

CEE

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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: THE BALTICS AND BELARUS ■
- ON THE MOVE: NEW FIRMS AND PRACTICES ■ BEHIND THE CURTAIN: INTERVIEW ABOUT THE HUNGARY GC SUMMIT ■
- MARKETING LAW FIRM MARKETING: THE BEST CONFERENCE ■ THE BUZZ IN CEE ■ A BALTIC ROUND TABLE ■
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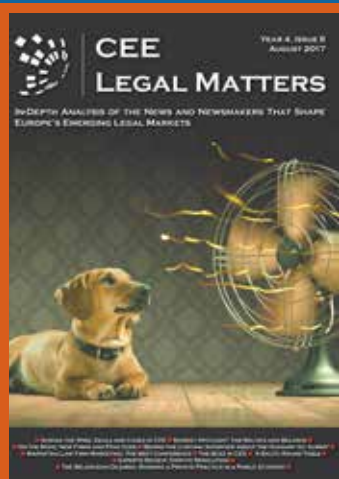
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If you like what you read in these pages (or even if you don't) we really do want to hear from you. Please send any comments, criticisms, questions, or ideas to us at:

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EDITORIAL: SURVIVING THE DOG DAYS



The ancient Romans called the hottest, most humid days of summer "dog days" because they associated the hottest days of summer with the star Sirius – named the "Dog Star" because it was the brightest star in the Canis Major (Large Dog) constellation. Indeed, Sirius is so bright that the Romans believed it radiated extra heat toward Earth, adding to the Sun's heat to generate those oppressive, sweltering summer days we know so well.

And increasingly, the Dog Days of summer in this part of the world – at least in Budapest, this airless capital of the Pannonian Plain – are getting more painful. Days with temperatures in excess of 36 degrees, once fairly rare, now regularly extend over multiple weeks, sometimes several times in the same year.

As a result, the editors of CEE Legal Matters often find themselves seriously considering the business potential of turning our air-conditioner-less office into a for-profit sauna during the summer.

So. Speaking on behalf of Radu and our entire team, let me thank you, lawyers of CEE, for taking a step back in the summer – for going on vacations, taking your children to museums and cinemas, and spending afternoons by the pool or on the golf course. We genuinely enjoy covering all the work you do on behalf of your clients, but we can't deny that the annual summer slowdown provides a welcome opportunity for us to slip out of our office early some afternoons for a lemonade, Diet Dr. Pepper (my own personal vice), or chilled Jagermeister (Radu). After

what was an extremely busy first half of the year for us, the opportunity to escape the steam room of our Nagymezzo office, put on shorts and sandals, and bike to the river or a nearby terrace was a pleasure.

And do not doubt: We've done that, often, and we've enjoyed it. And we've caught our breath and recovered, more or less, from a frenetic first half of the year.

And we needed that respite, because let's face it: this last third of the year is going to be a bear. In addition to our regular reporting and coverage, we will be preparing our 2018 editorial calendar and distributing it – along with our brand new 2018 rate card – to firms across the region, then following up with everyone to put their packages together for the new year. After years of preparation, we're going to be introducing our new Lawyers' Directory – the first-of-its-kind sortable on-line directory of the senior lawyers of CEE, with updated information about which deals each has worked on, among other information. We have our annual End of Year Summit to prepare. We're working on a special Partnership issue of the CEE Legal Matters magazine, which will contain valuable data about the firms of CEE, breaking down their teams by gender, seniority, and other relevant metrics – and comparing the results to similar research we conducted three years ago. We're hosting our first-ever country-specific General Counsel conference – the October 5th Hungary GC Summit in Budapest. And we're already preparing next year's substantially-expanded GC Summit in Prague.

Of equal importance to all that planning is our ongoing commitment to covering the legal markets of CEE. In other words, after a slow month of R&R, we're ready to replace the sandals and shorts with oxfords and suits, say good-bye to the steam room and hello to our new office, and ramp back up to full speed. We're eager to bear witness to the conclusion of what we are confident will turn out to be a memorably successful year. We're rolling up our sleeves and ready to get to work.

Well, almost. Maybe one more lemonade first.

David Stuckey

GUEST EDITORIAL: SHOULD WE ENCOURAGE OUR KIDS TO BECOME LAWYERS?

By Erwin Hanslik, Managing Partner,
Taylor Wessing Prague



Many of us have experienced such a scenario: It's a beautiful summer. I'm on holiday in Austria. Even before the holiday began, it had become clear that I would have to interrupt it for a meeting in Berlin. When my wife asked me whether this would be the only interruption, I was convinced that I wouldn't be away for more than one day. It turned out differently. After my return from Berlin, I had to leave our holiday home for another two days. The following week, in which I'd anticipated no business travel, I ended up spending only half a day of it with my family. I had to cancel common (and long-planned) visits of friends, two beautiful (and of course also already paid for) concerts in Salzburg, and I was either travelling for business or on the phone that whole week.

My 13-year-old son Nicolas asked me whether this is normal for a lawyer, and if I'd recommend the profession to him.

My immediate response was, "Yes, it is normal" – but then it occurred to me that I wasn't quite sure whether I'd want my son to have such a life.

I come from a family of lawyers. Both my grandfather and father were independent lawyers in Vienna.

During my earliest childhood, when other children dreamed of becoming firemen, dragon fighters, or even policemen, I wanted to become a lawyer. My family used to start the day with a common breakfast. After school, which ended for my siblings and me at 1:30 pm, we had lunch together. My father, who had his office in the very center of Vienna, came home for lunch almost every day. This cost him approximately two to three hours each day. Needless to say, we also had dinner together at 7:00 pm. At that time, this seemed absolutely normal to me. And, yes, I felt that being a lawyer was a family-friendly job.

Today, I'm a partner at Taylor Wessing, an international law firm, and I understand that my childhood was definitely not normal. Of course, there were also other families in similar situations, but it wasn't standard. And it isn't standard from a today's point of view. Unfortunately, I cannot offer the same luxury to my kids that my father did. I'm happy when we have breakfast together. During the week, we never have lunch together and very seldom dinner, either.

Personally, I'm convinced that becoming a "real estate transactions" lawyer was a great decision for me. When drafting contracts, significant creativity is required. When fighting for clients, we need to be tough, convincing, and sometimes even good actors at the same time. It simply is great fun to help my clients. It often happens that I'm not only asked for professional advice but also asked on a very personal level to get involved in my clients' private issues. To be honest, this honors me and allows me to feel that I am really helping my clients.

Nicolas recently told me that his classmate's father is also a lawyer, but that he spends much more time with his family than I do. Well, it was quite difficult to prepare an answer to his statement. So I told him that just as my wife and I expect him to work harder in school than other pupils, my clients expect the same from me. Our clients simply have the right to expect "added value." If we want to distinguish ourselves from our competitors – and there's basically no difference whether competitors are classmates or other lawyers – we need to be better in certain ways. We need to have a higher grade of specialization, to be prepared to work harder, to interrupt or cancel our holidays if necessary, and we simply need to understand our clients.

Nicolas looked sceptically at me, and I could see that his brain was trying to process this information, but then he looked up and said, "Daddy, I want to become a lawyer as well."

Yes, I hadn't told him that there is still a lot of studying to come and that our profession's future faces greater pressures now in terms of fees and discussions, and that even whether a lawyer can be substituted by a computer is rather unclear.

And I also hadn't told him that in my professional life there were also times when I had asked myself whether this job was really the right one for me.

But seeing the belief in his eyes that joining our profession, with all its negative side effects, might be the right decision for him, made me feel even prouder of being a lawyer and, I hope, the father of a future lawyer.

And so yes, I can encourage my kids to become lawyers too.



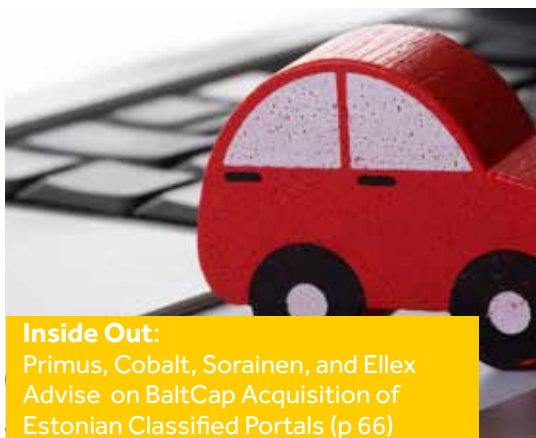
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ACROSS THE WIRE: FEATURED DEALS



Baker McKenzie Acts on First IPO of a Turkish Group on London Stock Exchange



The Esin Attorney Partnership and Baker McKenzie advised Global Ports Holding, the world's largest independent cruise port operator, on its initial public offering on the London Stock Exchange. Citigroup, Goldman Sachs International and Barclays acted as joint global coordinators and joint bookrunners, VTB Capital acted as joint bookrunner, and Shore Capital acted as lead manager.

According to the Esin Attorney Partnership, the floatation gives the company, owned by shareholders including Global Yatirim Holding A.S. and the EBRD, a market capitalization of GBP 465 million. The company plans to use the majority of the net proceeds to expand and develop new ports.

"The deal is very significant as it represents the very first IPO of a Turkish group on the London Stock Exchange. This deal is indicative of foreign investors' rising interest and confidence in the Turkish capital markets. We are proud to be part of this first-of-its-kind deal."

– Muhsin Keskin, Partner, Esin Attorney Partnership

This firm's team was led by Partner Simon Porter, Edward Bibko, James Thompson, Roy Pearce and Muhsin Keskin, supported by Associates David Jahoda, Cristina Brown, Joanna Courtice, Carita Vitu, Berk Cin, Deniz Erden, and Sait Baha Erol.

Cleary Gottlieb advised the banks on the deal, with the Akol Ozok Namli Attorney Partnership serving as Turkish counsel.

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Baker McKenzie Advises on Turkey's Largest IPO Since 2013



The Esin Attorney Partnership and Baker McKenzie advised Turkven Private Equity, the Akarlilar Family, and Mavi Giyim Sanayi ve Ticaret A.S. on the initial public offering of Turkish fashion retailer Mavi, which, with a market capitalization of TRY 2,135,300,000 (TRY 43 per share) and an offering of 27,311,350 shares, is the largest in Turkey since 2013.

Mavi's IPO was underwritten by Bank of America Merrill Lynch, Goldman Sachs, and Is Yatirim.,

The offering consists of an international offering of 16,624,300 shares by Blue International Holding B.V. outside the United States and Turkey to institutional investors in offshore transactions; in the United States only to qualified institutional buyers; and a public offering of 7,124,700 shares to retail and institutional investors in Turkey in offshore transactions. An additional 3,562,350 shares were sold by the selling shareholder to cover over-allotments. Based on the offer price, Mavi's total market capitalization at the commencement of trading was approximately TRY 2.14 billion. The shares began trading on the Borsa Istanbul on June 15, 2017 under the symbol "MAVI."

"We are very happy and proud to have completed the legal framework for this momentous deal. This deal showcases Turkey's strong economic programs and the rising interest in Turkish capital markets. It promises to shake up a moribund market for Turkish IPOs, characterized by years of cancelled or postponed sales. This IPO is very important for several reasons. First of all, it is 2017's first successful public offering and the largest Turkish IPO in dollar terms since 2013. It is also the very first exit of a private equity investor through an IPO in Turkey, showing to international private equity firms interested in Turkish assets that this exit strategy, frequently used in Europe, is also available to them in Turkey. The public float of 55% is among the largest in the Turkish market and sets a very good example for best corporate governance practices in the Turkish capital markets."

– Muhsin Keskin, Partner, Esin Attorney Partnership

The Esin Attorney Partnership team was led by Partner and Head of Capital Markets Muhsin Keskin and included Istanbul-based Partners Eren Kursun, Erdal Ekinci, and Birturk Aydin, Frankfurt-based Partners Mark Devlin and Nikolaus Reinhuber, Amsterdam-based Partner Marcel Janssen, Chicago-based Partner Michael Fieweger, Moscow-based Partner Sergei Voitishkin, and London-based Partners James Thompson and Nick O'Donnell. They were supported by Of-Counsel Ross McDonald (New York) and Associates Caner Elmas, Gunes Helvacı, Berk Cin, Sait Baha Erol, Erdi Yildirim, Sena Uralcin, Sena Calin, Sertac Kokenek, and Gokce Serez, Valesca Molinari (in Frankfurt), Kim Stouffer (in Toronto), Rochelle McAllister (in Chicago), Sergey Kapustin (in Moscow), Gerard Koster (in Amsterdam) and Tom Quincey (in London).

White & Case advised the underwriters on the deal.

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Moral Law Firm Advises on Turkish Wind Power Plant Sale



The Moral Law Firm advised Borusan EnBW Enerji Yatirimlari ve Uretim A.S. — a joint venture of Borusan Holding A.S. and EnBW Energie Baden-Wurttemberg AG — on its USD 38.5 million acquisition of the Kiyikoy Wind Power Plant from Aksa Energy. The deal is contingent on approval from Turkey's EMRA and Competition Authority.

The Cakmak Law Firm, Cakmak-Gokce Law firm, and White & Case advised Aksa Energy.

KSB Guides Agrofert To Final Decision in Dispute with United Bakeries



Kocian Solc Balastik convinced the High Court in Prague to uphold a 2016 decision by the Municipal Court in Prague in favor of Agrofert in its dispute with the United Bakeries Group, bringing the case to a final conclusion.

The dispute involved a planned, but ultimately unrealized merger of the company Penam from the Agrofert group with the United Bakeries group. Specifically, the dispute related to a deposit for part of the shares in the amount of CZK 100 million, the refund of which, including interest on late payment and court costs, was decided by the court in favor of Agrofert, on persuasive evidence that the unrealized merger was not the company's fault.

The lower court's ruling that United Bakeries be ordered to return the CZK 100 million advance payment to Agrofert, plus default interest of CZK 36 million and costs of the court proceedings was upheld.

Avellum Advises on Sale of Karavan Hypermarket Chain to Auchan Group



Avellum has advised the shareholders of the Karavan Hypermarket chain on their sale of the company to the Auchan Group. The transaction remains subject to approval by the Antimonopoly Committee of Ukraine.

The Auchan Group operates 11 hypermarkets in the Ukrainian cities of Kyiv, Lviv, Odesa, Zaporizhzhia, and Kryvyi Rih, as well as engaging in e-commerce in Kyiv and the region. In Ukraine, the Auchan Group employs over 3,600 people. The Karavan Hypermarket chain operates nine stores with total area of over 58,000 square meters located in Kyiv, Kharkiv, Dnipro, Chernivtsi, and Zhytomyr. It employs approximately 3,300 employees.

The Avellum team was led by Counsel Yuriy Nechayev, supported by Associates Yuriy Zarembo, Dmytro Tkachuk, and Ilhar Hakhramanov, all working under the general supervision of Managing Partner Mykola Stetsenko.



JPM Advises Merkur Casino Austria on Acquisition of Majority Stakes in Beo Impera and Pionir Internacional



JPM advised Gauselmann Group on the acquisition by subsidiary Merkur Casino Austria of 51% shares in Beo Impera and Pionir Internacional, which each owns 50% of Balkan Bet and Merkur Games.

The Gauselamm Group, which has more than 250 entertainment centers located in eight European countries operating under the Casino Merkur-Spielothek brand, specializes in the entertainment/games of chance businesses, in addition to its other lines of business.

JPM advised the three parties in the two transactions on the notification structures for the three mergers, resulting in the acquisition of joint control over Beo Impera, Pionir Internacional,

Merkur Games, and indirectly over Balkan Bet, and all three were unconditionally approved by the Commission for Protection of Competition in May and June, 2017.

The Baklaja Igric Tintor firm advised the sellers.

Zepos & Yannopoulos Advises Attica Bank on Securitization of NPLs and Future Receivables



Zepos & Yannopoulos, working alongside Shearman Sterling, has acted as Greek legal counsel to Attica Bank SA, a Greek medium size bank, on the securitization of non-performing loans and future receivables from the EUR 1.3 billion sale of real estate. The portfolio was sold to a Luxembourg SPV against issuance of EUR 525 million senior notes and EUR 806.2 million junior notes. All the notes were initially subscribed by Attica Bank, which will also act as interim servicer of the portfolio.

In parallel, Attica Bank entered into a sale and purchase agreement with Aldridge EDC Specialty Finance, the principal owner of a multinational investor in and manager of distressed assets, to sell the junior notes, as well as 80% of Thea Artemis SA, a subsidiary of Attica Bank that holds a license by the Bank of Greece to manage banking credit. A

Completion of the sale and purchase agreement is subject to approval by the Bank of Greece, following which Thea Artemis SA is expected to undertake the management of the securitized portfolio.

According to Zepos & Yannopoulos, the transaction involved the sale of receivables arising from a diversified portfolio of non-performing credit products and of future receivables arising from the sale and/or leasing of real estate that are the underlying assets of financial leasing receivables, which are also included in the portfolio.

Bahas, Grammatides & Partners advised Attica Bank SA on the transaction, while Aldridge was advised by Jones Day and the G. Spiliotopoulos law office.

Debevoise Advises Polyus on Public Offering of Shares and Depository Receipts and Listing on London Stock Exchange



The Moscow and London offices of Debevoise & Plimpton advised PJSC Polyus in connection with a public offering of shares and depository receipts and the listing of the depository receipts on the LSE.

The offering involved an offering of the existing shares and depository receipts of Polyus by Polyus Gold International Limited, the company's principal shareholder, and by Polyus Gold plc, a subsidiary of PGIL, and an offering of new shares by the company. The total size of the offering was USD 799 million, excluding the over-allotment option. The offering was the largest international offering by a Russian issuer since 2Q 2014 and the first offering with a listing of depository receipts by a Russian issuer on the London Stock Exchange since 2014.

Polyus is the largest gold producer in Russia and one of the top 10 gold miners globally with the lowest cost position. Based on its 2016 Ore Reserves and Mineral Resources, Polyus ranks second by attributable gold reserves and third by attributable gold resources among the world's largest gold mining companies.

Clifford Chance advised the Joint Global Coordinators and Joint Bookrunners on the deal.

Schoenherr Advises on Kronberg International Acquisition of Mall Varna



Schoenherr advised Kronberg International on the acquisition of Mall Varna EAD from Raiffeisen Bank International AG. The purchase price was not disclosed.

Mall Varna EAD is the sole owner of Mall Varna, which is located in the center of Varna, the third largest city and seaside resort in Bulgaria. Mall Varna is a shopping center with 32 thousand square meters of gross lettable area. The total built-up area is 65 thousand square meters, with around 150 retail stores, international food chains, multiple cinemas, a popular family entertainment center, and a fitness club. The shopping center features five above-ground floors, including one floor with office spaces and three underground levels with a total of 600 parking spaces.

"We were excited to support Kronberg International on this highlight transaction. Mall Varna is a landmark property, not only in the region, but also on the Bulgarian retail market. This acquisition builds on our expertise in the commercial real estate sector and our focus on transactions involving shopping centers."

– Alexandra Doytchinova,
Managing Partner, Schoenherr

Kronberg International, which was founded in 1989, invests in individual properties, real estate portfolios, real estate companies in the residential and commercial markets, and non-performing loans.

