their behalf and records of security incidents. If sensitive data is processed on computers connected to the Internet, such documentation needs to have the form of a "data security project," which is mainly an analysis and description of the risks for personal data during its processing, the security aims, measures taken to prevent the risks (physical, organizational, personal, and technical), a review of the security status of the information system and its vulnerability, and – as a conclusion of such analysis – a determination of the necessary security measures and guidelines on processing activities, monitoring, and emergency situations.

Also, similarly to the GDPR, Slovak law regulates the position of a Data Protection Officer, who must have sufficient expert knowledge. In particular, Slovak companies processing personal data were obliged (later this obligation was amended to a right) to appoint only an officer to this position who first has passed an examination organized by the Personal Data Protection Authority.

The GDPR introduces a more modern approach to personal data protection than is currently valid in Slovakia. According to the GDPR, valid consent of a data subject after May 2018 will not require that its period of validity be specified or the electronic form of contracts with data processors or "general" consent with sub-processors not identifying them will be sufficient. Notification, special registration, or record keeping of each information system will be replaced by the obligation of a controller/processor employing 250 and more persons (subject to exceptions) to maintain records (also in electronic form) on the processing activities.

The main new effects that the GDPR will have on Slovak data controllers or processors include the obligation to notify the Authority of any security incidents, the data subjects' right to be forgotten, the right of data portability, and, especially, a significant increase in possible fines (up to 4% of annual worldwide turnover or EUR 20 million).

As an answer to the GDPR, the Personal Data Protection Authority has already announced the preparation of a new Act on Personal Data Processing. Specific regulations on the processing of the personal data of employees or birth identification numbers is expected, as the GDPR left those areas to national legislation.

Andrea Farinic Stefancikova, Head of Data Protection Practice Group for CEE, Peterka & Partners

Croatia

To Sue or Not to Sue? Whom is the Question



Olena Manuilenko

Even if you are not a lawyer, you must have heard about the so called “right to be forgotten.” You may know that it is a privacy right that allows you to demand removal of your personal information from web search results produced by a search engine and published on the Internet. The question is who is obligated to remove your personal data from the Internet upon your request. The answer is simple – the operator of that search engine, even if it is not located in your country of residence. For some mysterious reason, this simple answer does not appear to be clear to everyone.

Recent cases in several EU Member States have revolved around the question of who can be a respondent in a dispute about removing name search results from the Internet. Why is that even a question? If somebody borrows your book and does not give it back, who will you demand your book from? This is not a trick question – from the person who has borrowed and still has it. If somebody publishes a translation of your book without your permission, who will you sue for a copyright violation? That publisher, of course, even if it is established and operates in another country. In such cases, as a rule, you would have to go to court in that foreign country. However, if you want your name removed from the search results published on the Internet by a search engine operated by a foreign operator, you can do that before the competent authorities in your own country of residence, in accordance with your national law. And that is the bottom line of the Costeja Judgement.

The term “right to be forgotten” was coined and elaborated upon in the Judgment of the Court of Justice of the European Union in Case C-131/12 Google Spain SL and Google Inc. vs the Spanish Data Protection Authority and Mr. Mario Costeja González. The Court determined that Google Inc. USA, as the operator of Google Web Search engine, may be subject to the jurisdiction of Spain as regards the processing of personal data of the Spanish citizen, Mr. Costeja Gonzalez, in connection with displaying of his name search results on the Internet. The Court decided that the fact that there was a Google-affiliated company registered and operating in Spain, Google Spain SL (which performed no personal data processing activities in the relevant context), was sufficient basis for Mr. Costeja Gonzalez, as a Spanish citizen, to enforce his right to privacy against Google Inc., an American company, before the Spanish competent Data Protection Authority under Spanish data protection law, although Google Inc. would otherwise have been outside the territorial reach of Spanish law and jurisdiction.

The Court of Justice determined that an affiliated company of a foreign search engine operator established and operating in a Member State is deemed a sufficient establishment for the purpose of extending the jurisdiction of that Member State and the application of its data protection laws to that foreign operator, even if that local affiliate does not perform any data processing operations

for that foreign operator. This means that a foreign company may be reported to the national Data Protection Authority or may be sued in a national court to have personal data removed from the Internet. The role of the local affiliate can be imagined as a bridge between the foreign operator and the national law and jurisdiction. However, such a role does not make the local affiliate responsible for the activities of the foreign operator. The local company neither operates the search engine nor processes personal data. Hence, it will be unable to remove name search results from the Internet.

In conclusion, in the Costeja Judgment, the Court of Justice clarified the following four main points in the Judgment: (i) an operator of a web search engine processes personal data as a data controller; (ii) an affiliated company established by such a foreign operator in an EU Member State is considered an establishment of that foreign operator in that Member State sufficient for data protection purposes; (iii) European citizens may require that the foreign search engine operator remove their personal data from the name-based search results published on the Internet and may enforce this right before competent authorities in their own country, under their national laws; and (iv) a removal request may be declined, if the public interest to have access to that information prevails.