Deloitte Legal advised RBI on the deal.

schönherr

Wolf Theiss Advises on Amendment and Extension of Debt Facilities for Budapest Airport



Faludi Wolf Theiss in Budapest advised the lenders and security agent Bayerische Landesbank on Hungarian law related to the amendment and extension of the Budapest Airport's existing EUR 1.4 billion debt facilities.

Amended in compliance with Budapest Airport's concession arrangements, the transaction successfully enabled the company to exchange junior debt with pari passu debt. The deal also included new institutional investors and EBRD funding for 10 and 15 year terms, as well as a large swap restructuring.

"This deal is one of the most important transactions (in terms of volume and complexity) closed this year in Hungary. The most challenging part was to implement the unique structure of the deal, which has never been seen in Hungary (not even the region) and still the transaction could be completed within a short period of time. We are very proud that we were part of this transaction."

– Melinda Pelikan, Senior Associate, Wolf Theiss

The Wolf Theiss team was led by Managing Partner Zoltan Faludi, working with Senior Associate Melinda Pelikan and Associates Zsofia Polyak and Diana Boross-Varga, with Senior Associate Janos Pasztor and Associate Alexandra Toth advising on tax matters.

Allen & Overy in London advised the lenders and Bayerische Landesbank on matters of English law.

Linklaters advised Budapest Airport and its shareholders on the matter, with Dentons Budapest working alongside and advising on Hungarian law.



Sar & Partners Persuades Hungarian Supreme Court of Alternate Route to Same Result in Adidas Case



The Hungarian Supreme Court has ruled, on appeal, that the lower court's decision regarding the amount of unjust enrichment to be returned to Sar & Partners client Laszlo Oroszi is correct, although the specific reasoning the lower court employed in determining how the amount should be calculated was incorrect.

"We are very proud of this ruling and the positive outcome of this 17-year-long legal battle. The most rewarding remark came from the Chairman of the Curia who stated that our law firm achieved, both economically and legally, the most that a situation like this could provide."

– Ildiko Komor Hennel, Managing Partner,
Sar & Partners

Oroszi, who developed Adidas's Predator Precision and Predator Mania football shoes and who patented the ribbed top of the shoes in 1996, brought an action against Adidas Budapest Ltd. in 2002, seeking a declaration of patent infringement and other measures. In its decision of November 8, 2016, the Metropolitan Court of Appeal of Hungary obliged Adidas Budapest Ltd. to return four times the amount of its enrichment plus interest to Oroszi. The Metropolitan Court of Appeal based its decision on the assumption that the football shoes were entirely protected by the patent, and thus that Adidas was obliged to return the entire amount of its enrichment. According to a Sar & Partners spokesman, the Supreme Court, however, held that the patent did not protect the entire shoe, but nonetheless that because "the invention had such a large significance, both in functionality and economically ... it entirely covered the amount of enrichment achieved in sales." According to Sar & Partners, "consequently the [Supreme Court] found no reason to decrease the amount to be returned as enrichment but this time the reason for it was the 100% cover ratio of the invention."

Oroszi was represented by both Sar & Partners and the Danubia Patent and Law Office.



Karanovic & Nikolic Advises OTP Bank on Serbian Acquisition from National Bank of Greece



Karanovic & Nikolic provided local advice to OTP Banka Srbija A.D. Novi Sad on its EUR 125 million acquisition of Vojvodanska Banka a.d., NBG Leasing d.o.o., and a portfolio of Serbian-risk corporate loans from the National Bank of Greece. The transaction brings the Serbian market share of OTP Group to approximately 5.7%, making it the seventh largest bank in the country. The financial closing of the transaction is expected by the end of 2017.

The Karanovic & Nikolic team serving as local counsel in Serbia consisted of Partner Darko Jovanovic and Senior Associate Ivan Nonkovic.

"This is a step towards the further consolidation of the Serbian banking sector."

– Darko Jovanovic, Partner, Karanovic & Nikolic

Weil Gotshal & Manges was global counsel to OTP Bank on the deal (and a related acquisition of NBG's Romanian subsidiary), while Freshfields and Bojovic & Partners advised the National Bank of Greece.

karanovic / nikolic

Maravela | Asociații Advises Standex on Acquisition of Romanian Branch of Piazza Rossa



Maravela | Asociații assisted Standex International Corporation with its first investment on the Romanian market: the acquisition of the Romanian branch of the Piazza Rossa Group.

The Piazza Rosa Group, which was founded in 1983 near Venice, Italy, has capabilities in polishing, laser welding, laser hardening, laser cladding, and repair/maintenance services. In addition to the Romanian facility just acquired by Standex, the Piazza Rossa Group operates facilities in Italy and Mexico.

Standex, which was founded in 1995 and currently employs over 5,400 people world-wide, holds 12 operating units, organized into five reporting segments: Food Service Equipment Group, Engraving Group, Engineering Technologies Group, Electronics Group, and Hydraulics Group. The Romanian subsidiary of Piazza Rossa acquired by Standex will be folded into its Engraving Group.

A Maravela | Asociații team coordinated by Managing Partner Gelu Maravela and including Tax Partner Felix Tapai and Of Counsel Stelios Savva provided assistance on all tax-related aspects of the transaction, including tax-related due diligence and U.S. GAAP reporting of all Romanian jurisdiction tax records.

Other firms advising Standex on the transaction, which closed at the beginning of August, included Italy's Sinescu & Nazat law firm, Mondini & Resconi law firm, and Lazzari Law Firm.

MARAVELA | ASOCIAȚII

ODI Advises on Fersped Acquisition of Slovenian Logistics Company



ODI advised Slovenian transport company Fersped in its acquisition of 100% control over logistics company VV-LOG from sellers Daniel Tomljanovic and Dean Persic.

Fersped, seated in Ljubljana, is one of the subsidiaries of Slovenian national railway company Slovenske Železnice, the largest transport company in Slovenia with a consolidated yearly turnover in 2015 of more than EUR 580 million and EBITDA of EUR 72 million.

The core business of VV-LOG, which was founded in 2010, is freight forwarding and transport of goods.

"In the past, Slovenske železnice did not usually take part in M&A transactions and we are honored to be part of this important deal. In Slovenia, a country with a strategic geopolitical position, logistic and freight activities play an important role and we expect to see more acquisitions in this industry in the near future."

– Suzana Boncina Jamsek, Senior Associate,
ODI Law Firm

ODI provided legal due diligence of the target and initial competition analysis and drafted and negotiated the agreement on the sale, as well as advising on internal corporate approvals. The firm's team was led by Partner Uros Ilic and Senior Associate Suzana Boncina Jamsek.

Debernardi & Partners advised the sellers, and RMG advised Slovenske Železnice.

ODI | Law

Wolf Theiss Advises on CVI Investment in Impact Developer & Contractor



Wolf Theiss Bucharest and Warsaw advised Poland's Credit Value Investments asset management company on its EUR 12 million investment in Impact Developer & Contractor.

Impact SA issued 120 Series A bearer bonds with a nominal value of EUR 12 million, which were purchased by funds managed by Credit Value Investments.

This is the first investment by CVI in Romania. "We are proud that we can support Impact in their initiatives to contribute to the development of the real estate sector in Romania," said

CVI's Ciprian Nicolae. "From our point of view, this investment is a strategic commitment towards the Romanian market."

Wolf Theiss's team consisted of Polish Senior Associate Dariusz Harbaty, Attorney-at-Law Stefan Feliniak, and Associate Piotr Ziolkowski, working alongside Romanian Counsel Claudia Chiper.

Radulescu & Musoi worked alongside Wolf Theiss in advising CVI. Impact Developer & Contractor was advised by PeliFilip and Linklaters. Radulescu & Musoi did not reply to an inquiry on the matter.



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ACROSS THE WIRE: DEALS SUMMARY

Date covered	Firms Involved	Deal/Litigation	Value	Country
14-Jun	Wolf Theiss	Wolf Theiss provided advice to IHR Labor, a recently-merged network of medical laboratories, on legal questions involving IP, data protection, employment law, corporate law, tenancy law, and the drafting of contracts.	N/A	Austria
22-Jun	BPV (Hugel)	BPV Hugel advised Immofinanz AG on review proceedings of the exchange ratio to be applied in its 2010 merger with Immoeast AG.	N/A	Austria
23-Jun	Brandl & Talos; Gordon S. Blair; Willkie Farr & Gallagher	Brandl & Talos advised Ring International Holding AG on the sale of its proOffice Group, to the Hamelin Group. Brandl & Talos was assisted by Willkie Farr & Gallagher on questions of French and German law, while the Hamelin Group was represented by the Gordon S. Blair law firm.	N/A	Austria
3-Jul	Binder Groesswang; Stibbe; Willkie Farr & Gallagher	Willkie Farr & Gallagher and Binder Groesswang advised Gantner Electronic Austria Holding GmbH on the acquisition of Syx Automations NV. Stibbe advised the seller.	N/A	Austria
7-Jul	Brandl & Talos	Brandl & Talos successfully defended RBB Klagenfurt against a claim for damages.	EUR 400 million	Austria
10-Jul	Fellner Wratzfeld & Partner; Schoenherr	Schoenherr achieved an important victory on behalf of Vienna International Airport and the province of Lower Austria in a case regarding the construction of a third runway at the airport. Fellner Wratzfeld & Partner advised the City of Vienna in the proceedings.	N/A	Austria
12-Jul	CMS; ENSAfrica	CMS — with ENSAfrica assisting on matters of South African law — advised ALPLA, an Austria-based worldwide provider of plastic packaging, on its agreement to acquire Boxmore Packaging, headquartered in Johannesburg, South Africa.	N/A	Austria
13-Jul	Schoenherr	Schoenherr advised the Roche Group on its acquisition of all shares of mySugr GmbH.	N/A	Austria
13-Jul	act (WMWP)	Act WMWP advised aws Grunderfonds on its investment in Vienna-based start-up Adverity.	N/A	Austria
14-Jul	Fellner Wratzfeld & Partner	Fellner Wratzfeld & Partner successfully represented OBB Infrastruktur in a dispute before the Austrian Supreme Administrative Court involving the Semmering tunnel.	N/A	Austria
17-Jul	Fellner Wratzfeld & Partner; Schoenherr	Schoenherr advised Deka Immobilien on its acquisition of DC Tower 1 in Vienna from a UniCredit Bank Austria AG subsidiary. Fellner Wratzfeld & Partner advised UniCredit on the deal.	N/A	Austria
18-Jul	Herbst Kinsky; Jank Weiler Operenyi	Herbst Kinsky advised tecnet equity and eQventure Beteiligungsgesellschaft on their sale of the Austrian IT-company nxtControl GmbH to the French electronics group Schneider Electric. Jank Weiler Operenyi advised the buyers on the deal.	N/A	Austria
19-Jul	CHSH Cerha Hempel Spiegelfeld Hlawati; Harisch & Partner	CHSH advised the KGAL Group on its acquisition of the ELI Liezen shopping center in Liezen, Austria, from the Rutter Immobilien Group. Harisch & Partner advised Rutter on the deal.	N/A	Austria
19-Jul	Freshfields; Wolf Theiss	Wolf Theiss and Linklaters assisted Raiffeisen Bank International with its issuance of EUR 650 million 6.125% AT1 notes. The banking consortium of Citigroup, Bank of America Merrill Lynch, BNP Paribas, and UBS Investment Bank received legal advice from Freshfields.	EUR 650 million	Austria
19-Jul	Binder Groesswang	Binder Groesswang advised the Italian firm Pioneer Global Asset Management S.p.A. on the sale of its Austrian subsidiary Pioneer Investments Austria GmbH to the Amundi Group.	N/A	Austria

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20-Jul	Taylor Wessing	Taylor Wessing Slovakia advised and represented the Austrian company Wiener Donauraum Laanden und Ufer Betriebs- und Entwicklungs GmbH on its investment into P.A.D., spol. s.r.o., which owns and operates seven pontoons on the Danube river in Slovakia.	N/A	Austria
21-Jul	Binder Groesswang; Freshfields; Willkie Farr & Gallagher	Binder Groesswang, working with Willkie Farr & Gallagher, advised the Constantia Flexibles Group on the carve-out and EUR 1.15 billion sale of its labels division to the US strategist and global player Multi-Color Corporation. Freshfields Bruckhaus Deringer advised Multi-Color on the deal.	EUR 1.15 billion	Austria
26-Jul	CHSH Cerha Hempel Spiegelfeld Hlawati; Eisenberger Herzog	CHSH advised the Dentsu Aegis Network in connection with its acquisition of all shares in the media.at group from the A1 Telekom group, Austrian Lotteries, Austrian Post, Bawag PSK, and the Federation of Austrian Industries. The sellers were advised by Eisenberger Herzog.	N/A	Austria
3-Aug	Bock Fuchs Nonhoff; Dorda	Dorda advised a subsidiary of Reitenburg GmbH on its acquisition of the A1 Telekom Austria site at Obere Donaustrasse in Vienna from Frankfurt am Main-based investment company Deka Immobilien Investment GmbH. The Bock Fuchs Nonhoff law firm advised Deka on the deal.	EUR 82 million	Austria
3-Aug	Fellner Wratzfeld & Partner; Schoenherr	Fellner Wratzfeld & Partner advised VBV-Pensionskasse Aktiengesellschaft on its acquisition of the inner-company pension fund of Austria's EVN AG energy company. Schoenherr advised EVN AG on the matter.	N/A	Austria
7-Aug	Freshfields; Schoenherr	Schoenherr advised Swedish telecommunications group Tele2 on the sale of subsidiary Tele2 Austria to mobile company Hutchison Drei Austria GmbH. Freshfields Bruckhaus Deringer advised the buyer on the transaction.	EUR 95 million	Austria
8-Aug	CHSH Cerha Hempel Spiegelfeld Hlawat	CHSH advised red-stars.com data AG on its acquisition of 25% of the shares of ecosio GmbH.	N/A	Austria
11-Aug	CMS; Dr. Stilz Behrens & Partner	CMS advised Austria's BECOM Group on its merger with IVP Group Germany GmbH. The Dr. Stilz Behrens & Partner firm advised IVP Group Germany on the deal.	N/A	Austria
16-Aug	Cleary Gottlieb Steen & Hamilton	Schoenherr advised PSA Peugeot Citroen SA on its acquisition of General Motors' Opel Austrian subsidiary and Opel manufacturing site in Vienna. Cleary Gottlieb Steen & Hamilton advised General Motors on the deal.	N/A	Austria
17-Aug	Schoenherr	Schoenherr obtained the approval of Austria's Federal Administrative Court for TIWAG-Tiroler Wasserkraft AG's implementation of the "Storage Power Station Kuhtai" project in Austria.	N/A	Austria
21-Aug	Amhof & Damian; Bock Fuchs Nonhoff; Vavrovsky Heine Marth	Vavrovsky Heine Marth advised Wienwert AG, an Austrian real estate company, on its entrance into a syndicate contract with an EU-based state pension fund and subsequent acquisitions of two large urban development plots. The fund was represented by CHSH and Binder Groesswang, while the seller of the plots were represented by Amhof & Damian and Bock Fuchs Nonhoff.	EUR 22 million	Austria
22-Aug	Wolf Theiss	Wolf Theiss advised private equity investor Kohlberg & Company on its purchase of the winter sport division of Newell Brands.	N/A	Austria; Bulgaria; Czech Republic
5-Jul	Fieldfisher	Fieldfisher advised Zubr Capital Fund I on its acquisition of Belarus's av.by and A.TUT.BY online automotive buying and selling websites.	N/A	Belarus
27-Jul	Stepanovski, Papakul & Partners	Stepanovski, Papakul & Partners assisted the EBRD with two transactions involving loans to large Belarusian borrowers: An agreement to loan up to EUR 15 million to IOOO Svuds Export, and an agreement to loan EUR 5 million to CJSC Clean Beach.	EUR 20 million	Belarus
16-Aug	Revera	Revera's lawyers advised DIY retail giant Mile on the construction of the biggest do-it-yourself hypermarket in Belarus.	N/A	Belarus
19-Jun	Law Firm Sajic	The Law Firm Sajic is representing the Lithuanian company AB Ukio Bankas as a bankruptcy creditor in the bankruptcy proceedings against Banka Srpske a.d. Banja Luka in Bosnia and Herzegovina.	EUR 19.7 million	Bosnia and Herzegovina
11-Aug	BDK Advokati	BDK Advokati in cooperation with attorney-at-law Dijana Pejic advised British American Tobacco on its acquisition of the assets of the Bosnian tobacco products manufacturer Fabrika Duhana Sarajevo.	N/A	Bosnia and Herzegovina
16-Jun	Boyanov & Co.	Boyanov & Co. advised Investor.BG on its acquisition of a majority stake in VUZF AD, the founder and owner of the Sofia-based University of Finance, Business, and Entrepreneurship, from founder Grigorii Vazov.	N/A	Bulgaria

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29-Jun	Dimitrov, Petrov & Co.	Bulgaria's Commission for Protection of Competition issued a decision stating that Dimitrov, Petrov & Co. client Sofia Airport's conduct in the ground handling services market cannot be defined as an abuse of dominant position.	N/A	Bulgaria
11-Jul	Djingov, Gouginski, Kyutchukov & Velichkov; EY Law	DGKV advised International Personal Finance Investments Limited, the leading British-based international home credit business provider, on the sale of Provident Financial Bulgaria (Provident) to Easy Asset Management (which operates under the Easy Credit brand). EY Law advised the buyers on the deal.	N/A	Bulgaria
12-Jul	Baker McKenzie; Djingov, Gouginski, Kyutchukov & Velichkov	DGKV, working with Baker McKenzie, London, advised British American Tobacco on its acquisition of assets of Bulgarian cigarette maker Bulgartabac Holding, including Bulgartabac's Victory, Eva Slim, and GD tobacco brands and its distribution and retail assets in Bulgaria and Bosnia from Bulgartabac Holding AD and Blagoevgrad-BT AD.	EUR 100 million	Bulgaria
13-Jul	Boyanov & Co.; Dimitrova & Co.	Boyanov & Co. advised Bulgarian Leasing Finance EAD — the former Piraeus Leasing AD — on its acquisition of 100% of the capital of TBI Rent EAD, a Bulgarian provider of operating lease and rent-a-car services, from TBI Bank. The sellers were advised by Dimitrova & Co.	N/A	Bulgaria
13-Jul	Penkov, Markov & Partners	Penkov, Markov & Partners advised both Dairewa BV and PROFIREAL Group subsidiary Profi Credit Bulgaria on a cross-border non-syndicated loan of up to EUR 14 million between the two.	EUR 14 million	Bulgaria
14-Jul	Penkov, Markov & Partners	Penkov, Markov & Partners advised Weston Growth Capital on its acquisition of Advance Address Valuations from real estate investment holding AG Capital.	N/A	Bulgaria
17-Jul	Boyanov & Co.; Penkov, Markov & Partners	Boyanov & Co. advised Silver Star Group on its acquisition of a group of assets and services related to the Mercedes distribution business in Bulgaria from Vienna Real Estate / Balkan Star Group. Penkov, Markov & Partners advised Balkan Star on the deal.	N/A	Bulgaria
18-Jul	Djingov, Gouginski, Kyutchukov & Velichkov	DGKV assisted CEZ Electro Bulgaria AD in settling a multimillion commercial dispute with state-owned power utility National Electricity Company EAD.	N/A	Bulgaria
20-Jul	Deloitte Legal; Schoenherr	Schoenherr advised Kronberg International on the acquisition of Mall Varna EAD from Raiffeisen Bank International AG. Deloitte Legal advised RBI on the deal.	N/A	Bulgaria
21-Jul	CMS	Acting for borrowers RES Techonogy JSCo and ASM-BG Investicii JSCo., both jointly owned by the Korean South East Energy Company (a subsidiary of KEPCO) and SDN Company Ltd., CMS Cameron McKenna Nabarro Olswang advised on the largest renewable energy refinancing in Bulgaria to date with the completion of UniCredit's EUR 62 million facility. CMS Reich Rohrwig Hainz advised UniCredit on the refinancing.	EUR 62 million	Bulgaria
27-Jul	Boyanov & Co.; Dinova Rusev & Partners	Boyanov & Co. advised UK Hystead Limited on its acquisition of The Mall — the second biggest shopping center in Bulgaria. In particular, UK Hystead Limited acquires 100% of Bulgarian company AP Retail I Limited from Cypros Fortone Holdings Limited, which is ultimately owned by Greece's Assos Capital (85%) and Deutsche Bank and Goldman Sachs (a combined 15%). Dinova Rusev & Partners Law Office advised the sellers on the deal.	EUR 156 million	Bulgaria
4-Aug	CHSH Cerha Hempel Spiegelfeld Hlawati	CHSH advised Hewlett Packard Enterprise in Bulgaria on the merger of its Enterprise business segment with Computer Science Corporation.	N/A	Bulgaria
17-Aug	Schoenherr	Schoenherr advised Bulgarian Eagle airlines, the Aircraft, Crew, Maintenance, and Insurance carrier recently founded by the Germania Group, on its expansion into Bulgaria and on obtaining an official air operator certificate from the Bulgarian authorities, which allows the airline to use aircraft for commercial purposes.	N/A	Bulgaria
23-Jun	CMS; DLA Piper	DLA Piper advised Egis Pharmaceuticals on its acquisition of the D-Panthenol brand, the second largest brand in the dexpanthenol market in Russia, and of a Russian gynaecology portfolio consisting of Vagilac, Feminal and Folacin brands, from Jadran-Galenski Laboratorij. CMS advised the sellers on the deal.	N/A	Bulgaria; Croatia; Russia
15-Jun	Boyanov & Co.; Freshfields	Boyanov & Co., working alongside Freshfields, advised the National Bank of Greece on its EUR 610 million sale of United Bulgarian Bank and Interlease to KBC.	EUR 610 million	Bulgaria; Greece
19-Jun	Dvorak Hager & Partners	Dvorak Hager & Partners successfully represented a member of the Expandia group in arbitration proceedings before the Arbitration Court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic against an unnamed Czech construction company.	N/A	Czech Republic
28-Jun	Slaughter & May; White & Case	Slaughter and May advised Centrica plc on the sale of its Langage and South Humber Bank combined cycle gas turbine power stations to a subsidiary of Energeticky a prumyslový holding, a. s. White & Case advised EP UK Investments Limited on the deal.	GBP 318 million	Czech Republic
18-Jul	Dvorak Hager & Partners	Dvorak Hager & Partners represented Algotech in its purchase of a share of Hugport, a start-up providing digital signage solutions.	N/A	Czech Republic

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27-Jul	Allen & Overy; Kinstellar	Allen & Overy advised the EPISO 4 opportunistic fund, managed by Tristan Capital Partners, and its co-investing local partner, Mint Investments, on their acquisition of the Avenir Business Park in Prague from debt restructuring firm Lone Star. Kinstellar advised the sellers on the deal.	N/A	Czech Republic
31-Jul	Dentons; Kinstellar	Dentons advised Aerium, a pan-European real estate fund manager, on the sale of the Kralovo Pole Shopping Center in Brno, in the Czech Republic, to CPI Property Group. Kinstellar advised the buyers on the deal.	N/A	Czech Republic
14-Jun	Schoenherr	Schoenherr advised AG Foods Group and Cooperatief Avallon MBO U.A. on settlement of minority shareholders' disputes and on a subsequent management buyout.	N/A	Czech Republic; Hungary; Poland; Slovakia
14-Jun	Jeantet	Jeantet advised the Mama Shelter hotel chain on the opening of new hotels in Prague and Belgrade.	N/A	Czech Republic; Hungary; Serbia
13-Jul	Allen & Overy	Allen & Overy advised Fortuna Entertainment Group on the acquisition of the 100% share in Hattrick Sports Group Ltd., Ireland (the owner of the Casa Pariurilor betting operator in Romania, the PSK and Hattrick operator in Croatia, and B2B operations in Spain, Germany, and other European countries).	N/A	Czech Republic; Romania; Slovakia
27-Jun	Kinstellar	Kinstellar advised Genesis Private Equity Fund III on its acquisition of a minority share in a new player on the consumer electronics market.	N/A	Czech Republic; Slovakia
4-Jul	JSK; Kavcic, Bracun & Partners; Zavrsek Law Firm	The Czech Republic's JSK law firm and Slovenia's Kavcic, Bracun & Partners advised TCCM, s.r.o., on its acquisition of 100% of the shares in Slovenia's Teleray. The Zavrsek Law Firm, in Slovenia, advised the sellers on the deal.	N/A	Czech Republic; Slovenia
14-Jun	Ellex (Raidla)	Ellex Raidla advised Endover Kinnisvara on its issuance of EUR 6.5 million notes.	EUR 6.5 million	Estonia
16-Jun	Cobalt	Cobalt represented the European Commission in three administrative matters concerning state aid before the Tallinn District Court.	N/A	Estonia
19-Jun	Cobalt	Cobalt advised Rubylight on follow-on investment in the Berlin-based social newsfeed app Jodel.	N/A	Estonia
27-Jun	Njord	Njord advised Axioma LT UAB on its acquisition of Aktsiaselts Remeski Keskus.	N/A	Estonia
12-Jul	Primus	Primus advised international logistics and industrial park operator VGP on its sale of the Nehatu logistics park in Tallinn to East Capital Baltic Property Fund III. Ellex Raidla advised the buyers on the deal.	EUR 54 million	Estonia
13-Jul	Cobalt	Cobalt advised French real estate fund Corum on its EUR 16.7 million acquisition of the Prisma shopping center in Narva, Estonia, from EFTEN, in a deal that marks Corum's first investment in the Baltics.	EUR 16.7 million	Estonia
17-Jul	Cobalt	Cobalt advised venture capital funds Creathor Venture and MedTech Innovation Partners in financing Finnish startup Blueprint Genetics.	N/A	Estonia
17-Jul	TGS Baltic	TGS Baltic successfully represented the Estonian municipalities of Noo and Luunja and the town of Loksa in matters related to the Estonian government's proposal to have them merge.	N/A	Estonia
18-Jul	Cobalt	Cobalt advised Combiwood on its acquisition of Norwegian moldings producer Barkevik.	N/A	Estonia
21-Jul	Cobalt	Cobalt successfully represented energy and telecommunications infrastructure construction company Empower in court.	N/A	Estonia
24-Jul	Sorainen	Sorainen advised Estonian wood manufacturing company Ha Serv and its majority owner Livonia Partners' EuVECA in the acquisition of Suomen Lampopuu, a Finnish manufacturer of thermo-treated wood products.	N/A	Estonia
24-Jul	Cobalt	Cobalt advised The Middleby Corporation on its acquisition of Sveba Dahlen Group, a manufacturer of high-quality bakery ovens, baking equipment, and planetary mixers in Northern Europe.	N/A	Estonia
25-Jul	Cobalt	Cobalt advised venture capital funds Creathor Venture and MedTech Innovation Partners on financing for the Finnish startup Blueprint Genetics.	EUR 14 million	Estonia

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26-Jul	Sorainen	Sorainen Estonia advised Armin Karu, Kaia Karu, Erik Karu, and Ines Karu-Salo on the sale of OU Emahool and its franchise of Mothercare online-store and retail stores in Estonia and Latvia to the owner of Juku children stores, Kotryna OU.	N/A	Estonia
31-Jul	Eversheds	Eversheds Sutherland Ots & Co advised Estonian seafood producer PRFoods on its EUR 14.5 million acquisition of 85% of the John Ross Jr Ltd. and Coln Valley Smokery Limited fish processing companies from the Leigh family.	EUR 14.5 million	Estonia
3-Aug	Leadell (Pilv)	Leadell Pilv represented Urmas Nisuma, one of the owners of the Hotel Parnu, in a dispute with business partner Ado Sepa and OU Linden Hotell (which Sepa controls), involving allegations that Sepa and his company had taken over effective control of Hotel Parnu from Nisuma and left him out of both the profits and day-to-day business of the hotel.	N/A	Estonia
7-Aug	Baker McKenzie; Cobalt	Cobalt and Baker McKenzie have been chosen as legal advisors to the Port of Tallinn's on its initial public offering.	N/A	Estonia
8-Aug	Cobalt	Cobalt Estonia advised ride-hailing platform Didi Chuxing on its investment in Estonian-based transport app Taxify.	N/A	Estonia
21-Aug	Hedman Partners	Hedman Partners acted as a collateral agent in a EUR 6.5 million bond issue.	EUR 6.5 million	Estonia
22-Aug	Hedman Partners	Hedman Partners advised a majority shareholder of Fusion Varahalduse AS on its merger with United Finance, a financial institution in the Finnish capital.	N/A	Estonia
22-Jun	Primus; White & Case	Primus advised AS Lauma International on its acquisition of Felina International AG, the parent company of the German-based lingerie group, from the Palero investment fund. White & Case Frankfurt advised the sellers on the deal.	N/A	Estonia; Latvia
20-Jul	Eversheds	Eversheds Sutherland Bitans in Latvia and Eversheds Ots & Co in Estonia have represented the Republic of Estonia (in the form of the Estonian Road Administration) in connection with the recognition and enforcement of an Estonian arbitral award in Latvia against a prominent Latvian road construction company.	EUR 4.6 million	Estonia; Latvia
24-Jul	Cobalt	Cobalt advised Korona Invest Fund on Estonian and Latvian aspects of its investment in digital agency Wunder.	N/A	Estonia; Latvia
13-Jul	Deca Legal; Sorainen	Sorainen Estonia advised NEFCO, an institution established by the five Nordic countries to finance green investment projects in Eastern Europe, on its subscription agreement with BaltCap for a EUR 3 million equity investment in the EUR 100 million BaltCap Infrastructure Fund. BaltCap was advised by Deca Legal.	EUR 3 million	Estonia; Latvia; Lithuania
4-Aug	Sorainen	Sorainen advised French payments company Worldline on its acquisition of payment processors First Data Lietuva, First Data Latvia, and First Data Eesti.	N/A	Estonia; Latvia; Lithuania
20-Jun	Ellex (Raidla); Ellex (Valiunas)	Ellex Raidla and Ellex Valiunas advised United Partners in preparation for its EUR 4.7 million bond issuance.	EUR 4.7 million	Estonia; Lithuania
4-Jul	Cobalt; Primus	Primus advised Polaris Invest and Com Holding, the shareholders of Cgates, on the sale of a stake in the company to Livonia Partners. Cobalt advised Livonia Partners on the transaction.	N/A	Estonia; Lithuania
28-Jul	Linklaters; Radzikowski Szubielska	Linklaters Warsaw advised gategroup on the sale of its EuroShop stores, based at airports and ferries in Poland and Estonia, to Lagardere Travel Retail. Radzikowski Szubielska advised the buyers on the deal.	N/A	Estonia; Poland
23-Jun	Bernitsas; Kyriakides Georgopoulos	Kyriakides Georgopoulos advised the National Bank of Greece on a Public Private Partnership project for the development, design, financing, construction, and operation of a solid waste treatment plant at Serres, in Northern Greece, awarded to the consortium of Archiron Group NV, Intrakat Constructions S.A., and Envitec S.A. The consortium was advised by Bernitsas.	EUR 37 million	Greece
10-Jul	A.S. Papadimitriou & Partners; Bernitsas Law; Freshfields	A.S. Papadimitriou & Partners acted as local counsel to EXIN Financial Services Holding B.V. on its EUR 718 million acquisition of a 75% stake in insurer Ethniki Hellenic General Insurance S.A. from the National Bank of Greece. Bernitsas Law and Freshfields advised the NBG on the transaction.	EUR 718 million	Greece
12-Jul	Shearman & Sterling; Zepos & Yannopoulos	Zepos & Yannopoulos, working alongside Shearman Sterling, acted as Greek legal counsel to Attica Bank SA on the securitization of non-performing loans and future receivables from the EUR 1.3 billion sale of a real estate portfolio to a Luxembourg SPV against issuance of EUR 525 million senior notes and EUR 806.2 million junior notes.	EUR 1.3 billion	Greece
7-Aug	Norton Rose Fulbright	Norton Rose Fulbright advised the Hellenic Republic on the ownership unbundling of Greek power grid operator ADMIE from the Public Power Corporation and the partial privatization of ADMIE through the sale of a 24% interest to the State Grid Corporation of China.	EUR 623,2 million	Greece
14-Jun	KRS Law Office	The KRS Law Office in Budapest advised PortfoLion Regional Private Equity Fund on its investment of EUR 2 million in the Codecool Kft. IT training company.	EUR 2 million	Hungary

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23-Jun	Jeantet; Reti, Antall & Partners	Jeantet Budapest advised Accor-Pannonia Hotels Zrt. on its acquisition of the company holding the real estate on which the Sofitel Budapest Chain Bridge hotel is located from Universale International Realitaten GmbH. Reti, Antall & Partners advised the sellers.	EUR 42.25 million	Hungary
17-Jul	Kinstellar; Lakatos, Koves and Partners; Shearman & Sterling; White & Case	Lakatos, Koves and Partners provided Hungarian law advice to Mid Europa Partners in relation to the IPO of Waberer's International Nyrt.. White & Case acted as international legal advisor, and Shearman & Sterling and Kinstellar represented the Mandated Lead Arrangers.	N/A	Hungary
26-Jul	Allen & Overy; Dentons; Linklaters; Wolf Theiss	Linklaters advised Budapest Airport and its shareholders on the amendment and extension of its existing EUR 1.4 billion debt facilities, with Dentons Budapest working alongside and advising on Hungarian law. Allen & Overy in London and Faludi Wolf Theiss in Budapest advised the lenders and security agent Bayerische Landesbank on English and Hungarian law, respectively.	EUR 1.4 billion	Hungary
31-Jul	Sar & Partners	The Hungarian Supreme Court upheld the lower court's ruling regarding the amount of unjust enrichment to be returned to Sar & Partners client Laszlo Oroszi in the nearly two-decade long patent dispute with Adidas in Hungary, although the specific reasoning for how the award was calculated was incorrect.	N/A	Hungary
9-Aug	Baker McKenzie; DLA Piper	DLA Piper advised OTP Property Investment Fund on its acquisition of the West End Business Center office building in Budapest from an international investment consortium consisting of Wing, Morgan Stanley Real Estate Investing, and CC Real. The sellers were assisted by Baker McKenzie.	N/A	Hungary
10-Aug	Allen & Overy	Allen & Overy advised MOL Plc. in connection with the conclusion of Schuldschein loan agreements with a total volume of EUR 110 million.	EUR 110 million	Hungary
25-Jul	CMS; Hogan Lovells; PeliFilip	CMS Hungary advised Ilford Holding Kft. and Invitel Technocom Tavkozlesi Kft. — controlled by the China Central and Eastern Europe Investment Co-operation Fund, advised by CEE Equity Partners — on its July 21, 2017 sale of 99.99% of the share capital and voting rights of Hungarian telecommunications operator Invitel Tavkozlesi Zrt. to DIGI Tavkozlesi es Szolgaltato Kft., the Hungarian subsidiary of Digi Communications N.V. PeliFilip and Partos & Noblet in co-operation with Hogan Lovells International advised the buyers on the deal.	EUR 140 million	Hungary; Romania
21-Jun	Cobalt	Cobalt advised Deutsche Bank, Goldman Sachs International, and Societe Generale in relation to a dual-tranche Eurobond transaction by the Republic of Latvia in an aggregate amount of EUR 350 million.	EUR 350 million	Latvia
26-Jun	Ellex (Klavins)	Ellex Klavins successfully represented the Latvian state, acting through the Ministry of Finance and the State JSC Privatization Agency, in proceedings against Valerijs Kargins and Viktors Krasovickis, former shareholders of JSC Parex Banka (now Reverta).	EUR 144 million	Latvia
3-Jul	BDO Law	BDO Law successfully represented Heide Lydia Friedel Schmidt in the European Court of Human Rights regarding an alleged violation of Article 6 § 1 of the European Convention on Human Rights.	N/A	Latvia
11-Jul	Primus	Primus advised Marketing Investment Group on questions concerning its entry into the Latvian market and the opening of its first store in Riga.	N/A	Latvia
12-Jul	Cobalt	Cobalt represented the Jaunjelgava Municipality of Latvia on its successful constitutional challenge to a Latvian regulation setting the minimum number of pupils in secondary school classes.	N/A	Latvia
13-Jul	Sorainen	Sorainen advised Linstow, a shopping center developer and manager in the Baltic states, on its acquisition of real estate consisting of several separate buildings and a site in Riga, near the Alfa Retail Park.	EUR 3 million	Latvia
27-Jul	TGS Baltic	TGS Baltic assisted the University of Latvia regarding the EUR 30 million investment contract of the European Investment Bank for the further development of the university's new campus in Riga, called the "Academic Centre."	EUR 30 million	Latvia
7-Aug	Sorainen	Sorainen advised Eurovia – a subsidiary of VINCI, a transport infrastructure construction and urban development company – on its acquisition of 68.75% shares in Saldus Celinieks, a Latvian builder of road infrastructure.	N/A	Latvia
14-Aug	Sorainen	Sorainen advised Eltel Networks on the management buy-out of its business operations in Latvia in which Eltel District Manager Juris Kokorevics acquired 100% of the shares.	N/A	Latvia
16-Aug	TGS Baltic	TGS Baltic represented the FXFair forex services provider in the process of attracting a new equity investor and throughout the shareholder change procedure.	N/A	Latvia
22-Aug	Cobalt	Working on behalf of Evolution Latvia SIA, Cobalt secured the annulment of a prohibition against dismissing a member of the LABA trade union in Latvia	N/A	Latvia