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Hungary

Five Changes in HR Data Processing Under the GDPR.



Kinga Hetenyi

Since the publication of Regulation No. 2016/679 of the European Parliament and Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR), it is certain that the regulatory framework of data handling and personal data protection will significantly change.

The GDPR will become applicable on May 25, 2018. This means that member states have more than a year to harmonize or amend their existing laws if necessary. Individual businesses engaged in data-processing activities will also be preparing.

One key area where personal data processing is inevitable is the world of HR. Practically all businesses with employees must process personal data to some extent, which means that they will need to apply and comply with the rules of the GDPR.

Though the GDPR leaves room for member states to establish specific rules for the processing of personal data in the context of employment (e.g., recruitment, work organization, etc.), its general rules remain applicable. Drafts or details of relevant national legislation are not yet available in Hungary, but the most important innovations of the GDPR are known. Below, we take a quick look at some of those aspects of the GDPR that will most significantly affect the world of HR.

Harmonization of the Rules Throughout the EU



Daniel Gera

The most important objective of the GDPR is to harmonize data protection laws. This is in itself an important improvement for multinational or regional enterprises operating in more than one member state, as, once the GDPR enters into force, they will be able to adopt a unified approach in terms of handling employees' personal data, as – in principle – the same rules will apply in all member states.

Concept of Personal Data

The GDPR will broaden the definition of personal data though the concept itself – data that makes a natural person identifiable – remains the same. In the world of HR, internal identification codes, personal numbers, or online identifiers by which an employee can be identified will be regarded as personal data and must be protected as such.

Due to the objectivity of the concept (identifiability), from a data-security perspective encrypted data may – under certain circumstances – also be regarded as personal data. Encryptions used 20 years ago can now easily be decrypted. Employers therefore need to review and, if necessary, implement new measures to ensure an appropriate level of data security.

Stricter Liability of Data Processors

The distinction between data controllers and processors, which already exists in Hungarian law, will be adopted by the GDPR. At the moment, data controllers are liable to data subjects for damages arising from any unlawful processing or by a breach of data security requirements. In contrast, as an important change, the GDPR takes a step towards the joint liability of data controllers and processors.

This change will definitely have an impact on providers of ancillary services to employers (e.g., payroll and cafeteria administrators), as they will now have a stricter liability towards employees.

Employee Consent

The most important legal basis of (employee) data processing remains the data subject's consent. If data processing is required to perform a contract to which the data subject is a party, no consent is needed. From a data protection perspective, however, the extent of intra-group transfer of HR data – for instance – is necessary to perform employment contracts may be questioned. Therefore, under the GDPR, employers may be required to collect employees' consent to perform certain HR-related data-processing activities.

The GDPR clarifies that this consent should not be regarded as freely given if the data subject has no free choice or is unable to refuse or withdraw consent without detriment. Consequently, particular attention will need to be paid to the nature of the consent, as due to the hierarchical relationship between the parties the freeness of consent may be subsequently questioned.

Increased Fines

Finally, the GDPR dramatically increases penalties for non-compli-

ance. As opposed to the current maximum fine of HUF 20 million (approx. EUR 65,000), the data protection authority will have the power to impose fines up to EUR 10 or 20 million or 2 or 4% of the company's annual turnover. In addition, the data protection authority will have the right to ban or suspend data processing activities.

Due to the increased power of regulators and the broader rights of data subjects, all businesses should pay particular attention to GDPR-compliant handling of their employees' (and others') personal data.

Kinga Hetenyi, Managing Partner, and Daniel Gera, Attorney at Law, Schoenherr Hungary

Romania

Romanian Public Authorities and Data Protection: Learning to Cope

On the eve of the EU reform package on data protection rules coming into force, the wide disparities between the ways different public bodies process and manage citizens' personal data have become apparent at the national and local levels.



Alina Popescu

In line with EU rules, the Romanian legislative framework on data protection regulates the fair and legal processing of personal data by public authorities. However, in recent years, the conduct of Romanian authorities in this respect has become not only a matter of public debate but also the object of judgments by the European Court of Justice and the Romanian Supreme Court, as well as of the Romanian Data Protection Authority's sanctions. Below is a high-level overview of the status quo.

Data Transfers Between Authorities



Teodor Chirvase

In a case that led to a preliminary ruling by the European Court of Justice (Case C-201/14), data regarding a citizen's income was transferred by the Romanian Tax Authority to the Romanian National Health Insurance Fund to enable the latter to collect health insurance contributions. The citizen complained her data was transferred and used for purposes other than those for which it had been collected, without her prior explicit consent, and in the absence of any prior notice regarding such processing.