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28-Jul	Ellex (Klavins)	Ellex Klavins advised Lords LB Special Fund V, managed by Lords LB Asset Management, on its acquisition of the Preses Nams building from SIA LASCO Investment, a subsidiary of AS Latvijas Kugnieciba.	EUR 16.8 million	Latvia; Lithuania
2-Aug	Ecovis; Ellex (Valiunas and Klavins)	The Latvian and Lithuanian offices of Ellex advised UAB Prosperus Strategic RE Fund on its acquisition of the 7250-square meter Mezciems shopping center in Riga and a 1,650 square-meter store in Vilnius. The Ecovis law firm advised the sellers on the Latvian sale.	N/A	Latvia; Lithuania
7-Aug	Sorainen	Sorainen is assisting Latectus, a subsidiary of AB SEB Bank, with structuring and developing an auction procedure for sale of its real estate portfolio in Latvia and Lithuania.	N/A	Latvia; Lithuania
9-Aug	Alrud; Cobalt; KPMG	Cobalt advised AS Storent Investments, a rental equipment company operating in Baltics, Finland, and Sweden, on its acquisition of Cramo operative companies in Latvia (SIA Cramo) and Kaliningrad (OOO Cramo Kaliningrad). Storent was advised on Russian aspects of the deal by Alrud, and Cramo Plc was advised by KPMG.	N/A	Latvia; Russia
16-Jun	Sorainen	Sorainen advised Harbortouch, a provider of touch-screen point-of-sale systems and payment services in the USA, on its launch of operations in Vilnius.	N/A	Lithuania
20-Jun	Sorainen	Sorainen represented Alfa Bank in a dispute over loans personally granted by Lithuanian businessman Vidmantas Kucinskas to Arvi NKP, which operates a fertilizer factory in Kaliningrad.	EUR 10 million	Lithuania
21-Jun	Sorainen	Sorainen assisted Contrarian Ventures on its successful tender to become manager of a venture capital fund established by Lietuvos Energija.	N/A	Lithuania
23-Jun	Motieka & Audzevicius	Motieka & Audzevicius represented AB Kauno Grudai in an investigation initiated by the Lithuanian Competition Council.	N/A	Lithuania
30-Jun	Clifford Chance; Dentons; Ellex (Valiunas); Sorainen	Sorainen and Dentons advised Lietuvos Energija in establishing a EUR 1 billion Euro Medium Term Note Program and on preparations to issue and distribute the first tranche of up to EUR 200 million. Clifford Chance and Ellex Valiunas represented BNP Paribas and SEB on the program.	EUR 1 billion	Lithuania
14-Jul	Sorainen; TGS Baltic	TGS Baltic represented UAB INVL Asset Management and funds managed by it on the acquisition of shares in Lithuania SME Fund and BaltCap Latvia Venture Capital Fund from UAB SEB Venture Capital. Sorainen advised the sellers on the deal.	N/A	Lithuania
25-Jul	Ellex (Valiunas)	Ellex Valiunas, representing the Vilnius-based UAB Ozantis real estate developer, helped facilitate a settlement agreement between some 32 entities and containing more than 16,880 signatures that, once it was approved by the Vilnius City Council, brings an end to a 16-year dispute regarding investments in the 60-hectare territory of the Siemens Arena in Vilnius.	N/A	Lithuania
26-Jul	Primus	Primus advised UAB Litagra on its reorganization and division into two companies: UAB LP Grupe, which will take over the trade and elevator business, and UAB Litagra, which will operate the activities of feed production and agricultural business.	N/A	Lithuania
8-Aug	Fort; Sorainen	Sorainen advised Genesta Property Nordic on the sale of 100% of its shares in GNBLIT Kaunas Logistics to EFTEN Capital. Fort advised the buyers on the deal.	N/A	Lithuania
11-Aug	TGS Baltic	TGS Baltic assisted Lietuvos Energija in structuring the Baltics' first specialized corporate risk capital fund and in coordinating all documents related to the fund's establishment with fund manager Contrarian Ventures.	N/A	Lithuania
16-Aug	Sorainen	Sorainen Lithuania advised the shareholders of the Adnet Media online advertising network in the Baltic States on their entrance into a share sale-purchase agreement with Ekspress Grupp.	N/A	Lithuania
13-Jul	Deloitte Legal; TGS Baltic	TGS Baltic advised Enterprise Investors on the sale by the Polish Enterprise Fund VI and minority shareholders of Novaturas, the largest tour operator in the Baltic States, to Itaka Holdings. Deloitte Legal advised the buyers on the deal.	N/A	Lithuania; Poland
25-Jul	Allen & Overy; Sulija Partners Law Firm Vilnius	Sulija Partners Law Firm Vilnius assisted AB AviaAM Leasing with the sale of four Airbus A320 aircraft to a subsidiary of GTLK Europe. Allen & Overy Moscow advised GTLK Europe on the deal.	N/A	Lithuania; Russia
14-Jun	Gessel; PWP Kancelarie Prawne	Gessel advised Enterprise Investors on the sale of a 32.99% stake in Skarbiec Holding S.A. and on the sale of a PLN 75 million block of shares on the Warsaw Stock Exchange to Murapol, which was advised by PWP Kancelarie Prawne.	PLN 75 million	Poland
15-Jun	Linklaters	Linklaters advised Skanska on the co-creation of a business ecosystem called "Business Link" with Akademickie Inkubatory Przesiebiorzosci, the largest network of co-working space and private offices in Poland.	N/A	Poland
15-Jun	Dentons; White & Case	White & Case advised PGE Polska Grupa Energetyczna S.A. (PGE), Poland's biggest power producer, on its acquisition of the EDF Group's assets in Poland. The EDF Group was represented by Dentons.	USD 1.2 billion	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
15-Jun	SK&S	SK&S advised Salad Signature on its acquisition of 100% of shares in Maga PPH sp. z o.o.	N/A	Poland
16-Jun	Domanski Zakrzewski Palinka	DZP agreed to provide the Polish Ministry of Development and the City of Krakow with "full-range legal, economic, financial and technical advice, which will include preparing the legal structure for the first project in Poland to design, build, and operate part of a tramway undertaking entitled 'Krakow Fast Tramway – Stage IV.'"	N/A	Poland
20-Jun	CMS	CMS advised mBank on the sale of 79.99% of shares in mLocum S.A, a company specializing in housing projects and property management, to Archicom S.A.	N/A	Poland
23-Jun	KKLW	KKLW advised a consortium consisting of Turkish construction firm Gulermak and Poland's Przedsiębiorstwo Budowy Drog i Mostow on its selection via tender to construct Part B of the Warsaw bypass road.	EUR 178.1 million	Poland
27-Jun	Baker McKenzie; Domanski Zakrzewski Palinka; Orrick	Orrick advised Infracapital, the infrastructure investment arm of M&G Investments, on its joint venture with Nokia, to build, own, and operate a fiber optic broadband network across Poland. DZP advised Infracapital on Polish law matters, while Baker McKenzie advised the joint venture and Nokia.	EUR 300 million	Poland
29-Jun	Laszczuk & Partners	Laszczuk & Partners assisted international flower wholesaler FleuraMetz Group on the sale of its transport activity enterprises in Poland and the Czech Republic to H.Z. Transport Poland sp. z o.o.	N/A	Poland
3-Jul	CMS; Dentons	CMS advised Deutsche Asset Management on the purchase of a portfolio of Fashion House Outlets located in the Polish cities of Piaseczno, Gdansk, and Sosnowiec from Peakside Capital. Dentons advised Peakside Capital on the deal.	N/A	Poland
4-Jul	Greenberg Traurig; Weil Gotshal & Manges	Greenberg Traurig represented the shareholders of Grupa Pracuj sp. z o.o. in the June 28, 2017 sale of a minority stake in the company to TCV. Weil Gotshal & Manges advised TCV on the deal.	N/A	Poland
4-Jul	CMS	CMS advised Maxcom on its Warsaw Stock Exchange IPO.	PLN 37 million	Poland
10-Jul	Allen & Overy	Allen & Overy advised PZU SA on its PLN 2.25 billion issuance of subordinated bonds in compliance with the requirements of the Solvency II Directive — the first issuance of subordinated debt instruments by a Polish insurance company.	PLN 2.25 billion	Poland
10-Jul	Act BSWW	Act BSWW advised the ECC Group on its lease of space in the Nowa Stacja shopping center near Warsaw to household goods distributor Jysk, Vision Express, and Martes Sport.	N/A	Poland
11-Jul	Domanski Zakrzewski Palinka	DZP advised FBSerwis on its purchase of 100% of shares in Przedsiębiorstwo Higieny Komunalnej Trans-Formers Wroclaw and 100% of shares in Trans-Formers Karpatia. Gide Loyrette Nouel advised the sellers, Hossanova Sp. z o.o.	N/A	Poland
11-Jul	Act BSWW	Act BSWW advised Reino Partners and Buma Group on their joint venture office building construction project in Wroclaw.	N/A	Poland
11-Jul	KKLW	KKLW represented Gulermak on its successful challenge to the Terms of Reference for the design and construction of the S3 road between Legnica and Lubawka in southwestern Poland by Poland's General Directorate for National Roads and Motorways.	N/A	Poland
11-Jul	Dubinski Fabrycki Jelenski; Magnusson; Weil, Gotshall & Manges	Magnusson and Dubinski Fabrycki Jelenski advised Octava Non-Public Assets Closed-End Investment Fund on its purchase of a portfolio of 11 real properties, effected by purchasing 30 companies owned by two BPH closed-end real estate investment funds. BPH TFI was advised by Weil, Gotshall & Manges.	N/A	Poland
12-Jul	CMS	CMS advised Work Service S.A. on the sale of IT Kontrakt sp. z o.o. to Oaktree Capital Management (UK) LLP, a private equity fund acting together with Cornerstone Partners sp. z o.o.	PLN 147 million	Poland
12-Jul	K&L Gates	K&L Gates advised China Overseas Engineering Group Co., Ltd on the resolution of a dispute with the Polish General Directorate of National Roads and Motorways related to the construction of sections of the A2 Motorway between Lodz and Warsaw.	PLN 1 billion	Poland
13-Jul	Kondracki Celej	Kondracki Celej advised Luma Ventures fund on a PLN 6 million investment in Datarino.	PLN 6 million	Poland
13-Jul	Kochanski Zieba & Partners; Norton Rose Fulbright	Kochanski Zieba & Partners advised the Infracapital infrastructure fund on its acquisition of 100% of the shares of gas infrastructure company Duon Dystrybucja S.A., a distributor of grid gas and LNG in Poland, from the Fortum Group. Norton Rose Fulbright advised the sellers on the transaction.	N/A	Poland
13-Jul	Studnicki Pleszka Cwiakalski Gorski	Acting on behalf of Deutsche Bank Polska in the Court of Appeal in Warsaw, SPCG won a dispute with the President of the Office of Competition and Consumer Protection concerning "the alleged infringement of the collective interests of the consumers.	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
17-Jul	Gessel; Greenberg Traurig	Greenberg Traurig represented the Innova Capital private equity fund on its acquisition of an approximately 75% stake in the Polish office furniture manufacturer Profim sp. z o.o. Gessel advised the sellers on the deal.	N/A	Poland
17-Jul	act (BSWW)	Act BSWW advised Nielsen in an intra-group merger between its Polish subsidiaries ACNielsen Polska Sp. z o.o. and Brandbank.	N/A	Poland
18-Jul	Latham & Watkins; Weil, Gotshal & Manges; White & Case	White & Case advised Play Communications S.A. and its shareholders, Novator and Olympia, on the EUR 1 billion initial public offering of Play on the Warsaw Stock Exchange. Latham & Watkins and Weil, Gotshal & Manges advised the banks on the IPO.	EUR 1 billion	Poland
19-Jul	Mrowiec Fialek	Mrowiec Fialek & Partners advised Wydawnictwa Szkolne i Pedagogiczne S.A. on its acquisition of the Szkola Jezykow Obcych R. Jezak Sp. z o.o. foreign language school.	N/A	Poland
20-Jul	Chajec, Don-Siemion & Zyto; Plopper & Partners	Chajec, Don-Siemion & Zyto advised a private equity fund managed by Value Quest Sp. z o.o. on its acquisition of 100% shares in TTComm S.A., a prominent provider of satellite services in Central and Eastern Europe, from TTComm International B.V. The sellers were advised by Plopper & Partners, a US law firm	N/A	Poland
20-Jul	CMS; Macfarlanes; Mills & Reeve	CMS advised Polish company Tele-Fonika Kable S.A. on its acquisition of JDR Cable Systems (Holdings) Ltd. — a supplier of subsea umbilicals and power cables to the offshore energy industry, headquartered in the UK — from majority owner Vision Capital. Macfarlanes served as legal counsel to the sellers, with Mills & Reeve acting as legal counsel to the JDR management team.	N/A	Poland
21-Jul	CMS; Eversheds; Gessel	Gessel and Wierzbowski Eversheds Sutherland advised Enterprise Investors on the acquisition by the Polish Enterprise Fund VII and the President of the Management Board of 100% of shares in Janton, Poland's leading producer of alcoholic beverages based on grape and fruit wines. The sellers were advised by CMS on the deal.	N/A	Poland
21-Jul	Dentons	Dentons advised Mabuchi Motor on its investment into a new plant in the Krakow Special Economic Zone in Poland.	NA	Poland
24-Jul	Dentons; Greenberg Traurig	Dentons advised the offering managers — including Haitong Bank, mBank, Pekao Investment Banking, Wood&Co, Raiffeisen Centrobank, Mercurius, Trigon and Vestor — on the initial public offering and listing on the Warsaw Stock Exchange of Polish debt collection company GetBack S.A. Greenberg Traurig advised Getback S.A. and its only shareholder, DNLD Holdings B.V. (an entity controlled by a consortium of private equity funds led by funds from the Abris Capital Partners Group).	EUR 174 million	Poland
24-Jul	Dubinski Fabrycki Jelenski	Dubinski Fabrycki Jelenski advised Plukon Food Group BV on its acquisition of a majority stake in L&B Wyrebski Sp. z o.o.	N/A	Poland
25-Jul	Linklaters; Wardynski & Partners	Linklaters advised Grupa Ozarow on the sale of 99.19% of the shares in its Polish calcium silicate subsidiary, Grupa Silikaty Sp. z o.o., to H+H Polska Sp. z o.o., the Denmark-based subsidiary of H+H International. Wardynski & Partners advised the buyers on the deal.	N/A	Poland
26-Jul	Kondracki Celej	The Kondracki Celej law firm advised bValue venture capital fund on its investment in SEEDiA, a Krakow-based startup that produces intelligent solar furniture and benches.	PLN 3 million	Poland
26-Jul	Radzikowski, Szubielska & Partners	Radzikowski, Szubielska & Partners assisted RWE Supply & Trading GmbH on its launch of trading activities in natural gas and electricity as a direct member of the Polish Power Exchange.	N/A	Poland
26-Jul	Dentons; Linklaters	Linklaters advised Echo Investment SA (acting through its SPV) in connection with the sale of the Sagittarius Business House office building in Wroclaw to Warburg-HIH Invest Real Estate GmbH. Dentons advised the buyers in the transaction.	N/A	Poland
2-Aug	Linklaters; Porebski i Wspolnicy	Linklaters advised Alliance Automotive Group, a distributor of light and commercial vehicle parts to the independent aftermarket in France, Germany, and the UK, on the acquisition of a 51.3% controlling stake in Groupauto Polska from eight individual shareholders. Porebski i Wspolnicy advised the sellers on the transaction.	N/A	Poland
7-Aug	Hogan Lovells; White & Case	Hogan Lovells advised mBank Hipoteczny S.A. on establishing a mortgage-covered bonds program. White & Case was the counsel for both program arranger and dealer Commerzbank AG and other dealers, which included Erste Group Bank AG, J.P. Morgan Landesbank Baden-Wuerttemberg, and Societe Generale Corporate & Investment Banking.	EUR 3 billion	Poland
7-Aug	Domanski Zakrzewski Palinka	DZP has agreed to provide legal, economic, financial, and technical assistance to Poland's Ministry of Development and the City of Krakow for the implementation of a public-private partnership project titled "Building, Maintenance and Management of the Investor Assistance Center (Krakow) in Krakow."	N/A	Poland
11-Aug	Gessel	Gessel supported the Przelewy24.pl group in its merger with Currency One S.A., Poland's largest operator of online currency exchange platforms.	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
14-Aug	Studnicki Pleszka Cwiakalski Gorski	SPCG represented the Leroy Merlin Polska retail chain in an arbitration dispute before the Court of Arbitration at the Confederation of Lewiatan with a former supplier concerning the admissibility of use in trade of turnover-based bonuses by the retail chains.	N/A	Poland
14-Aug	CMS; Dentons	CMS advised REICO on its purchase of the Proximo I office building in Warsaw from Proximo I sp. z o.o. Sp. K., part of the Hines Russia & Poland fund. The seller was represented by Dentons.	EUR 112 million	Poland
14-Aug	Wiercinski Kwiecinski Baehr	WKB advised OGP Gaz-System SA on its contractor selection procedure and the conclusion of an agreement with Ramboll Danmark A/S, the contractor responsible for carrying out analytical, research, and design work necessary to obtain permits for the construction of the Baltic Pipe.	N/A	Poland
16-Aug	Greenberg Traurig	Greenberg Traurig represented Getback S.A. in the acquisition of a majority stake in EGB Investments S.A.	PLN 200 million	Poland
18-Aug	Magnusson	Magnusson advised Vastint, the real estate arm of Inter IKEA Group, on its agreement with Credit Agricole to lease office space in the Wroclaw Business Garden.	N/A	Poland
28-Jul	Linklaters; PeliFilip; Radulescu & Musoi; Wolf Theiss	Wolf Theiss, working alongside Radulescu & Musoi, advised Poland's Credit Value Investments asset management company on its EUR 12 million investment in Impact Developer & Contractor, which was advised by PeliFilip and Linklaters.	EUR 12 million	Poland; Romania
2-Aug	Clifford Chance	Clifford Chance Badea advised New Europe Property Investments on its merger with Rockcastle Global Real Estate Company Limited to create NEPI Rockcastle Plc.	N/A	Poland; Romania
16-Jun	Nestor Nestor Diculescu Kingston Petersen	NNDKP successfully represented Search Corporation SRL in a dispute involving a public procurement contract concluded in 2006 for design works for the building of the Agigea Bridge near the Port of Constanta.	RON 62 million	Romania
21-Jun	Schoenherr	The Bucharest office of Schoenherr provided legal assistance on the creation of a 50/50 partnership between the Iulius Group, the developer and operator of the Iulius network of shopping malls, and Atterbury Romania.	N/A	Romania
4-Jul	Noerr	Noerr advised Daimler on the takeover by its subsidiary, e-hailing company Mytaxi, of Romanian company Clever Tech SRL, which owns the taxi hail app Clever Taxi.	N/A	Romania
10-Jul	PeliFilip	PeliFilip advised Mitiska REIM on its purchase of 11 Romanian commercial parks from Alpha Property Development.	N/A	Romania
13-Jul	Kinstellar; PeliFilip	PeliFilip advised Global Trade Center on its acquisition of Bucharest's Cascade Office Building from Adval Properties. Kinstellar advised the sellers.	EUR 9 million	Romania
13-Jul	Musat & Asociatii	Musat & Asociatii successfully represented the Cyane SRL real estate developer in a dispute between the Cluj Napoca Local Council and the Association for Urbanistic Protection of Cluj involving the latter's attempts to have urban planning documents issued by the former related to the construction of a large real estate project canceled.	N/A	Romania
14-Jul	PeliFilip	PeliFilip advised Skanska on the sale of the third building in the Green Court Bucharest project to Globalworth Real Estate Investments Ltd.	EUR 38 million	Romania
17-Jul	Stratulat Albulescu	Stratulat Albulescu assisted Futureal, a Hungarian real estate investment company, with the acquisition at auction of over 15,000 square meters of land near Poligrafiei Boulevard in Bucharest to build a housing estate.	EUR 3.7 million	Romania
19-Jul	Leroy si Asociatii; Schoenherr	Leroy si Asociatii advised the French group Lactalis on its successful acquisition of Romania's Covalact S.A. dairy producer from the SigmaBleyzer private equity firm. Schoenherr advised the sellers on the deal.	N/A	Romania
14-Aug	Popovici Nitu Sotica & Asociatii	Popovici Nitu Stoica & Asociatii advised Auchan Retail Romania on its lease from Bucur Obor of 2300 square meters of space in the Bucur Obor Shopping Center in which it will base its first Bucharest supermarket.	N/A	Romania
22-Aug	Lazzari Law Firm; Maravela Asociatii; Mondini & Resconi; Sinescu & Nazat	Maravela Asociatii assisted Standex International Corporation with its acquisition of the Romanian branch of the Piazza Rossa Group. Other firms advising Standex on the transaction, which closed at the beginning of August, included Italy's Sinescu & Nazat, Mondini & Resconi law firm, and the Lazzari Law Firm.	N/A	Romania
14-Aug	Bojovic & Partners; Freshfields; Karanovic & Nikolic; Weil, Gotshal & Manges	Weil represented OTP Bank on acquisitions by its Romanian and Serbian subsidiaries from the National Bank of Greece. Karanovic and Nikolic provided local advice to OTP in Serbia, and Schoenherr provided local advice in Romania. Freshfields advised the National Bank of Greece on both deals, with Bojovic & Partners acting as local counsel to the National Bank of Greece on the Serbian deal.	EUR 125 million	Romania; Serbia
15-Jun	Art De Le	Russia's Art De Le firm counseled OJSC Magnitogorsk Iron and Steel Works on the successful resolution of its claim of abuse of dominant market position against JSC United Company RUSAL-Trading House.	N/A	Russia