The European Court of Justice found that Articles 10, 11, and 13 of Directive 95/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data must be interpreted as to preclude national measures, such as those at issue in the main proceedings, which allow a public administrative body of a Member State to transfer personal data to

another public administrative body and its subsequent processing without the data subjects having been informed of that transfer or processing.

In spite of the European Court of Justice's decision, so far the public bodies involved have made no announcement regarding the renewal of the personal data transfer protocols or the implementation of fair processing procedures.

Data Disclosures by Tax Authorities

The Romanian Data Protection Authority has found in a number of cases that publishing lists of debtors by public authorities for the purpose of communicating such debts was excessive compared to the aim pursued. Despite these findings, in another event that stirred public outcry in Romania, the Romanian Tax Authority published a list of debtors including names and surnames, places of residence, and outstanding tax obligations.

Although the publishing of this information was provided for by law and thus met the condition for legitimate processing laid down by Directive 95/46/EC, the proportionality of the measure with its goal of deterring, preventing, and mitigating tax debt has been called into question and is subject to pending litigation.

Data Protection by Courts of Law

Romanian courts themselves have made headlines for failing to observe data protection obligations. Although procedural guarantees based on the rights to privacy and data protection have been introduced in the latest versions of the criminal and civil procedure codes, Romanian courts have repeatedly violated the rights of data subjects by publishing court sentences without anonymizing the personal data they contained.

However, insofar as public court sessions remain the rule and there are no express mechanisms to protect privacy in such cases or indeed to prevent other parties to the trial from disclosing case documents obtained from opposing parties, litigation remains a hot potato. Good litigation strategy should therefore include carefully weighed thoughts on data privacy.

Some Progress

Other bodies such as the Trade Registry or the Competition Council seem to have integrated data protection into their institutional culture and developed adequate systems for the preservation of a healthy balance between the need for administrative transparency and the protection of personal data. Others simply use personal data protection as grounds to refuse access to information the disclosure of which is requested as a matter of public interest. In similar cases, the Romanian Supreme Court decided, however, that refusals are unjustified as long as the personal data can be anonymized.

In light of the above, it remains to be seen if the increased sanctions provided for by the General Data Protection Regulation will prove to be enough of an incentive for all Romanian public authorities to act consistently with regard to personal data protection.

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Greece

Three Major Operational Changes of the New GDPR – Are Greek Companies Compliance-Ready Yet?



Panagiotis Drakopoulos

Almost five years after the European Commission submitted its first proposal on the reformation of the data protection landscape, a new General Data Protection Regulation (GDPR) has finally been adopted, designed to harmonize data protection across EU Member States. The GDPR will be directly applicable in all Member States as of May 25, 2018, placing, in the interim, all interested businesses in a race against time to observe all the compliance obligations it imposes.

Starting from its scope, the GDPR expands the territorial reach of the current Data Protection Directive 95/46/EC, bringing together EU and non-EU established data controllers and processors. Although the conditions of EU establishment initially created confusion as to whether it would require the setup of a legal entity or a mere operational presence in any Member State, it appears that the presence of a representative alone suffices. In addition, data controllers and processors outside the EU fall within the territorial scope of the GDPR as long as they target data subjects within the EU through the offering of goods or services or monitor their behavior through online tracking methods.



Mariliza Kyparissi

A newly added and somewhat confusing provision relates to the appointment of a Data Protection Officer (DPO). Although the initial GDPR approach required a DPO appointment only for companies exceeding 250 employees, the final text requires that all companies are required to appoint a DPO if data processing is conducted by a public authority or involves the regular and systematic monitoring of data subjects on a large scale as part of the company's main business activities or concerns the processing on a large scale of special categories of data. The GDPR allows any employee of the data controller or the processor to serve as a DPO and allows companies to outsource such services to a third-party consulting firm.

The GDPR inserts a brand new breach-notification procedure, requesting data controllers to notify within 72 hours of awareness the competent supervisory authority – the DPA in Greece – of any breach identified. The GDPR exempts situations where the breach identified is not likely to result in a risk for the rights and freedoms of the data subjects. However, companies appear to be baffled as to the exact steps they need to follow in case of breaches falling within this GDPR provision, with many of them complaining that the new framework forces them to re-examine their internal processes and be equipped with costly advanced-technology administration systems that will comply with the newly introduced breach notifi-

cation standards.

As the first part of the GDPR's two-year lead-in period has come to an end, the remaining 16 months – until its direct implementation – appear to be rather pressing for Greek businesses that need to get their compliance checklists ready as soon as possible and devise an efficient plan for their next steps towards full regulatory compliance in a timely manner. However, recent statistics reveal that more than 50% of Greek companies have yet to commence any procedure related to the new GDPR, while a significant part of the Greek market lacks basic factors and elements, such as management and organizational infrastructure, that would enable them to comply with at least the minimum requirements of the new legislation.

Instead of getting themselves lost in the maze of endless information that needs to be administered and processed, Greek businesses should first acquaint themselves with the new framework and conduct an information audit on their records, data archives, and data storage systems, in order to track the kinds of personal data they possess, their origin and destination, and the identity of the data subjects. As soon as this process is completed, it will be easier for them to reconsider and reform their internal procedures and mechanisms to accommodate the demands of the GDPR.

In general terms and despite any – for the time being – uncharted waters, the GDPR comes as a comprehensive legislative text that aims at defining a secure and harmonized framework of data protection and imposes significant fines and penalties – at times reaching as much as 20% of the breaching company's annual turnover – in order to ensure a smooth implementation.

Panagiotis Drakopoulos, Senior Partner, and Mariliza Kyparissi, Senior Associate, Drakopoulos Law Firm

Serbia

Waiting for a New Data Protection Law – Double or Nothing?



Marjan Poljak

At the moment, data protection in Serbia is primarily regulated by the provisions of the Law on Personal Data Protection, enacted in 2008, with the last amendments from 2012 (the “Law”). Naturally, a number of other laws also regulate certain aspects of data protection, and these other laws are to be interpreted together with the basic principles

and general rules of the Law.

Although it indeed constitutes a breakthrough at the moment of its enactment, practically introducing the modern concept of data protection in Serbia for the first time (there was one law preceding this one, but with no real application in practice) and establishing the Serbian Data Protection Authority (DPA), the Law's effects throughout the past eight years have revealed serious deficiencies and room for improvement. Important improvements that need to be made primarily concern the overly restrictive regime for the

provision of an individual's consent for data processing (which must be in written form and hand-signed – no implicit, oral, or online consent is recognized), data transfer to non-European countries (which requires the DPA's prior approval, often too hard and time-consuming to obtain), as well as the failure to regulate certain specific and sensitive areas (e.g., video surveillance, biometric data, etc.).

Moreover, or perhaps as a result, the Law failed to gain sufficient respect in the business sector and in most cases is simply ignored by companies and even by state authorities, despite the significant efforts of the DPA to educate the public on key data protection principles and individuals' rights. As an illustration, the percentage of companies who have registered at least one personal database with the DPA (one of the most basic obligations introduced by the Law) is below 1%, probably placing the Law among the pieces of legislation least likely to be complied with in Serbia. This obviously needs to change.

With this in mind, the DPA prepared a draft of the new data protection law back in 2014 and provided it to the Serbian Government as a starting point, and the Serbian Ministry of Justice also prepared its own draft in 2015, apparently without taking the DPA's draft into real consideration. Therefore there are currently two conflicting draft laws in Serbia as potential replacements for the Law, which probably speaks more about the immaturity of Serbian institutions than of their eagerness to upgrade the outdated piece of legislation. Although both drafts contain improvements to the existing Law, the DPA's version undoubtedly seems more comprehensive (as it introduces alternative consent forms, regulates currently missing areas, etc.), as well as being both legally and technically superior.



Goran Radosevic

In any case, both drafts contain provisions relaxing the currently problematic data transfer restrictions, prescribing viable alternatives to the rule requiring the obtaining of the DPA's approval for transfers to non-European countries, such as obtaining the data subject's consent for the transfer. The DPA's draft also allows such transfers to be

made if the country of data destination is included on the EU's list of countries that have an adequate level of data protection (such as Canada, Argentina, and Israel, as well as the USA, with respect to companies included in the Privacy Shield List). On the other hand, the draft prepared by the Ministry of Justice includes several additional alternatives, including for transfers necessary for the performance of certain agreements (such as those concluded between the data subject and data controller, or between the Serbian data controller and foreign data controller or processor in which the applicability of the Law and competence of the DPA are stipulated, etc.).

Nevertheless, neither of the two drafts has yet entered the formal legislative procedure in the Serbian Parliament, and there are no recent indications of when this may happen. The fact that Serbia

is required to harmonize its laws with EU legislation will hopefully accelerate this process, since the Law is only partially compliant with the EU Data Protection Directive 95/46/EC, let alone with the recently introduced EU General Data Protection Regulation 2016/679.

Until then, companies in Serbia will have to continue operating under the currently applicable Law. This requires careful navigation through the existing Law's deficiencies and related risks, which, although undesirable and problematic, is something companies in Serbia are relatively used to by now. Hopefully this will not be the case for much longer, for a bit of legal certainty would go a long way for data protection standards in Serbia.

Marjan Poljak, Senior Partner, and Goran Radosevic, Attorney at Law in cooperation with Karanovic & Nikolic

Bulgaria

Data Protection Challenges in Bulgaria



Stefana Tsekova

We are living in a digital age. The Snowden case has placed certain aspects of personal data processing and related threats in the spotlight. The ripple effects have been seen far beyond the USA, and Bulgaria has also been affected by discussions on how personal data is used.