Date covered	Firms Involved	Deal/Litigation	Value	Country
26-Jun	DLA Piper	DLA Piper advised Doc+, a Russian digital health startup, on a USD 5 million round of financing from existing investors Baring Vostok, a Russian private equity fund, and Yandex.	USD 5 million	Russia
26-Jun	Capital Legal Services	Capital Legal Services advised the Perm Concession Company — part of the VTB group — on its June 21, 2017 agreement with the government of the Perm region of Russia to construct and operate a bridge over the Chusovaya river.	N/A	Russia
29-Jun	Egorov Puginsky Afanasiev & Partners	Egorov Puginsky Afanasiev & Partners assisted Knauf Petrobord on an agreement entered into with the Government of Leningrad Region involving Leningrad's funding of at least RUB 3.5 billion to renovate production facilities for cardboard facing before 2020.	RUB 3.5 billion	Russia
30-Jun	King & Wood Mallesons; Liniya Prava	Liniya Prava, working in cooperation with King & Wood Mallesons, advised the China Development Bank Henan branch on financing provided to a Henan joint venture leasing company related to its lease of 16 Airbus A320 and A321 aircraft to Aeroflot.	N/A	Russia
5-Jul	Egorov Puginsky Afanasiev & Partners	The Constitutional Court of the Russian Federation accepted arguments made by Egorov Puginsky Afanasiev & Partners Partner Dmitry Stepanov and found Article 302, Paragraph 1 of the Civil Code of the Russian Federation unconstitutional.	N/A	Russia
13-Jul	Clifford Chance; Debevoise & Plimpton	Debevoise & Plimpton advised PJSC Polyus in connection with a public offering of shares and depositary receipts and the listing of the depositary receipts on the LSE. Clifford Chance advised the banks on the offering.	N/A	Russia
25-Jul	Pepeliaev Group	The Pepeliaev Group's St. Petersburg office successfully represented Korean energy holding company Daesung Industrial Co., Ltd. in its claim for USD 4 million from its Russian counterpart.	USD 4 million	Russia
31-Jul	Orrick	Orrick successfully represented JSC Rusnano and nine other corporate and individual defendants in a case before the U.S. District Court of the Northern District of California, which dismissed, with prejudice, plaintiffs' claims against them.	N/A	Russia
3-Aug	Goitsblat BLP	Goitsblat BLP advised Deutsche Bank Technology Centre on its lease of office space in Moscow's Aquamarine III Business Centre from AFI Development.	N/A	Russia
15-Aug	Clifford Chance	Clifford Chance advised Pfizer on its agreement to provide finance and technology to Russian pharmaceutical company NovaMedica for the construction of a new production facility in Russia, with the medicines licensed and manufactured under the agreement to be sold by Pfizer and NovaMedica in Russia and the CIS.	N/A	Russia
21-Aug	Andrey Gorodissky & Partners	Andrey Gorodissky & Partners advised Sberbank CIB on its contribution to a RUB 20 billion mezzanine financing for the Mcapital group of companies.	RUB 20 million	Russia
20-Jun	Baker McKenzie; Baker McKenzie (Esin Attorney Partnership); White & Case	The Esin Attorney Partnership and Baker McKenzie advised Turkven Private Equity, the Akarlilar Family, and Mavi Giyim Sanayi ve Ticaret A.S. on Mavi's IPO. White & Case advised underwriters Bank of America Merrill Lynch, Goldman Sachs, and Is Yatirim on the IPO.	TRY 2,135.3 million	Russia; Turkey
8-Aug	Baker McKenzie; Cleary Gottlieb Steen & Hamilton; Morgan Lewis; Redcliffe Partners; White & Case	Redcliffe Partners advised Grupo Bimbo, the world's largest baker and distributor of baked goods, in connection with its USD 650 million acquisition of the foodservice-focused company East Balt Bakeries from private equity fund One Equity Partners. White & Case, Cleary Gottlieb Steen & Hamilton, and Morgan Lewis acted as international legal counsel to Grupo Bimbo. Baker McKenzie advised One Equity Partners on the deal.	USD 650 million	Russia; Ukraine
4-Jul	Bojovic & Partners	Bojovic & Partners agreed with China's MWE China Law Offices to "strengthen legal service cooperation and communication for supporting the 'Belt and Road' initiative and deepen bilateral pragmatic legal services cooperation."	N/A	Serbia
11-Jul	Baklaja Igric Tintor; Jankovic, Popovic, Mitic;	JPM advised Gauselmann Group on the acquisition by subsidiary Merkur Casino Austria of 51% shares in Beo Impera and Pionir Internacional, which each own 50% shares in Balkan Bet and Merkur Games. Baklaja Igric Tintor advised the sellers.	N/A	Serbia
13-Jul	Zivkovic Samardzic	A year after advising South City Ventures on its investment in City Expert, Zivkovic Samardzic helped SCV on another share capital increase.	N/A	Serbia
19-Jul	Zivkovic Samardzic	Zivkovic Samardzic successfully represented Veran Matic, Chairman of the Serbian Commission responsible for investigating killings of journalists, in a complaint to the Press Council about an article published by Serbia's Politika newspaper.	N/A	Serbia
20-Jul	Zivkovic Samardzic	Zivkovic Samardzic successfully represented of Dan Graf d.o.o. — the publisher of the Belgrade-based Danas newspaper — and Danas' former Editor in Chief against a civil defamation claim brought by Djordje Vukadinovic, a member of the Serbian parliament and Editor of the Nova Srpska Politicka Misao periodical.	N/A	Serbia
8-Aug	BDK Advokati; Lukic	BDK Advokati advised the Czech company Lach:ner s.r.o. on the acquisition of 100% of shares in Serbian Proanalytica d.o.o. The Lukic law firm advised the sellers.	N/A	Serbia

Date covered	Firms Involved	Deal/Litigation	Value	Country
14-Aug	Zivkovic Samardzic	Zivkovic Samardzic advised the British Broadcasting Corporation on the incorporation of its representative office and the regulatory aspects of its new digital service in the Serbian language.	N/A	Serbia
11-Jul	Schoenherr	Schoenherr advised Telekom Slovenije d.d. on the settlement of its contractual ties with IZI mobil d.d.	N/A	Slovenia
8-Aug	Debernardi & Partners; ODI Law; RMG	ODI advised Fersped, a Slovenian transport company and a subsidiary of Slovenske Zeleznice (the Slovenian national railway company), in acquiring 100% control over logistics company VV-LOG from Daniel Tomljanovic and Dean Persic, who were advised by Debernardi & Partners. RMG advised Slovenske Zeleznice.	N/A	Slovenia
16-Jun	Inanici-Tekcan Law Firm; YYU Legal	YYU Legal advised the shareholders of the Asay Group of companies on the sale of a 50% stake in the four Turkish members of the group to the EOH technology solutions group. The EOH group was sold by the Inanici-Tekcan Law Firm.	N/A	Turkey
19-Jun	Allen & Overy; Baker McKenzie (Esin Attorney Partnership); CHSH Cerha Hempel Spiegelfeld Hlawati; Dentons (BASEAK); Gedik & Eraksoy; Hengeler Mueller; Kolcuoglu Demirkan Kocakli	The Esin Attorney Partnership advised a syndicate of 14 international and Turkish banks as lenders on a USD 500 million and TRY 720 million Senior Secured Term Loan Facilities provided to VIP Turkey Enerji A.S., a subsidiary of Vitol Investment Partnership Ltd., to finance its acquisition of OMV POAS Holding A.S., POAS's holding company. Allen & Overy and Gedik & Eraksoy acted for VIP Turkey Enerji on the financing. CHSH and Balcioglu Selcuk Akman Keki Avukatlik Ortakligi advised OMV on the actual sale, with Kolcuoglu Demirkan Kocakli and Hengeler Mueller advising the Vitol Group.	USD 500 million; TRY 720 million	Turkey
21-Jun	Clifford Chance; Clifford Chance (Yegin Ciftci Attorney Partnership)	Yegin Ciftci Attorney Partnership and Clifford Chance advised Citi, the sole bookrunner of the accelerated bookbuild process, in connection with the USD 485 million sale of shares in Koc Holding by members of the Koc family.	USD 485 million	Turkey
22-Jun	Cakmak Law Firm; Cakmak-Gokce Law Firm; Moral Law Firm; White & Case	The Moral Law Firm advised Borusan EnBW Enerji Yatirimlari ve Uretim A.S. — a joint venture of Borusan Holding A.S. and EnBW Energie Baden-Wurttemberg AG — on its USD 38.5 million acquisition of the Kiyikoy Wind Power Plant from Aksa Energy. The Cakmak Law Firm, Cakmak-Gokce Law firm, and White & Case advised Aksa Energy on the deal.	USD 38.5 million	Turkey
11-Jul	Allen & Overy; Dentons (BASEAK); Dentons; Gedik & Eraksoy	Balcioglu Selcuk Akman Keki Attorney Partnership advised DP Eurasia N.V. on the Turkish law aspects of its initial public offering and admission to listing on the premium segment of the UK Listing Authority and to trading on the London Stock Exchange. Dentons acted as English, US, and Russian counsel to DP Eurasia, while Allen & Overy and Gedik & Eraksoy advised the underwriters.	GBP 148 million	Turkey
11-Jul	Baker McKenzie (Esin Attorney Partnership); Dentons (BASEAK)	The Esin Attorney Partnership advised ING Group's Turkish subsidiary ING Bank A.S. on a EUR 462.5 million and USD 12 million dual currency term loan agreement with syndicate of 22 major international and Turkish banks. Balcioglu Selcuk Akman Keki advised the mandated lead arrangers, which included Bank of America Merrill Lynch International Limited, Barclays Bank PLC, Bank of Tokyo Mitsubishi UFJ, Turkey A.S., Citibank N.A.(London Branch), J.P. Morgan Limited, Standard Chartered Bank, Goldman Sachs International, Mizuho Bank, Ltd., and Sumitomo Mitsui Banking Corporation.	EUR 462.5 million; USD 12 million	Turkey
13-Jul	Baker McKenzie (Esin Attorney Partnership); Yazici Legal	The Esin Attorney Partnership in Turkey and Baker McKenzie's Paris office advised a syndicate of 18 international banks on a EUR 212 million and USD 56.5 million 367-Day Dual Tranche Term Loan Facility extended to TSKB-Turkiye Sinai Kalkinma Bankasi A.S. to fund TSKB's project finance-related transactions and its customers' trade finance transactions. Yazici Legal advised TSKB on the loan.	EUR 212 million and USD 56.5 million	Turkey
17-Jul	Dentons (BASEAK); Freshfields; King & Spalding; Noerr; Latham & Watkins; Sullivan & Cromwell	Balcioglu Selcuk Akman Keki Attorney Partnership and Dentons advised selling shareholders Ru-Net and Target Global and an unnamed group of non-selling shareholders on Delivery Hero AG's USD 1.1 billion initial public offering on the Frankfurt Stock Exchange. Lead Arrangers Citi, Goldman Sachs, and Morgan Stanley were represented by Freshfields Bruckhaus Deringer. Sullivan & Cromwell, King & Spalding, and Germany's GLNS law firm represented Delivery Hero. Selling shareholders Rocket Internet and Luxor Capital were represented by Noerr and Latham & Watkins, respectively.	USD 1.1 billion	Turkey

Date covered	Firms Involved	Deal/Litigation	Value	Country
18-Jul	Clifford Chance; Clifford Chance (Yegin Ciftci Attorney Partnership); Mayer Brown	The Yegin Ciftci Attorney Partnership and Clifford Chance advised the IFC on its USD 150 million investment in covered bonds issued by Turkey's Garanti Bank. Mayer Brown advised Garanti on the matter.	USD 150 million	Turkey
24-Jul	Dentons; Dentons (BASEAK)	Balcioglu Selcuk Akman Keki Attorney Partnership and Dentons advised TACA Construction on its agreement to construct a 5-star hotel in Djibouti for the Djibouti Ports and Free Zone Authority.	N/A	Turkey
26-Jul	Akol Law Firm Baker McKenzie; Baker McKenzie (Esin Attorney Partnership)	The Esin Attorney Partnership and Baker McKenzie advised the Marubeni Corporation on its acquisition of a 45.494% interest in Saide Tekstil Sanayi ve Ticaret Anonim Sirketi, an apparel company in Turkey. The Akol Law Firm advised the sellers, Hatem and Askin Duru.	N/A	Turkey
7-Aug	Dentons; Dentons (BASEAK); White & Case	Balcioglu Selcuk Akman Keki Attorney Partnership and Dentons advised Akbank, through its subsidiary ARTS Ltd, in relation to the amendments made in its diversified payment rights securitization program. White & Case acted as program counsel in the transaction.	N/A	Turkey
8-Aug	Erdem & Erdem	Erdem & Erdem advised Akfen Holding A.S. on its agreement to transfer its shares in Mersin Uluslararası Liman İşletmeciliği A.S. — the operator and manager of a port in Mersin, Turkey — to Australian infrastructure fund IFM Investors.	N/A	Turkey
17-Aug	Erdem & Erdem	Erdem & Erdem represented Soda Sanayii A.S. in its purchase of 100% of the shares of Cheminvest Deri Kimyasalları Sanayi ve Ticaret Anonim Sirketi from Italian seller Cheminvest S.P.A. and other minority shareholders.	N/A	Turkey
15-Jun	Avellum	Avellum advised Kernel Holding S.A. on the acquisition of 100% of shares in a large-scale farming business.	USD 155 million	Ukraine
20-Jun	Sayenko Kharenko	Sayenko Kharenko represented Volzhsky Abrasive Works and the Alexandr Trading in an anti-dumping investigation.	N/A	Ukraine
21-Jun	Asters	Asters acted as Ukrainian law counsel to the International Finance Corporation in connection with an up-to-USD 100 million loan to Nibulon, one of the largest Ukrainian grain and oilseeds originators and exporters.	USD 100 million	Ukraine
21-Jun	Gestors	Gestors assisted Belarus's Dobrush Porcelain Factory in Ukraine's official review of "special safeguard measures" related to the import of cutlery and porcelain dishes to Ukraine.	N/A	Ukraine
23-Jun	ILC Eucon	ILC Eucon successfully defended the Vostok LLC international oil trading company in a tax dispute before the Kyiv Administrative Court of Appeal.	UAH 5.8 million	Ukraine
23-Jun	Baker McKenzie	Baker McKenzie's Kyiv office advised the International Finance Corporation on its provision of an eight-year loan worth around UAH 400 million to Auchan Retail to finance the food retail chain's long-term investments in Ukraine.	USD 15 million	Ukraine
27-Jun	Antika Law Firm	The Antika Law Firm advised Ghelamco Group on the sale of the Kopylov Logistics Park to Ukrainian retailer ATB.	N/A	Ukraine
3-Jul	Avellum; DLA Piper	Avellum advised Saggarco Ltd on the acquisition of a 99.91% stake in PJSC Marfin Bank from Cyprus Popular Bank Public Co Ltd. DLA Piper advised the sellers on the deal.	N/A	Ukraine
11-Jul	Avellum; Sayenko Kharenko	Avellum advised the shareholders of the Karavan Hypermarket chain on their sale of the company to the Auchan Group. Sayenko Kharenko advised the buyers on the transaction.	N/A	Ukraine
17-Jul	AGA Partners	AGA Partners successfully defended Ukrlandfarming's interests in a Federation of Oils, Seeds and Fats Associations Ltd. arbitration.	USD 8.5 million	Ukraine
18-Jul	Avellum	Avellum advised Kernel Holding S.A. on its acquisition of an unnamed farming business.	USD 43.3 million	Ukraine
21-Jul	Aequo	Aequo advised Agroprosperis Bank, the Ukrainian asset of the private equity fund managed by NCH Capital (USA), on an additional shares issue in the course of an increase of the registered capital.	N/A	Ukraine
27-Jul	Aequo	Aequo advises JSCB Industrialbank on the restructuring of Bestment-Service LLC's UAH 410 million debt that was secured by the mortgage of Plazma Shopping and Entertainment Centre.	UAH 410 million	Ukraine
27-Jul	ILC Eucon	The ILC Eucon law firm defended the interests of Ukrrihflot PJSC in Ukraine's district administrative court	N/A	Ukraine
28-Jul	Vasil Kisel & Partners	Vasil Kisel & Partners assisted Camozzi LLC with its purchase of an industrial site in Kalynivka, Ukraine, near Kyiv, from Solum LLC.	N/A	Ukraine

Date covered	Firms Involved	Deal/Litigation	Value	Country
3-Aug	Eterna Law	Eterna Law successfully defended the interests of DSM Nutritional Products SP. z o. o. — a European manufacturer of vitamins, pet food, and pharmaceutical products — in a dispute before the Commercial Court of the City of Kyiv involving the alleged failure of a Ukrainian company to pay for goods it received from the company.	N/A	Ukraine
7-Aug	Kinstellar	Kinstellar advised Marazzi Group S.r.l. on its successful application for clearance from the Antimonopoly Committee of Ukraine for its acquisition of Emilceramica S.r.l. and Emil Russia LLC.	N/A	Ukraine
10-Aug	Sayenko Kharenko	Sayenko Kharenko advised a group of companies conducting business under the "Whirl" brand on international business structuring and fund raising.	N/A	Ukraine
16-Aug	Aequo; Sayenko Kharenko	Aequo acted as Ukrainian law counsel to the EBRD in connection with its extension of a UAH-denominated loan — its first ever — of an amount equal to USD 20 million to OTP Leasing LLC. Sayenko Kharenko provided legal advice to Raiffeisen Bank Aval in connection with the loan	USD 20 million	Ukraine
18-Aug	Redcliffe Partners	Redcliffe Partners advised a Chinese consortium consisting of Zhengzhou Coal Mining Machinery (Group) Co., Ltd and China Renaissance Capital Investment Inc. on their successful application for merger clearance from the Ukrainian competition authority for the EUR 545 million acquisition of Robert Bosch GmbH's Starter Motors and Generators business.	EUR 545 million	Ukraine
22-Aug	AGA Partners	Ukraine's AGA Partners is providing legal services to the Ukrainian Skiing Federation.	N/A	Ukraine

Full information available at: www.ceelegalmatters.com

Period Covered: June 14 - August 22, 2017

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ON THE MOVE: NEW HOMES AND FRIENDS

Big News from the Big Four: New CEE Managing Partner and Expanded Team at PwC Legal Estonia



In April, 2017, thirteen lawyers from Glimstedt joined PwC Legal Estonia, with long-time Glimstedt Partners Indrek Leppik and Priit Latt becoming Partners at the legal arm of the Big Four giant.

Subsequently, in May, Estonian lawyer Karl Juhan Paadam became Managing Partner of PwC Legal in Central and Eastern Europe and is now responsible for coordinating the network's activity in seventeen European countries.

According to Paadam, the addition of the Glimstedt team represents a pivotal moment in Estonian legal services history. "The move is driven by the interest and demand from clients to which we wish to offer the best solutions together. The joining of Glimstedt's key people means expanding our core competencies and strengthening the position of our law firm on the local market. The success of PwC Legal globally signals a shift in the legal business, which has long been considered exclusive. The change is driven by the increase in cross-border business and a demand for the increase in the understanding of tax and financial advice."

PwC Legal reports that its 2016 revenue in Estonia – where it

launched only four years ago – was EUR 1.4 million, compared to EUR 1.2 million for Glimstedt.

Paadam says that PwC Legal will continue to expand vigorously in the entire region, saying, "the quick growth of PwC Legal confirms we have the right business model — the network's specialists from various areas of business consulting serve the needs of a single client at the same time, if necessary. Owing to its global reach, PwC Legal is a trendsetter, dictated mostly by the demands of our transnational clients."

In recent years, PwC Legal has grown from 2000 to 3500 legal advisers world-wide.

Competition Boutique Makes the (Bel)Grade for Doklestatic & Partners



Serbia's Gajin Law competition boutique has announced that it will merge with full-service Doklestatic & Partners. As part of the arrangement, Dragan Gajin will become a Partner at Doklestatic & Partners and head the firm's competition practice.

Dragan Gajin is enthusiastic about the merger and the opportu-

nity to join forces with Doklestic & Partners Managing Partner Slobodan Doklestic. “I have a good feeling about this,” he said, “as it will join my boutique’s expertise and recognizability on the market in the area of competition with the broadness of Doklestic practice and Slobodan’s excellent reputation. We believe that together we can achieve more, as we can serve both large clients, who seek a firm with substantial capacity, and smaller ones, whose priority is a personal approach.”

The merger is scheduled to become effective in September 2017.

You Say Tomato, I say Tomahto: Name Change at Neocleous

Andreas Neocleous & Co LLC has transferred its business and operations to a new firm: Elias Neocleous & Co LLC.

According to a statement on the Andreas Neocleous website, Elias Neocleous & Co – which has CEE offices in Kyiv, Prague, and Budapest, in addition to its Cyprus hub – “will have the same philosophy as its distinguished legacy firm of putting its clients first and providing quality services and advice that is second to none. The new firm will employ the same staff and operate from the same premises, with the same level of professionalism and indemnity insurance cover, and the same emphasis on quality and service. The human and intellectual capital, the accumulated experience and the core values on which our legacy is founded will remain intact.”

Elias Neocleous, unsurprisingly, is the firm-wide Managing Partner.

In Competitive Move, Greenberg Traurig Takes Competition Team from Hogan Lovells



Polish legal advisor Robert Gago has brought several members of his Hogan Lovells Competition team to Greenberg Traurig’s Warsaw office, which he joins as Local Partner and Head of Competition.

Gago specializes in Polish and European competition and consumer protection law. According to a Greenberg Traurig press release, “in his practice he represents, among others, entities in matters related to the merger control and antitrust proceedings, as well as in proceedings concerning infringement of collective consumer interests.”

Gago spent over 16 years at Hogan Lovells, after spending two years at CMS’s Warsaw office and two at Jeantet. He is joined at Greenberg Traurig by former Hogan Lovells lawyers Ewa Tabor-Maciejewska and Radoslaw Pawluk.

“In recognition of our clients’ needs, we decided to expand another team,” said Greenberg Traurig Managing Partner Jaroslaw Grzesiak. “After the recent development of the Real Estate, Litigation, and Labor law practices, we have acknowledged that the development of the Competition team builds on our strategy to provide our clients with comprehensive legal services.”

“Mr. Robert Gago and his team are excellent specialists in competition law,” added Senior Partner Lejb Fogelman, Head of M&A at Greenberg Traurig Warsaw. “We are delighted that their knowledge and experience will strengthen our existing practice and contribute to the further development of Greenberg Traurig in Poland.”

The Thinker Becomes the Doer: Rodin & Partners Opens Doors in Moscow



Rodin & Partners, which describes itself as “an independent law firm with a focus on infrastructure, public-private partnership, energy projects and local and international dispute resolution,” was launched in Russia on July 5, 2017. The firm consists of Artem Rodin, ex-Partner of infrastructure, PPP, and energy at CMS, and Timur Djabbarov, previously a Senior Litigation Associate in the complex commercial litigation group at Dechert.

According to a Rodin & Partners statement, Rodin “has more than 12 years of experience advising on transport, waste management, energy, water, wastewater and healthcare projects in

Russia, CIS countries, Europe, Asia, and Africa at all stages, including restructuring and settlement of disputes, both in private practice advising state and investors (also with Freshfields Bruckhaus Deringer), and as a General Counsel for Russia and CIS of international energy concern EVN AG.”

Commenting on the establishment of the new firm, Rodin said “Currently, when the role of a state in the economy is growing, and the number of disputes is increasing, it is the right time for establishment of an independent law firm focused on PPP projects and dispute resolution. On the one hand, having many years of experience in international law firms, we continue to provide high-quality services to our clients, and on the other – a concept of an independent law firm enables clients to avoid excessive costs. In addition, the new model allows partners to be personally involved in all details of each project, reduces the chances for conflicts of interest, and eliminates administrative restrictions and those related to political sanctions.”

For his part, Djabbarov said, “the establishment of an independent firm has been a long-felt intent. The reasons for this are recent geopolitical and economic changes, affecting the activities of our clients. Russian companies and international investors are becoming very selective, demanding and cost-sensitive. We foresee the expectations of the clients. Our concept is rather clear – high standard of quality, individual approach to the client, flexibility and reduction of fees. We achieve this by improving the efficiency of our working processes, which includes the adoption of new technology, and through optimizing costs.”

Andersen Global Ties to Turkish Tax Team



Andersen Global has established its presence in Turkey by way of a collaboration agreement with Nazali Tax & Legal, a consultancy firm founded in 2015 by Managing Partner Ersin Nazali with locations in Istanbul, Ankara, Izmir, and Bursa.

According to the company’s website, Andersen Global “was established in 2014 as the international entity surrounding the

development of a seamless professional services model providing best in class tax and legal services around the world.” An Andersen Global press release announced that “the addition of Nazali Tax & Legal as a collaborating firm of Andersen Global is part of Andersen’s current strategy of building out a larger platform in the region.”

“Our main philosophy has always been and will continue to be the establishment and maintenance of a trust-based relationship with our clients where we can provide objective, best-in-class service,” said Ersin Nazali. “This collaboration will allow us to combine resources and provide even more seamless, outstanding service globally. In addition, this collaboration is a very significant indicator of the international confidence and interest in the Turkish economy for the forthcoming period. Turkey is a center for tax and legal services provided to Middle Eastern, Gulf and Central Asian countries, so the services offered to our local and international clients and countries will be diversified and increased in this context.”

“The expansion into Turkey is significant and also strategic because of the country’s geographic position between Europe and Asia,” commented Andersen Tax CEO, Mark Vorsatz. “Their firm’s immense growth and development over a short period of time is indicative of the entrepreneurial spirit of Ersin and the professionals at Nazali Tax & Legal, and the high caliber of individuals who are joining us.”

Nazali joins Andersen Global with over 60 tax and legal professionals and expects to double in size over the next twelve months. Andersen Global now has more than 2,000 professionals worldwide and a presence in 68 locations through its member firms and collaborating firms.

Eterna Law Promotes Public Procurement Practice



Eterna Law has announced the establishment of a public procurement practice, which it describes as “the first practice of its kind in the Ukrainian legal market.” According to Eterna Law,

“our firm will advise bidders at every stage — we will help clients with the preparation of their bids and navigate them throughout the tender process. In addition, Eterna Law will provide continuous legal support to public procurement divisions and give individual assistance with following a specific procedure.”

Senior Associate Artem Kuzmenko will head the practice.

Hugh Says Good-Bye (to Allen & Overy) and We Say Hello (to Go2Law)



Hugh Owen, long-time Partner at Allen & Overy, has retired from the Magic Circle firm and will practice independently as Go2 Law going forward. Owen will continue to operate out of Slovakia, where he has lived since 2000 – though from November 2013 until this recent move he spent the majority of his time working in A&O’s Budapest office.

Owen obtained his law degree from Kings College London, University of London in 1992 and first joined A&O in 1994 as a trainee. He did a secondment in Prague in 1995 and qualified in London in 1996. According to him, “I returned to Prague in 1998, and in 2000 went to Bratislava where I assisted in the opening of the office. I started then to work in Romania and Bulgaria, soon afterwards expanded to include the former Yugoslavia, and then set up and headed the SEE desk. In 2008 I spearheaded the successful opening of our associated office in Romania. In 2015 I became head of the Ukraine Desk and recently assisted in launching a new Baltic desk. I have been a Partner since 2004.”

Among the many large-scale corporate and commercial transactions throughout CEE Owen has worked on over the years are a number of privatizations in Slovakia and Romania. He specializes in private equity, including advising on the acquisition by AIG Capital Partners of a controlling stake in Bulgarian Telecommu-

nications AD, which, at nearly EUR 2 billion, represented the largest M&A transaction ever in Bulgaria and one of the largest leveraged finance transactions in Central & South Eastern Europe.

Owen retired from Allen & Overy on July 31, 2017, though he expects to retain a professional relationship with the firm going forward, albeit in a different form. “My consultancy is non-exclusive,” he says, “but the expectation is that for now my main client will be A&O.”

Owen commented: “It has been a real pleasure to work with exceptional colleagues at A&O across the globe and in CEE, working for a Magic Circle firm for nearly quarter of a century. I am looking forward to this next stage of my career, where I will continue to work with many of my A&O colleagues and A&O’s relationship firms in C&SEE and the Baltics, focusing on English law M&A.”

Gergo Budai Answers Vodafone’s Call



Gergo Budai has joined Vodafone in Hungary as its new Deputy CEO, responsible for legal, regulatory, security, PR, and wholesale.

Prior to Vodafone, Budai was General Counsel and Deputy CEO at Invitel in Hungary. Before joining Invitel in the spring of 2012, Budai was the Legal Director and then Regional Legal Director at Pfizer for six years, and before that a Senior Associate at White & Case for six. He became a Doctor of Law and Political Sciences at the Pazmany Peter Katolikus Egyetem in 2001. During Budai’s time at Invitel, CEE Equity Partners acquired 99.9% of Magyar Telecom B.V.’s holdings in the company, and the company subsequently sold its residential business to Digi Communications.

Budai will be a speaker at the first Hungary GC Summit. (See advertisement on page 2).

SUMMARY OF CEE MOVES AND APPOINTMENTS

PARTNER MOVES

Date Covered	Name	Practice(s)	Firm	Moving From	Country
7-Jul	Indrek Leppik	Litigation/Arbitration	PwC Legal	Glimstedt	Estonia
7-Jul	Priit Latt	TMT/IP	PwC Legal	Glimstedt	Estonia
21-Aug	Edina Schweizer	Banking/Finance	Noerr	Kinstellar	Hungary
29-Jun	Povilas Junevicius	Corporate/M&A	Primus (Associate Partner)	Ellex (Valiunas) Senior Associate	Lithuania
21-Jun	Piotr Siezieniewski	M&A, Private	Deloitte Legal	Baker McKenzie	Poland
21-Jun	Przemyslaw Stobinski	Labor	Deloitte Legal	CMS	Poland
11-Jul	Robert Gago	Competition	Greenberg Traurig	Hogan Lovells	Poland
7-Aug	Przemyslaw Kozdoj	Banking/Finance	Wolf Theiss	Greenberg Traurig	Poland
19-Jul	Alexandra Rimbu	Corporate/M&A	Maravela Asociatii	Almaj & Albu	Romania
22-Jun	Dmitry Gubarev	Banking/Finance	Herbert Smith Freehills	Orrick, Herrington & Sutcliffe	Russia
11-Jul	Artem Rodin	PPP/Infrastructure; Energy	Rodin & Partners	CMS	Russia
4-Jul	Dragan Gajin	Competition	Dokleestic & Partners	Gajin Law	Serbia
13-Jun	Felix Aronovych	Criminal Law	SDM Partners	Aronovych and Partners	Ukraine

IN-HOUSE MOVES AND APPOINTMENTS

Date Covered	Name	Company/Firm	Moving From	Country
13-Jul	Iliana Byanova	First Investment Bank (Chief Legal and Compliance Officer)	Promoted	Bulgaria
13-Jul	Norman Aas	Sorainen	Estonian State Prosecutor-General and Secretary-General of the Estonian Ministry of Justice	Estonia
8-Aug	Andras Losonci	Telenor (Legal Counsel)	UPC DTH	Hungary
9-Aug	David Kozma	UNIQA (Head of Legal Affairs)	Promoted	Hungary
10-Aug	Gergo Budai	Vodafone (Deputy CEO)	Invitel	Hungary
23-Jun	Edyta Krukowska	GEO Renewables S.A (Head of Legal Department)	GEO Renewables S.A (Manager of Legal Department)	Poland
3-Aug	Krzysztof Banaszek	Mercedes-Benz Manufacturing Poland	Noerr	Poland
13-Jul	Dmitry Gladkov	Nektorov, Saveliev & Partners	Corsica Corporate Consulting	Russia
8-Aug	Radovan Pistek	HB Reavis (General Counsel and Member of the Senior Executive Management)	Promoted	Slovakia

PARTNER APPOINTMENTS

Date Covered	Name	Practice(s)	Appointed To	Firm	Country
4-Jul	Filip Boras	Litigation/Dispute Resolution	Partner	Baker McKenzie	Austria
25-Jul	Marcell Nemeth	Banking/Finance	Partner	Wolf Theiss	Austria
13-Jul	Jan Frey	Corporate/M&A	Partner	Havel, Holasek & Partners	Czech Republic
13-Jul	Petr Sprinz	Insolvency/Restructuring	Partner	Havel, Holasek & Partners	Czech Republic
23-Jun	Akos Nagy	Corporate/M&A	Partner	Kinstellar	Hungary
12-Jul	Balazs Kutasi	Dispute Resolution	Partner	Jeantet	Hungary
25-Jul	Laurynas Lukosiunas	PPP/Infrastructure	Partner	Sorainen	Lithuania
5-Jul	Iwona Kurylak	Capital Markets	Junior Partner	act BSWW	Poland
5-Jul	Lukasz Piekarski	Capital Markets; Litigation	Junior Partner	act BSWW	Poland
7-Jul	Przemyslaw Furmaga	Corporate/M&A	Partner	Domanski Zakrzewski Palinka	Poland
7-Jul	Anna Glapa	Banking/Finance; PPP	Partner	Domanski Zakrzewski Palinka	Poland
7-Jul	Agata Mierzwa	Labor	Partner	Domanski Zakrzewski Palinka	Poland
7-Jul	Pawel Piorunski	Corporate/M&A	Partner	Domanski Zakrzewski Palinka	Poland
7-Jul	Jose Luis Villacampa Varea	Infrastructure/PPP; Energy	Partner	Domanski Zakrzewski Palinka	Poland
10-Jul	Marta Gadomska-Golab	Compliance	Partner	Eversheds	Poland
10-Jul	Aleksandra Kunkiel-Krynska	Corporate; Competition	Partner	Eversheds	Poland
12-Jul	Stanislaw Zemojtel	Dispute Resolution	Partner and Head of Dispute Resolution	Eversheds	Poland
2-Aug	Lukasz Wegrzyn	TMT/IP	Partner	Maruta Wachta	Poland
2-Aug	Maciej Zackiewicz	TMT/IP	Partner	Maruta Wachta	Poland
23-Jun	Iustinian Captariu	Competition/Energy	Partner	Kinstellar	Romania
23-Jun	Remus Codreanu	TMT; Energy	Partner	Kinstellar	Romania
24-Jul	Done Yalcin	Corporate/M&A	Partner	CMS	Turkey
11-Aug	Serkan Pamukkale	Corporate/M&A; Banking/Finance	Partner	Moral	Turkey
29-Jun	Dmytro Savchuk	Tax; Competition	Associate Partner	Lavrynovych & Partners	Ukraine

OTHER APPOINTMENTS

Date Covered	Name	Company/Firm	Moving From	Country
4-Jul	Stefan Riegler	Baker McKenzie	Managing Partner	Austria
4-Jul	Karl Juhan Paadam	PwC Legal	Managing Partner	Czech Republic, Slovenia, Slovakia, Croatia, Bosnia, Serbia, Albania, Macedonia, Kosovo, and Montenegro
26-Jul	Aleksandr Masaliov	CEE Attorneys	Head of Labor Law	Lithuania

THE BUZZ

In "The Buzz" we check in on experts on the legal industry across the 24 jurisdictions of Central and Eastern Europe for updates about professional, political, and legislative developments of significance. Because the interviews are carried out and published on the CEE Legal Matters website on a rolling basis, we've marked the dates on which the interviews were originally published.

ESTONIA – JULY 10



"The recent tax amendments introduced at the local level by the Estonian government have created a lot of buzz in the legal market," says Risto Agur, Managing Partner of KPMG Legal in Estonia.

There are at least three significant amendments to the tax laws, according to Agur, "which have caused a lot of controversy within the Estonian business community." These legislative initiatives relate to the application of tax to daughter company loans made to a parent or sister company, a new sugar tax (which the Estonian President did not approve), and the increase of the alcohol excise duty. "The initial idea for the tax on daughter company loans to parent companies," according to Agur, "was basically to restrict hidden profit distribution

and apply advance payment of tax on all upstreamed loans from the Estonian subsidiary (or security provided by the subsidiary) in excess of all equity and loan payments made into the subsidiary, which tax would be returned if the loan was repaid or security returned within two years, but as a result of its stringent nature the amendment generated an unfavorable reaction from the business community." As a result, Agur says, "to avoid the misuse of the law, the regulation to be passed as things stand now merely requires a declaration of all loans made by daughter companies, the adoption of a general provision restricting misuse of the loan to the parent company, and the application of additional guidelines."

The EU General Data Protection Regulation is also generating a high volume of work for data protection, IP, and IT lawyers in Estonia, Agur says. "The legal teams and IT experts are actively pursuing the demand in this area because it affects entrepreneurs on a large scale."

Other major legislative developments, Agur reports, include the changes brought about by the Markets in Financial Instruments Directive and the applicable regulation scheduled to take effect on January 2018, as well as the EU's Fourth Anti-Laundering Directive, which came into force on June 26, 2017. "Both of these require a wide range of financial institutions to extensively revise their internal rules and procedures, and will of course be a source of business for the legal com-



munity” he explains.