However, personal data protection is a post factum topic when problems and questions arise. Many Bulgarians have heard about personal data, but few are interested in finding out more. The protection of personal data is, generally, not taken seriously.

Unknown to most, Bulgaria's Personal Data Protection Act (PDPA) has been in place for more than 15 years. The PDPA regulates the rights of individuals and the obligations of data controllers and processors when collecting and processing personal data. Each data controller (e.g., each company that collects, stores, uses, transfers, or somehow processes the personal data of its employees/customers) must apply for registration with the Bulgarian Personal Data Protection Commission (PDPC). Depending on the personal data and the purposes for which it has been collected and processed, registration covers information about the data controller and the personal data controlled, grouped into separate registers (e.g., for "Employees", "Customers", "Christmas Marketing Campaign 2016", and so on). Data controllers must provide information – before starting the processing of personal data – on the legal grounds, the purpose, and the terms of processing; the recipients to whom the personal data may be disclosed; and whether any personal data will be transferred abroad. Data controllers are obliged to use means for processing personal data sufficient to ensure the required level of protection (e.g., encryption if the data is stored electronically, or by locking tangible data (hardcopies) in a safe). So, individuals wanting to know what is going on with their personal data have the statutory right to request and receive all necessary information from a data controller. In most cases individuals can

even instruct data controllers to stop processing their personal data. As a result, the PDPA gives individuals sufficient tools to provide informed consent and to control their personal data processing.



Silvia Ribanchova

However, in Bulgaria, businesses and individuals have generally neglected current data protection regulations. They consider the PDPA a bureaucratic hindrance to doing business rather than a positive step towards a Digital Single Market where individuals and businesses can seamlessly access and exercise online activities under fair competition conditions with a high level of personal data protection. Neglecting data protection laws can lead to the misuse of personal data, such as credit-card numbers being stolen or personal information being sold or shared without authorization to advertisers. Thus, each click of the mouse that discloses personal data opens people up to the possibility that such data may be misused.

The European Union's new Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "Regulation") sets very ambitious targets and provides several completely new concepts. Subsequent to its May 2018 implementation, its application is expected to attract the attention of Bulgarian businesses and individuals alike.

The reasons for this are, on the one hand, the benefits for businesses and individuals and, on the other hand, the new obligations for the data controllers linked with significant sanctions in cases of breach. The Regulation provides individuals with more control over their personal data, as they will have access to more information on how their data is processed, as well as gaining the "right to be forgotten." In addition, businesses will benefit from the Regulation as a result of the implementation of certain principles such as the "One continent, one law" rule (i.e., the creation of one single set of rules to make it simpler and cheaper for companies to do business in the EU), the "European rules on European soil" (calling for the same rules to be applied to companies based outside of Europe when they offer their services in the EU), and so on. At the same time, data controllers and processors will have some new obligations, such as the requirements that they keep registers on their data processing activities, perform privacy impact assessments, and appoint data protection officers in certain cases. Last but not least, the administrative fines for breach of certain data protection provisions are significantly increased and may reach up to EUR 20 million, or in the case of an undertaking, up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher.

The increased fines should be an incentive for businesses to undertake the necessary measures and become compliant with the new data protection rules in a timely manner.

Stefana Tsekova, Partner, and Silvia Ribanchova, Attorney, Schoenherr Sofia

Turkey

Turkey's Data Protection and Privacy Law



Esin Camlibel

Turkey's first data protection and privacy law (the "Law") came into force on April 7, 2016. The Law, which is largely in line with the EU's Data Protection Directive, aims to safeguard the fundamental rights and freedoms of individuals, in particular their right to privacy, with respect to the processing of their personal data. The Law sets forth the principles that apply to the processing, use, and transfer of personal data. Any person or entity that processes, by automatic means or otherwise, personal data as part of a data recording/filing system is subject to the Law. The Law defines the "processing of personal data" broadly to include the collection, recording, storage, alteration, reorganization, disclosure, transfer, classification, and restriction of the use of such data, or making such data retrievable.

Under the Law, personal data must be processed lawfully and fairly; be accurate and, where necessary, up to date; be collected for specified, explicit, and legitimate purposes; and not be excessive in relation to the purposes for which it is collected. Also, personal data must be kept no longer than is necessary for the purpose for which it was collected or processed. The processing of personal data requires the explicit consent of the data subject unless the processing falls under one of the allowed exceptions laid out in the Law. Under the Law, personal data relating to racial or ethnic origin, political opinions, religious or philosophical beliefs, clothing choices/habits, trade-union membership, health or sex life, criminal conviction and security measures, or biometric or genetic information is defined as "sensitive personal data" and cannot be processed without the consent of the data subject. Further, subject to certain specific exceptions, the Law prohibits the transfer of the personal data to third parties in Turkey or abroad without the consent of the data subject.

The Data Protection Authority and Board

The Data Protection Authority acts as a supervisory authority that monitors the compliance of data controllers and processors and will promulgate secondary legislation under the Law (it has yet to issue any secondary legislation but is required to do so by April 2017). The Authority also provides certain approvals required by the Law (such as approval of specific types of transfers of personal data abroad). The newly sworn-in Data Protection Board is the executive body of the Authority, holding broad regulatory and enforcement powers including the power to investigate alleged violations *sua sponte*. In response to complaints and as a result of its investigations, it may impose fees and sanctions on persons or entities who have failed to comply with the Law. Misdemeanor violations of the Law are subject to administrative fines ranging from TRY 5,000 to TRY 1,000,000 (approx. EUR 1,500 to EUR 310,000). Certain provisions of the Turkish Criminal Code also apply to some violations of the Law.

Compliance Recommendations



Grace Maral Burnett

An entity or person who determines the purposes and means of the processing of personal data and who is responsible for establishment and management of the filing system is referred to as a Data Controller under the Law. Data Controllers have the responsibility to comply with the provisions of the Law. Data subjects, on the other hand, have the right to apply to Data Controllers in order to obtain information on whether and how their personal data is being processed, correct or destroy any incomplete or inaccurately processed data, and object to the results obtained by analyzing the processed data. The Authority and Board together administer the Data Controllers' Registry with which all Data Controllers must register. Entities subject to the Law should immediately take steps to register with the Data Controllers' Registry.

Any personal data processed prior to the publication of the Law must be made compliant with the Law no later than April 2018, and any currently non-compliant personal data kept must be immediately deleted or anonymized.

In light of the above, entities that are subject to the Law should be aware at all times of, and monitor, what types of personal data they collected and process; establish clear guidelines and requirements for the disclosure or other transmittal of personal data to third parties; designate a Data Controller and a representative of the Data Controller; review and, if necessary, revise their agreements to comply with the Law; obtain the explicit consent of all data subjects in writing; establish adequate security and storage measures for the processed data; prepare an internal guideline on how to collect, process and protect personal data; be aware of the timelines imposed by the Law; stay abreast of forthcoming secondary legislation; and be in coordination with affiliates in other jurisdictions in order to ensure their compliance, to the extent necessary, with the Law.

Esin Camlibel, Counsel, and Grace Maral Burnett, Attorney, Turunc

Macedonia

Transfers of Personal Data Outside of Macedonia



Gjorgji Georgievski

The Personal Data Protection Act 2005 (the "Act") is the key legislative act that regulates personal data protection matters in Macedonia, including transfers of personal data outside of Macedonia. The Act is aligned with the EC Directive 95/46/EC (the "Data Protection Directive"). Macedonia's obligation to align the Act with the Data Protection Directive derives from its status as a European Union candidate country, for which implementation of the EU legislation

is mandatory. The Directorate for Personal Data Protection (the “Directorate”) is the Macedonian independent agency competent to oversee the Act’s implementation.



Simona Kostovska

As a rule, the Act allows transfers of personal data outside of Macedonia only if the country where the personal data is being transferred to provides an adequate level of protection. The Directorate is empowered to make a general assessment as to whether other countries satisfy that requirement, based on a set of criteria including: (i) the nature of the personal data being transferred; (ii) the purpose and duration of the proposed processing of the personal data; (iii) the state of the rule of law in the country receiving the personal data; and (iv) the existing personal data safeguards in the country receiving the personal data. However, the Directorate has not made a general assessment of whether a particular country provides an adequate level of personal data protection to date. Hence, transfers of personal data to countries which are not subject to the exceptions discussed below are subject to the approval of the Directorate on a case-by-case basis.

An approval from the Directorate is not required for transfers of personal data to countries which are either members of the EU or the European Economic Area (EEA) or are “white-listed” – i.e., have already been determined to provide an adequate level of personal data protection by the European Commission. The white-listed countries to date include: Andorra, Argentina, Canada (commercial organizations), Faeroe Islands, Guernsey, Israel, Isle of Man, Jersey, New Zealand, Switzerland, Uruguay, and the US (only companies which are operating in compliance with the EU-US Privacy Shield). The Act operates under the assumption that the EU/EEA and “white-listed” countries provide an adequate level of personal data protection. Furthermore, under the Act, the Directorate is required to rely on the assessment by the EC of the adequacy of the level of personal data protection available in non-EU/EEA countries. Thus, if the EC concludes that a certain country does not provide an adequate level of personal data protection, the Directorate shall issue a general order restricting all transfers of personal data from Macedonia to that country.

In specific cases, transfers of personal data from Macedonia into a particular country can be carried out without obtaining approval from the Directorate, even if that country has not been white-listed by the Directorate or the EC (or if it has never been subject to an assessment at all) if the transfer is made on the basis of the unambiguous consent of the owner of personal data or where it is necessary for the: (i) performance of a contract or the implementation of pre-contractual measures taken in response to the request of the owner of personal data; (ii) conclusion or performance of a contract concluded in the interest of the owner of the personal data between the controller and a third party; (iii) establishment, exercise, or defense of legal claims; (iv) protection of the vital interests of the owner of the personal data; or (v) is made from a register which is open to consultation either by the public in general or by any person who can demonstrate a legitimate interest.