The Rail-Baltica infrastructure project, involving the construction of a railway connecting the Baltics, Poland, and Germany, continues to move forward. Although opinion in Estonia is still divided on the implications of the project for investment and the environment, Agur says that “the project is clearly likely to increase the economic security of the country as it will increase the connections between the Baltics and Poland to Central Europe.”

In general, Agur reports, “it’s been quite an active M&A year, both in terms of corporate and real estate M&A, and our firm has advised on a number of significant deals both in the retail and real estate sectors.” The financial regulatory sector has been busy for lawyers in Estonia as well, he says, noting that “quite a number of financial institutions are pursuing licenses from the state’s financial supervisory authority.”

In respect of the legal market itself, Agur noted that 13 lawyers from the Glimstedt law firm joined PwC Legal in Estonia this April. “Basically,” he says, “this development probably means a double turn over for PwC Legal Estonia.” Otherwise, Agur says, the Estonian legal market has been thriving. “We are currently on a growth path of 35% year on year,” he says, enthusiastically.

TURKEY – JULY 13



There’s “an enormous amount of legislation” coming in Turkey at the moment, according to Bezen & Partners Senior Partner Yesim Bezen, “both on the constitutional front and the secondary front.” As an example, Bezen cites the government’s proposed creation of a sovereign wealth fund designed to facilitate “big ticket transactions,” though she says, “nobody knows yet how it will affect the market and everyone’s awaiting the secondary legislation in this respect.” Bezen says there’s also “substantial new legislation in the energy sector,” and cites two recent major tenders in the renewables sector.

And, Bezen says, the government’s attempts to jumpstart the economy seem to be working, as — since May of this year — she and her colleagues have noticed a marked uptick. According to Bezen, “last year was a difficult year, as were the first four or five months of 2017 — there was not much activity in the financing and corporate/M&A markets, which is where you could see that the economy was somehow at a halt. Now things have been picking up, especially since the [April 16 constitutional] referendum.” The past two months have seen “activities on the corporate front, setting up JVs and companies, and on the financing front, trying to find financing for certain projects, by not only Eastern but also Western investors.”

Of course, not all of the increase can be credited to the government’s recent efforts. Bezen notes that “in certain sectors — particularly energy and infrastructure — Turkey is still seen as a growth market.”

Bezen notes that the international firms which a decade ago were opening offices in Istanbul on what seemed to be a monthly basis have “not really been growing in size in the past few years.” According to Bezen, “this is an indication that it remains very much a local market, and it means you really need good local lawyers involved in your deals, regardless whether they’re working with international or local firms.”

And the slowdown that the Turkish economy experienced over the last year or two had a significant effect on all firms in the country, according to Bezen, who reports that a number of firms had to downsize. The only alternative to laying off associates firms had, she says, was to cut their profits per partner, which is what she and her colleagues decided to do. The

problem was only exacerbated by the continuing downward pressure on fees in the country. “This is a difficult market in terms of fees,” she says, noting that a significant downward push comes from an unexpected source. “In our experience,” she says, “we haven’t had many issues with our peers — other prominent local law firms — which have a similar cost structure and therefore quote similar to us. We’ve had more pressure from international law firms — they can charge less — much less in certain cases and compensate elsewhere. We have been surprised to hear they were able to give fee quotes at that value.” As a result, she says, “fees dropped as more international firms came into the market, even though we were hoping for the opposite effect.”

HUNGARY – JULY 18



“The Buzz in Hungary,” according to Wolf Theiss Budapest Partner Janos Toth, “is two things: The recent activity in the solar energy sector in the country and work resulting from new legislation within the EU for data protection and anti-money laundering.”

Speaking on the first subject, Toth says that the Hungarian government’s apparent intention to develop solar (photovoltaic) projects generated a great deal of interest in potential investors in the first half of this year, although “nothing has closed yet.” Still, he says, project owners are preparing to finalize the initial rounds of regulatory licensing with Hungarian energy regulator, “and now that the deadlines are approaching the market has become very vibrant with strategic and financial investors.” According to Toth, “the projects that are in the forefront of investor interest still qualify under the old renewable compensation system, which includes some very beneficial compensation schemes in terms of both length and the amount of compensation available, so everybody who has interest in this particular field is focused on trying to get as much volume as possible in terms of licensing from the energy regulator, which would allow them a nice ROI.”

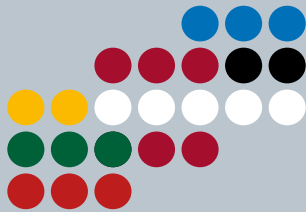
Photovoltaic projects have not been particularly active in Hungary for the past decade, Toth reports — unlike in the Czech Republic and Romania, for example — but last year the government began putting more “pure” emphasis on solar. According to Toth, “that’s really made the market excited. Obviously some of these projects are not viable, but these will be weeded out by the market, if not the regulator. But a considerable amount of these projects will likely go into the implementation phase, bringing upheaval to the Hungarian renewable market, which has been silent lately.” And, he says, “from a general policy perspective it’s a sign that Hungary has decided to catch up with the rest of Europe.”

Unsurprisingly, Toth reports, “lawyers who are able to consult with clients on this regulated field are busy with due diligence and joint venture creation mandates.” There is, of course, a heavy real estate element on such projects, so property lawyers are active as well.

The other recent news of significance, according to Toth, is more regional in nature: An uptick in compliance work. “What we see,” he says, “not only in Hungary but in all of the countries in our region, is businesses coming to us with regional requests for audits, reviews, analysis of their processes and systems, and consulting on how to ensure compliance.” Toth draws specific attention to the EU’s new Anti-Money Laundering Directive and the oft-reported data protection regulation (the GDPR).

The deadline for implementation of the EU’s 4th AML directive, according to Toth, lapsed at the end of June, and “some of the countries in the region have still not implemented the legislation locally.” Toth points out the significant impact of the new rules on affected industries, as companies in “the traditionally regulated industries like the financial sector, and insurance, but also lawyers, notaries, and even traders of goods and businesses involved in customer/client sales over a certain transaction value need to update or in some instances entirely reshuffle their operations.” According to him, clients who are now required to disclose ultimate beneficiaries are especially concerned about this. “And the devil is in the details,” he says, “as national parliaments have to regulate this themselves — so this will change from country to country. In some countries the tax authorities will keep the information, in some the registry of companies will handle it.” Other relevant and controversial questions involve “how third parties can get access to such beneficiary owner information, and in what circumstances.” He says, “this is all very sensitive.”

Hungary implemented the Directive with its June 2017 Anti Money Laundering Act, but Toth warns that “the law says that the central registry of ultimate beneficial owners would be set up and operated under a separate piece of law — but that separate law has not been created yet. So we’re generally compliant, but how the central registry will work is not clear yet, and we probably won’t see that law created during the summer



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FIRST SPEAKERS ANNOUNCED:



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Managing Partner, Founder at MCI Capital



Normunds Stanevics

CFO at Food Union Europe, Chairman of the Board of Rīgas piena kombināts



Sebastian Król

Partner of Enterprise Investors



William Wells

Managing Director at Rothschild



Tamas Szalai

CEE Equity Advisor Investment Director, regional private equity investor



Klaus Konrad

Founder and Co-CEO of BrainCode, former investment director of Intel Capital



Bjorn Tremmerie

Head of Venture Capital and Impact Investing at European Investment Fund (EIF)



Nicolas Mucherl

Member of the Board of Baltikums Vienna Insurance Group, Riga



Jonas Butautis

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CEO at East West Agro



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Head of Private Equity at INVL Asset Management



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Chairman of the Competition Council of the Republic of Lithuania



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Gediminas Grinius

Long-distance runner, ultramaratonist



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months when parliament has no sessions.”

Turning to data protection, Toth notes that businesses still have some time to implement the GDPR requirements, but he says “they’re starting to realize how pressing this will become in a few months, and we’re already seeing the prudent business operations starting to review their data privacy processes to see if there are any changes required for compliance.”

Finally, Toth says, “I can also mention that, in Hungary as across Europe, the M&A market — which was unexpectedly slow during the first half of the year — is coming back. The reasons may be multi-fold, but it appears that, after a relatively silent first half of the year, general interest in the M&A market is back.” Toth says that “mid-market deals are picking up everywhere and in all sectors — manufacturing, real estate, trade and services, etc.” The Wolf Theiss Partner admits that “this is encouraging” as it “means that there’s real potential for a good year in 2017 after all, following a really good year in 2016.”

AUSTRIA – JULY 20



“Compliance work is pretty in at the moment,” says Felix Hoerlsberger, Partner at Dorda in Vienna, “especially involving the GDPR.” The regulation becomes applicable on May 25 of next year, but Hoerlsberger notes that in order to be compliant companies are already under pressure, as they “have to have full documentation of what processes they’re performing, complete privacy impact assessments, and potentially consult with local regulators where there are any difficulties or high-risk processing ongoing.”

The consequences of non-compliance with the regulation can be severe — up to 4% of world-wide group turnover — “so companies have to get ready now.” In particular, he points out, many banking or insurance groups have multiple different internal systems in various group entities, and they can have trouble coordinating them. As a result, he warns, “the larger

entities need three to six months just to find out what they’re doing, before they can begin changing them. And many of these IT systems aren’t standardized — they’re customized, making it even more complicated.”

As a result, Hoerlsberger concedes, “at the end of the day, lawyers are pretty busy.” Indeed, Dorda has “set up a sub-division on data privacy, currently running with two partners and four associates,” allowing him to say that, “at the end we believe we are market-leading in that sector.” He has a personal connection to the subject as well: “I wrote my master’s thesis about the old data protection act 20 years ago and I have worked on hundreds of assignments since then.”

Moving beyond the GDPR, Hoerlsberger says that, although there were few deals in the first quarter of 2017, “since April M&A has been busy as hell.” He laughs when asked to explain the uptick: “I have no idea why. There is no objective reason. You can try to argue that maybe it’s related to Brexit, elections, and so on ... but none of these arguments is totally convincing.”

At the same time, he says, “insolvencies are going down pretty dramatically. The reason seems to be that interest rates remain low — particularly in Austria (the lowest in the Eurozone for companies), so even heavily-indebted companies can pay their interest. Once those interest rates go up we’ll see insolvencies go way up as well.”

The fourth subject addressed by Hoerlsberger is the continued importance of NPL portfolio transfers across the region, which he describes as “still a really big business.” According to him, “this goes in waves: last year Austrian banks tried to get rid of theirs, and we’re still seeing it in CEE, especially Croatia.” Interestingly, he says, banks are selling these asset-based NPLs without the asset, while educated bidders try to foster a deal with the owner of the asset as well, then combine both deals at closing.

Finally, when asked for an update on the legislative agenda in Austria, Hoerlsberger reports that the combination of summertime and politics have stilled activity for the time being. “We’re going to have an early election in October,” he explains, “so Parliament is now closed. The governing coalition was more of a fight than a coalition, so not much legislation went through, with the notable exception of the Austrian law implementing the GDPR going through.” He notes that the other significant legislative achievement in recent months was the amendment of the Austrian insolvency law, making it easier for individuals to file with an amended payment plan. “The interesting part is that you often see in transactions that you have warranties with shareholders, who are individuals; the economic benefit of such warranties might be lower in the future. Probably this will boost the w&i insurance business.”

MACEDONIA – JULY 27



Biljana Joanidis, the Managing Partner of the Law Firm Joanidis in Macedonia, is encouraged by recent developments in her country — many of which, in her opinion, can be tracked back to the election at the end of May, by slim majority in Parliament, of a government led by Zoran Zaev of the center-left Social Democrats. “In Macedonia there’s a new government elected, and things are getting better for the country and for everyone — for the legal system.” According to Joanidis, “we had been a few months without government which was bad for everyone, for the economy, etc. Nothing was working at all. So a new government, made up from the opposing political party, is a good sign.”

“The new government should be good for the economy and foreign investment,” Joanidis says. “It’s early, of course, but I think this political party is oriented towards NATO and integration to the EU, which should solve many problems. It takes time, but I think things are moving forward.”

Joanidis says that the trials of former officials from the previous government based on accusations of corruption and fraud arising from recorded phone calls is also providing significant amounts of work for criminal lawyers in the country, including her firm.

Otherwise there’s not much happening in Macedonia at the moment — particularly in the court system, by and large dormant due to the annual so-called “Comfort Holiday” lasting from July 15 to August 15. Still, before they went on holiday, Joanidis says, “there were good signs from the court, in the form of good decisions which I had not expected based on previous experience.” In Joanidis’ opinion, this change can also be tracked back, in part, to the elections. Ultimately, she says, “this change has affected everyone, maybe, including the courts. Influenced everyone. Even the stock market in Macedonia is up. That’s a good sign. Maybe because of the change of the government and the prospect of joining NATO soon. It will be good for everyone.”

On the subject of legislation, Joanidis says there’s nothing particularly significant planned for upcoming months — a welcome change after multiple changes in recent years.

It’s noted how positive her report is. “Yes, yes,” she says, laughing. “Last time we spoke [in September 2016] I was not so optimistic, but I think things are getting better and better.”

POLAND – JULY 28



The Buzz in Poland, according to Michal Karwacki, Partner at Squire Patton Boggs, is that while most of the big cap transactions planned for 2017 have already been tasked (with the exception of the potential exit of Warburg Pincus from Inea), the mid-cap transactional market in the country remains highly active. Indeed, says Karwacki, “the mid-cap market is quite speedy, and I believe that we will hear about many such transactions just after the summer, with the most interesting targets being in the automotive, logistics, and consumer goods sectors.”

Karwacki confirms that Poland experienced the same slow start to M&A work in 2017 described by counterparts in Hungary and Austria, and he confirmed that, as in those countries, the last few months have picked up substantially. “The first half of the year was slow,” he says, “but now it’s really popping and I believe you will see an increase after the summer.”

In addition, he says, litigation is also really active, notably between private companies and state or state owned enterprises, including in particular the recent suit worth over PLN 1.2 billion filed by Invenergy against Tauron or the PLN 2 billion plus award to Abris Capital made by the International Arbitration Court in Stockholm against the Polish State. In addition, he says, “the other departments seeing a lot of growth is Real Estate,” with those practices around the Polish market expanding, “even when other departments may not be growing.”

When asked about the surprising decision by Polish President Duda to veto two bills that would have given the country’s populist government sweeping powers over the courts, Karwacki reports that, in fact, the primary affect may be its salutary effect on foreign investors. “We can only see one good sign of it: That the policies of the country will not depend only on the ruling party. That they will need to take into account the President.” In Karwacki’s view, “this can only be seen as a positive sign to investors who might be concerned about the state of our democracy; to lower those fears.” He suggests that it “might impact the market by generating more enthusiasm and confidence and demonstrating that, in the long term, nobody will destroy the pillars of democracy.”

Otherwise, Karwacki agrees with previous reports that, despite concerns, he's seen little visible affect on investment into the country. "So far business has been good irrespective of the political changes."

He also describes a fairly quiet legislative agenda at the moment. He says, "but that's a good sign, maybe — less interference with the economy is better. I can only say things regarding the macro economy. In terms of fiscal issues, there is no deficit, and investment-side in Poland is quite high, which is of course good for Poland and for the CEE region."

Finally, he's asked if there are any changes or developments of significance in the legal market itself. "In terms of international law firms I do not see anyone who will be growing. I think it's rather a stabilizing or working within current structures to be effective. It's not about growth; it's about trying to find better ways and a good wind to become more effective." In terms of local firms, Karwacki describes what he calls "a trend, already for many years," of small teams splitting off from larger firms to help venture capitals register and launch their operations. "Lots of new small law firms have been created to deal with the venture capital market."

SLOVAKIA – AUGUST 4



"There's a lot going on at the moment in Slovakia," according to Michaela Stessl, the Managing Partner of DLA Piper in Bratislava, who begins her summary by describing "a boom with regard to suppliers for the automotive sector who are coming with the Jaguar/Land Rover investors." According to Stessl, "this has a huge impact on several levels and several fields of providing law," not only to Jaguar/Land Rover itself, "but also to all the suppliers who are doing business with them."

Indeed, Stessl reports that things are going extremely well in Slovakia at the moment, an uptick impossible to miss. "The skyline of Bratislava is really changing," she smiles. "We're getting skyscrapers! There's a real boom. They're going up almost every day." Unsurprisingly, then, in terms of law firm practices, "Real Estate and Construction are really booming, as is everything else related to such projects." Stessl reports that her own office is busy with transactions, noting that

"we're involved in several real estate transactions with portfolios about to change their owners, from logistics, to buildings, etc." She says, "this is where the private equity funds are quite active — this is an interesting time for them."

In addition, she says, "we're doing a lot of litigation at the moment." According to Stessl, Slovakia has "a totally new set of laws in place since July 2016 with regard to litigation that makes us quite busy, because some gaps in the law have already been identified. It's quite difficult to litigate at the moment, so this is something we'll have to deal with over the next few years. Because when even the courts don't know how to proceed it's an interesting question how things will go forward."

Stessl reports that Compliance-related business is strong as well, as it is elsewhere in the region — "but even more in Slovakia, because we have not only these general requirements in preparation for the GDPR, for example, and the implementation for this regulation, but we're one of the states that has created its own, even stricter regime, applicable to the so-called letterbox companies, which often use Slovakia because of its attractive tax structure." Stessl notes that the country has introduced a new law for such "letterbox" companies, along with new transparency rules regarding ultimate beneficial owners (UBOs), all of which are creating substantial work for lawyers in the country. "Our new legislation is so creative — that's the more positive word — so confusing, to a certain extent, that nobody knows exactly how to implement it, and we're facing deadlines here."

"For instance," she says, "if you're an energy company or a mining company, or a company which partners with a public-sector company, you have to register, and if you fail to register by the deadline, it means potentially losing your license and other heavy penalties and fines, so we're quite busy at the moment registering them." She says, "this is all to bring transparency into state-regulated business, and also to identify the UBO." And Stessl says that "a lot of companies haven't registered yet." She describes it as "quite a mess, because you need so much documentation, and when companies start the process late it's hard to do. There's really a risk that many of these companies will lose their licenses, but nobody knows how the government regulator/legislator will apply the sanctions."

There are potentially severe consequences to the lawyers too, Stessl says, noting that "there's also a mechanism in place to punish lawyers who fail to register their clients in a timely manner as well."

Another good example of new legislation in the compliance-related field, Stessl says, is Slovakia's recently-introduced legislation on gambling, which tightens the rules for the provision and propagation of gambling games without a Slovak license, and which is expected to have particular impact on foreign gambling-game operators. According to Stessl, "Slovakia's national lottery company, Tipos, remains the only

licensed operator of online gambling games, numerical lotteries, or special bingo in the territory. Slovakian courts are empowered to issue orders to block the operators of unlicensed sites from promoting or operating gambling games in the territory of the Slovak Republic, and the supervising body — the Financial Directorate of the Slovak Republic — has new competences, including, among others, the publishing of a weekly list of prohibited websites.” Stessl says, “we are curious to see what the practical approach of the state authorities will be to enforce the new mechanisms.”

Otherwise, Stessl says, things are pretty calm. “The political climate is quite stable at the moment — everyone’s on vacation right not anyway — so it’s very quiet. And no elections are planned for the next two years.” She summarizes, with evident pleasure. “The trust in the judicial system could be higher, I suppose, and the changes I described also aim to improve this. Overall, compared to neighboring jurisdictions we seem to be doing well and the economy is doing fine.”