Transfers of personal data to non-EU/EEA and non-white-listed countries not falling within the exceptions above are subject to individual approval by the Directorate. The Directorate is required to issue its approval within 30 days from the receipt of an application, assuming it is satisfied that adequate safeguards for the protection of personal data have been adduced by the applicant. To satisfy this requirement, a multinational company might provide the Directorate with Binding Corporate Rules which define its global policy with regard to the international transfers of personal data within the same corporate group to entities located in countries which do not provide an adequate level of protection or standard data protection contractual clauses issued by the EC.

Gjorgji Georgievski, Partner, and Simona Kostovska, Associate, ODI Law

Russia

Personal Data Protection in Russia

During recent years issues related to the protection of personal data have been actively discussed and developed, and Russian authorities have begun paying more attention to compliance by businesses with the personal data processing rules.



Anton Bankovskiy

The Russian law on personal data protection requires that the so-called data controllers – normally companies or organizations collecting or otherwise processing personal data – process personal data only with the consent of the data subject, or with the purpose of performing under an agreement, or under a statutory requirement (e.g., an employer-employee relationship). or according to international treaties (e.g., involving air transportation). Controllers must also introduce legal, organizational, and technical measures to prevent unauthorized or accidental access or the destruction, change, blocking, copying and/or dissemination of personal data. These measures include, inter alia, the appointment of a data protection officer, the adoption of a data processing policy, and implementation of an internal document describing potential threats to personal data protection and possible measures of prevention of these threats.

In addition, data controllers are obliged to notify the data protection authority upon the commencement of personal data processing. The kinds of data processed, the purposes of the processing, the measures taken to protect the data, and the location of the database containing the personal data must be disclosed in the notification.

The law on data protection also prescribes certain obligations regarding the receipt and execution of data subjects’ requests on the description of data processed, as well as on the clarification, amendment, or deletion of personal data. Moreover, the law explicitly requires data controllers to delete personal data once the purpose of its processing is achieved.

There are also restrictions on the cross-border transfer of personal data. While data transfer to countries that are parties to the Strasbourg Convention for the Protection of Individuals with regard to the Automatic Processing of Personal Data and those included in a special list approved by the authority in charge is allowed subject to the general requirements, cross-border transfer to other countries may be conducted only in certain cases, such as on the basis of written consent that is compliant with the prescribed requisites or for performance of an agreement with the data subject.

The personal data localization rules introduced in Russia on September 1, 2015, have given rise to significant discussions in the business community. According to these rules a data controller, when collecting Russian citizens' personal data, is required to ensure that the recording, systemization, accumulation, storage, clarification (updating, modification), and retrieval of Russian citizens' personal data are conducted in databases located within Russia. Effectively, this means that the initial collection and update of data must be carried out in Russia and then it may be transferred and used abroad – but the up-to-date database of personal data must be always located in Russia.

The notable feature of the localization rules is its multi-jurisdiction character in respect even of web sites which are owned by foreign companies with no presence in Russia but which are aimed at the Russian market. Special criteria have been developed in order to determine whether such businesses are “aimed” at Russia, such as the use of the “.ru” domain name, a Russian version of a web site, availability of payments in Russian currency, and so on.

Failure to comply with the localization rules results in the blocking of the operation of the violating web site. This measure has been already tested in the widely known case of LinkedIn, which, following a decision by the considering court, is currently inaccessible in Russia. The case clearly shows that Russian authorities are ready to enforce the rules irrespective of the fame of the companies.

Another sign of the more stringent control over activities connected with personal data is the adoption by the Russian Parliament of a bill significantly expanding the definition of administrative violations in the personal data domain and increasing fines for such violations. Although these amendments have not passed all adoption stages, they will most likely be introduced in the current version.

In the past few years personal data as a subject of law has become a valuable asset and instrument of doing business, and companies should take these laws into account in adopting smooth processing procedures and implementing protection measures.

In addition, further elaboration of data regulation is anticipated. For instance, “big data,” which is becoming one of the backbone elements of IT and e-commerce companies, is under the scrutiny of the Russian authorities, which have discussed possible ways of regulating it. Thus the possibility that stricter control will come soon cannot be ruled out.

Anton Bankovskiy, Partner, CMS Russia

Ukraine

Commercial Drones and Privacy Issues



Tatiana Timchenko

An “unmanned aircraft” or “remotely piloted aircraft system” or “drone” is an aerial vehicle without a human pilot on board. Drones are designed for various uses: military, law enforcement, environmental and infrastructure monitoring, journalism, surveillance, agriculture, transportation, construction, etc. Being equipped with sophisticated geolocation, imaging, and facial recognition technologies or infrared sensors, some high-end drones can track up to 65 targets across an area as wide as 100 km, which allows for the gathering of detailed information on people – thus potentially infringing their right to privacy. The issue becomes even more worrying as drones retail at low prices that allow wide access to the technology.

Despite their proliferation, very few countries yet have specific legislation on drone use. In the European Union, there is no harmonized law on privacy and data protection implications arising from the use of drones. Data Protection Directive 95/46/EC and national data protection laws implementing it only apply to the extent that the data captured by drones is the personal data of individuals.

As for court practice, there is a preliminary ruling of the Court of Justice of the European Union that may apply to data protection in terms of using drones for capturing images or videos. The ruling was issued on the demand of the Supreme Administrative Court of the Czech Republic, which asked whether a person who carried out video surveillance of the entrance to his home and a public footpath had violated any personal data laws. The court stated that the video recording of people for the purpose of protection of their own property, health, and life, but which, even partially, monitors public space, does not amount to purely “personal or household” activity. The judgment, when applied to drones, means that operators of drones need to obtain the consent of those individuals captured on drone footage who can be identified.

A much stricter ruling was issued by Sweden’s Supreme Administrative Court, which classified drone photography as surveillance and obliged drone pilots to obtain a special permit to fly drones (proving the significant advantage of recording, which outweighs an individual’s right to privacy). It is unclear whether this ruling will minimize violations of personal data, although it imposes heavy restrictions on hobbyists, journalists, and other individuals.

Data protection regulation in Ukraine remains years behind reality. The Constitution of Ukraine guarantees that no one shall be subjected to interference in his/her private life. The Civil Code of Ukraine prescribes that a person can be photographed or recorded only if his/her consent has been obtained in advance, either in writing or orally depending on the circumstances (for instance, oral consent may be expressed before an interview). There are also court cases where a simple nod to a question regarding consent to

being recorded was acknowledged as sufficient.



Anastasiia Kusherets

Ukrainian data protection laws contain the notion of “implied consent,” which presumes that a person has agreed to a recording unless otherwise expressed. Implied consent relates to open-air recordings on streets and at public events, which is legal if the cameras are observable by the public or if people are notified that recording is

in progress. However, due to the heights at which drones can fly, and considering the small size of some types of drones, they may often be beyond the range of sight for most people, and thus can monitor people without their consent or knowledge.

A completely different approach relates to any kind of photo and video recording in private places, which is strictly prohibited without an explicit grant of permission by the person being photographed or recorded or whose property is being photographed or recorded. At the same time, a person who has granted consent to be recorded has the right at any stage to request that the recording or public demonstration be stopped.

Ukrainian legislation on the operation of drones so that they do not interfere in the personal lives of individuals requires elaboration not only in terms of aviation legislation, as aerial vehicles, but with regards to personal data protection in cases when drones are equipped with any kind of imaging technology.

Tatiana Timchenko, Partner, and Anastasiia Kusherets, Associate, Peterka & Partners Ukraine

NEXT ISSUE'S EXPERTS REVIEW:



STRIKE!

LAW FIRMS COMPETE IN FIRST- EVER CEE LEGAL MATTERS BUDAPEST LAW FIRM BOWLING CHALLENGE





In the evening of February 1, 2017, CEE Legal Matters hosted the first ever CEELM Budapest Law Firm Bowling Challenge: A competition of four-person teams from leading law firms, with all proceeds going to the winner's charity of choice. A total of 13 law firms competed for the impressive trophy – and the glory that goes along with it.

Ultimately, after several hours of grueling and demanding competition, CMS slipped past second-place Szecsenyi and Partners by a small margin to achieve the highest two-game total score – 852 – and claim the trophy. As a result, CMS-nominated Red Nose Clown Doctors Foundation in Hungary received the EUR 2,400 raised during the evening, with the donation made in the name of CMS and all the law firms attending the challenge. “CMS has been supporting the Red Noses Foundation for long years. Simply all of our colleagues stand for the foundation’s goals and activities and we try to take every opportunity to contribute and bring a bit more laughter to children hospitals or nursing homes,” said Katalin Kovacs of CMS, in explaining their pick.

Agnes ReKay, the Executive Director of the Red Noses Foundation, was delighted to hear of the organization’s unexpected windfall, writing: “Let me tell both you and the winning team of CMS our BIG THANK YOU!!!!,” and adding “thanks again for your great idea and cooperation for a noble cause! And congratulations to all the participating teams!

In addition to CMS and Szecsenyi and Partners, the competition was joined by teams from Allen & Overy; Dentons; DLA Piper; Gardos, Furedi, Mosonyi, Tomori; Hogan Lovells; Jeantet; KNP Law; Nagy & Trocsanyi; Lakatos, Koves & Partners; Orban & Perlaki Attorneys; and Schoenherr.



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