UKRAINE – AUGUST 8



Avellum Partner Glib Bondar describes more of a quiet “hum” at the moment in Kyiv than an active Buzz.

“First of all, now is the summer,” he says, “so obviously there’s a slowdown, people are going on vacation, and so on.” Still, Bondar reports, he’s cautiously optimistic about what’s coming down the road. “In terms of workflow, I think we’re on the edge of some positive developments. In my personal view, the restructuring stage is close to the end since the most large-scale cross-border restructurings of Ukrainian debt, including sovereign and municipal (the City of Kyiv) external debt restructuring, restructurings of corporate debt (such as Metinvest and DTEK) and re-profiling of external debt of Ukrainian state banks were completed. That was a precondition for the offer of new money by foreign investors/lenders.” He adds, “the hope is that, after successful recent eurobond offerings by Kernel and MHP, Ukraine will also be able to tap capital markets in the autumn or by the end of the year, and if Ukraine is back to capital markets that would show investors’ improved confidence in the Ukrainian economy and send a positive signal to a broader pool of foreign creditors.”

Although Bondar concedes that there has been little of other types of cross-border transactional work (such as cross-border M&A or new money financing) so far, he reports an increasing recognition by foreign investors “that there is some level of stability, in terms of both the economy and politics, that is encouraging some interest from foreign companies to look at Ukraine.” Nothing concrete has come of it yet, he says, “but we are receiving certain requests about the regulatory framework in certain areas, like energy — particularly renewables — that suggests to us that investors are looking at least to explore.” As a result, he says, “looking at this optimistically, it may result in actual deals. Of course the first investors will be more opportunistic. I doubt there will be many US or UK companies at first, but perhaps some VC companies. We also see some asset management companies that have in the past invested in Ukrainian securities, are looking again.” And increased stability in the country isn’t the only reason. Bondar says that, even aside from the becalmed economic and political environments, “the legislative and regulatory reforms in the corporate, banking, energy, infrastructure areas, and so on, are moving ahead, and of course investors see that. The only negative comment regards the still-weak court system, but the reform of that system is continuing as well, and we hope it will be effective.”

“Plus what we see,” Bondar says, “perhaps in anticipation of the Presidential elections in 2019, is the newly-established anticorruption bodies and general prosecutor’s office increasingly active in anti-corruption efforts, even following-up on accusations against some members of Parliament, which encourages some optimism that this is not just political positioning, but a real commitment to fighting corruption.” Of course, he says, “it remains to be seen whether actual officials will finally go to jail.”

In short, Bondar concludes, “on several fronts we see reform happening.” He concedes that “it is unlikely that land reform will happen this year, but if it doesn’t happen this year that’s not so dramatic.” He smiles. “So there is some optimism.”

While Ukrainian firms await the return of big deals, Bondar reports that Avellum’s Corporate group is “quite busy with smaller and medium work coming in.” And, he says, “we still see activity in dispute resolution in particular in the area of investment arbitrations, with lawyers involved either as counsels or experts, and our Finance group continues to be busy with some restructurings, NPL, and regulatory-related work and financings from IFIs.”

On the legislative front, he says, “we still expect to see the new Law on Concessions passed, hopefully, by the end of the year, and there are a few initiatives to implement pilot projects for concessions of Ukrainian ports.” Indeed, he says, “there is political will to go to work on infrastructure projects in the country. Of course there’s always resistance. State ownership is viewed as a heavy source of corruption, so it can be quite

difficult to implement, with a combination of private interests and state interests, but we see that on the one side from the government and ministries that there is a need for infrastructure developments, and on the other side there is support from international business community and international financial institutions, which suggests that this may happen beginning going forward.”

Finally, Bondar says, “at least some privatizations are also likely to happen this year,” citing the “announcements of seven state energy companies.” Available stakes will be quite small, Bondar reports, “so probably there will be few foreign investors (if any) involved, but it will still be a good sign. Everyone knows there will be no large foreign investment without a big success story first, so we need one large privatization to happen in a successful way to show everyone that it’s possible.” Similarly, he points out that with the EBRD’s support a corporate governance reform of Naftagaz has been successfully implemented, and he says that that reform is expected to be expanded to other state enterprises (such as Ukrainian state railways and the Ukrainian post office) as well. “This is something that needs to be done,” he says, “to make these companies more attractive and efficient to make them more attractive to foreign investors/lenders contemplating real direct foreign investments at a later stage.”

SERBIA – AUGUST 23



Karanovic & Nikolic Partner Darko Jovanovic is upbeat. “Serbia is once again a hotspot in the region,” he says, “this time not for unpleasant reasons, but for its economic recovery.”

According to Jovanovic, “the previous and current government made significant moves forward in terms of financial consolidation — tightening and cuts to loose ends of the public deficit — to increase the attractiveness of the country to FDI.” Jovanovic refers, among other things, to an investment incentives scheme adopted by the Republic of Serbia, and says that, “as a result of the concerted efforts of the government, the IMF is projecting that the country’s deficit will shrink to 1.1 % of GDP.”

Jovanovic also refers positively to a recent Western Balkan

Summit in Trieste, where “it was decided to create a Regional Economic Area, consolidating markets of some 20 million people — Serbia, Macedonia, Montenegro, Albania, Bosnia, and Kosovo. A transport community treaty was also signed, which should make transport more efficient and facilitate the transfer of goods. Also good is that there is a higher commitment by European banks that attended the meeting, and they committed to investing 3.5 billion euros in that Regional Economic Area, out of which 50% will be committed to Serbia exclusively.”

Jovanovic reports “high activity on the infrastructure side, predominantly on the basis of highway construction projects with Chinese construction firms.” He says, “there will be a new railway built between Belgrade and Budapest, in large as the result of the good cooperation between two countries, plus Hungary’s overall commitment to Serbian investments, which also includes the recent acquisition by Hungary’s OTP bank of the Serbian NGB subsidiary.” According to Jovanovic, “this railway will fit within that context.”

Similarly, he says, “we were delighted to come to the end of the first/epic PPP project in Serbia — a waste treatment project in Vinca, Belgrade — which is now in the final phase of awarding the project on the basis of Serbia’s PPP/Procurement legislation.” In addition, he reports, “a new and even bigger concession has been announced for the Belgrade airport expansion.” The project has created “huge interest” in foreign investors, Jovanovic says, including Vinci, from France, Incheon Airport from Seoul, GMR (which operates New Delhi airport), and HNA, from China, which Karanovic & Nikolic is advising on the process. “The decision should be made in the next two months, he says, and the process is expected to result not only in a good concession fee to the government but also in improvements and expansions to the current airport.

“And we’re expecting to see several large privatizations as well,” he says, “including several agriculture companies and the Bor mining and smelting complex.” According to Jovanovic, “if the government manages to sell it — probably to either Chinese or Russian investors — we would see further financial consolidation, as currently it’s losing money, so it would need to be improved first before it becomes profitable.”

“Real Estate is booming,” Jovanovic says, “primarily because of Israeli investments, but also because of South African REITs that have come and bought two largest shopping malls in Belgrade.” He says new residential complexes and new office parks are popping up regularly, and he describes a notable development on the Belgrade waterfront. “At the end of the day,” he says, “there are a number of very good things happening in Serbian real estate, influenced to some extent by the relaxation of certain procedures for issuing construction permits.”

The banking sector in Serbia is consolidating, Jovanovic reports, with several banks exiting the market and others expected to follow in the next few months. “But the sector is not shrinking,” he says, “because their assets are being taken over by existing banks (such as OTP and Societe Generale) or by new banking players (such as Direktna Bank and RiverStyxx-Investments). He says the first wave of NPL transactions is more or less over in Serbia, “but we’re now starting to see more secondary sales of those portfolios.”

Finally, Jovanovic reports that there are ongoing discussions about amending the Serbian Constitution, “If these amendments happen, other legislative shaping may be expected as well.”

Notwithstanding possible amendments to the Constitution, Jovanovic says changes to the country’s Company Law are be-

ing considered, as are changes to the PPP/Concession Law, which will be changed to fix some of the practical problems that arose in recent projects. “We also expect to see changes in the Law on Capital Markets, which are still relatively weak in Serbia,” he says, as well as “changes to the foreign exchange regulations, as well as to the Public Procurement law, which also needs to be reshaped.” According to Jovanovic, “at the end of the day all these changes should have the same goal: To improve the market to attract domestic and foreign investors.”

Ultimately, Jovanovic says that he’s optimistic about the state of things in Serbia, though he cautions that political and other developments across CEE may affect the country’s progress. “As always, lots of things in the region are moving into right direction,” he says, “and currently forecasts look very good.”

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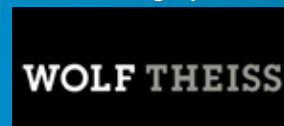
Turkey



Bulgaria



Hungary



Poland



Russia



Slovenia



Ukraine

MARKETING LAW FIRM MARKETING: THE BEST PROFESSIONAL DEVELOPMENT EVENT

The number of trainings and other professional development events for law firm marketing experts is growing, keeping pace with the ever-growing demands of the role itself. Accordingly, the question we asked our law firm Marketing and BD and Communication experts around CEE for this issue is: What was the single best professional development event you've been to related to your law firm marketing role, and what made it so effective/valuable?

Amanda Lowe, PR & Communication Manager Europe, Dentons



I'm the type of person who learns best on the job, so at a fast-paced firm like Dentons, I feel like I'm learning something new every day. But if I were to pick one single event that has boosted my professional development, it would be our recent global partner meeting in Toronto. Getting together with

more than 1,400 Dentons partners from around the world was a truly awe-inspiring experience. Being in a European role, I work closely with colleagues across the continent, but rarely in person. Having that "face time" always makes future collaboration a little easier. It was also great to meet our new colleagues who recently joined and find out what they do and who they work with. Finally, hearing about our global strategy provided me with a great framework for positioning and communicating our strategy here in Europe.

Victoria Yesaulenko, Marketing Director, Asters Law Firm



In my humble opinion the most interesting and really useful event for the legal marketers on the Ukrainian legal market was and is the International Forum

for the promotion of legal services that Yuridicheskaya Praktika Publishing House organizes in Kyiv every December, this year for the fifth time. This Forum gathers almost in equal quantities both the best marketers and the elite of legal practitioners of the legal market.

The event is very special, because it is the only forum that provides legal marketers the opportunity to speak up about our concerns and troubles, delivering the message not only to their own partners, but to many of the leading lawyers in Ukraine.

On the other hand, partners also can voice their hopes and expectations for their marketing professionals. As the speakers YP

selects for the Forum are the best on the market, all the messages are well-received, and, as far as I know, well-implemented.

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



Creating, influencing, and sustaining the intangible brand that makes DGKV so special and unique is an everyday delight. With this regard, the best professional development event that I've attended recently is a Digital Marketing & SEO Course put on by the Software University in Sofia in 2015,

which helped me better understand how to choose, create, and maintain the right infrastructure for our firm's online presence. The current Internet-based competition is a fairly new concept that overturns entire industries and nowadays the biggest visibility and lead generation techniques lie beyond traditional marketing activities, in an integrated online presence. Digital marketing is the only tool that provides real-time metrics of marketing and business development success – tracking performance, progress, reach, engagement, and lead generation. Thus, by advancing online opportunities and authentically connecting with potential clients, DGKV now maintains one of the few websites and social media profiles of Bulgarian law firms with up-to-date and lead generating content. Giving the brand the presence it deserves!

Erik Uszkiewicz, PR & Marketing Manager, Schoenherr



One of the most instructive and best events I've been involved was an annual Employment Law Conference on April 21, 2016 that was organized by JogiForum, a prestigious Hungarian legal publisher. Daniel Gera, an attorney from Schoenherr's Budapest office, contributed by holding a presentation

on workplace privacy and employee monitoring It was exciting because this conference gave us the opportunity to meet practitioners, and to discuss the practical problems arising from the legal changes mostly in connection with the new GDPR and provided us an amazing insight from our standing and potential clients' perspective. The event was promoted by Schoenherr internally and externally and covered by some media outlets as well.

Jovana Draskovic, Marketing Manager, Bojovic Partners



Generally, what helped me the most to become skilled as a Marketing Manager is my first working experience in the FMCG sector – with the frozen food company Frikom. I started as a marketing assistant and progressed to brand manager. This company is an example of how marketing should be done, from product, through price and place, to, at the end, promotion.

I believe that the only way to completely understand and learn things is while you are actually doing them. There is no such conference or training that can teach you better than a real work. This is my experience.

Gina-Maria Tondolo, Legal Marketing Specialist & Founder of tondolo.communications



As a matter of fact there really aren't a lot of conferences for legal marketing professionals. Actually: Really nothing. For our profession, we need a good understanding of how the legal business works and where the industry as such is heading to. Therefore, in my experience I would say that any place where marketing professionals and partners from firms who are actively involved in the firms' marketing activities, meet, are the best places for exchange. So, any opportunity really. That ranges from smaller internal meet-ups to broader law firm conferences. I recently attended a Legal Tech conference in Berlin. Marketing wasn't really on the agenda but most attendees there were highly aware and interested in the subject. In these places, you will meet with the law firm innovators and out-of-the box thinkers who want to take their firm to the next level. And of course, there are many levels and many fields of improvement, smart technologies being one of them. In my opinion, legal marketing is now at a point where we must connect the dots smartly and use the intelligence from all our internal data with smart tools and data processing. Only then can we gain a competitive advantage, be it in a pitch, a beauty contest, or simply our market visibility.

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Analysis

BEHIND THE CURTAIN:

INTERVIEW WITH OPL'S MIKLOS ORBAN ABOUT THE HUNGARY GC SUMMIT

Building upon the successes of the three past regional GC Summits in Budapest, Istanbul, and Warsaw, CEE Legal Matters is excited to be hosting the Hungary GC Summit – our first ever country-specific GC event. We sat down with the Chairman of the conference, Miklos Orban, Partner at Orban & Perlaki, to get his thoughts about the upcoming event. More information about the event itself can be found on page 2.



CEELM: What was it about the GC Summit concept that first caught your attention and why did OPL decide to become involved?

M.O.: I loved the idea that this conference is being organized by a local team. Similar events are usually organized by international companies with no local knowledge or expertise, and, as a result of this, they often do nothing else but copy and paste the agendas of their other events. Here, we have a great team from CEE with in-depth understanding of the local and regional legal markets and of their needs.

CEELM: In addition to your Chairman responsibilities, you will be speaking on “Innovative Solutions for GCs in Hungary.” Why did you choose this topic?

M.O.: The legal market and the legal profession as a whole are undergoing a huge transformation. Things like this rarely happen in an industry – maybe once or twice in a hundred years. The way lawyers work in law firms and legal departments has not changed too much in the last few decades, except that we use computers and not typewriters, and emails instead of regular mail. However, the current trend of innovation challenges every part of what we do as lawyers: whether or not something should be

done by lawyers or by people with other qualifications, whether or not we should automate certain processes, where we want to use artificial intelligence, and so on. For many lawyers in CEE, the trend has not yet affected them personally, but it has had an impact everywhere in Western Europe and the US, and it is definitely coming towards our region too.

CEELM: Is it just technological developments or are there other forces driving this phenomenon?

M.O.: There is an innovation wave triggered by digitalization that has already hit almost every industry, from manufacturing to retail. As a consequence of this, legal departments have been under pressure by management to introduce innovative solutions in order to do things cheaper and more efficiently. But there are other forces at work as well, such as demands for transparency, finance-focused business management, and a new trend of business reporting.

CEELM: Without giving too much away, what can participants expect to hear from you on this topic?

M.O.: An overview mostly: What is the status of this transformative trend? What can we expect? What are the possible ways to

use this transformation smartly?

CEELM: Looking at the event agenda, what topics are you excited to hear about the most?

M.O.: You may be surprised, but the debate on balancing business competitiveness and ethics. This is the evergreen topic of every in-house counsel, and I felt it on an everyday basis when I was one. As an in-house lawyer, you don't have the luxury of keeping a distance from your client, which is the business you are a part of. You are expected to be a business enabler, while sometimes you have to be the one who pulls the hand brake. Where is the line between being business-friendly and legally compliant? That's not an easy question.

CEELM: If you had to pick one, what aspect of the conference are you most looking forward to?

M.O.: The coffee breaks. That's when you can talk to people who happen to be in a similar position as you. And that's what conferences are for: to socialize, share thoughts, and do networking.

Radu Cotarcea

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FACE-TO-FACE:

ALINA POPESCU AND GELU MARAVELA OF MARAVELA & ASOCIATII AND MIHAELA POPESCU OF MERCEDES-BENZ FINANCIAL SERVICES

Who knows lawyers better than other lawyers? In this issue's Face-to-Face feature, Maravela & Asociatii Partners Gelu Maravela and Alina Popescu interview Mihaela Popescu, the former Head of Legal at Mercedes-Benz Financial Services.

A.P.: Tell us a bit about your career.

M.P.: I had the good fortune to begin my professional career in the highly competitive environment offered by the Romanian banking system. In April 1999 I joined an important division of a Romanian bank, namely the Financial and Private Equity Fund. A year later, I got a new challenge – to work in a newly-established department of the same bank that was to initiate leasing operations as a form of financing. And when I say new, I mean both from a personal perspective as well from a business profile point of view on the Romanian market.

To be honest, I had no idea at that time that I would build a career in finance or banks nor that I would develop and deepen my studies in the legal field, especially as in the same period I was training intensively for the Faculty of Medicine.

Everything became clearer in 2003 when I had the chance to develop my professional experience with one of the top players in leasing industry, Planet Leasing. That's

where it all started. The fact that their portfolio contains almost every important Romanian company requiring impeccable financing services gave me the opportunity to collaborate with highly professional people and motivated me to design my professional profile in this area and to strive for constant improvement in all related areas of knowledge.

The collaboration lasted for almost ten years, during which time I graduated from law school, was appointed Legal Counselor of the company, and gained substantial legal and financial skills, a high level of accuracy, a detail-oriented personality, and the ability to adapt to a very challenging environment and to assist in growing the company's business.

2013 found me working within the Legal and General Affairs Department of Intesa Sanpaolo Leasing. It was a short but valuable experience due to the variety of the equipment – especially the industrial machines, agricultural machines, and medical equipment – being leased. While working for Intesa I participated in various projects

and training programs provided by professional training companies as well as by Intesa Sanpaolo Bank Romania. I thus developed skills in financial analysis and risk assessment regarding debt recovery.

In 2014 I became the Head of Legal & Compliance for Mercedes-Benz Financial Services Romania. While there, I had the opportunity to meet and collaborate with people from all over the world and became acquainted, among other things, with leasing operations from an international perspective. This allowed me to further develop my management, leadership, and legal skills, thus allowing me to become a resourceful researcher who uses her initiative and sound judgment to get the job done, as well a valuable team member.

Thanks to this wonderful experience I am now ready to embrace a new challenge in an entirely new project – though I am not able to provide details about it yet as it has not yet been finalized.

I am able to say that I have had a steady and healthy professional ascent both in the



financial and the legal areas, during which I have gained almost 16 years of experience in the leasing industry and 10 years in the legal field.

I strongly advise those who are at the beginning of their careers not to choose it only for financial reasons but to keep in mind that without passion and boldness they will not be able to successfully move their careers forward.

G.M.: What did a usual day in the office look like for you? What were the tasks that took up most of your time?

M.P.: I learned to manage a very busy day of work quite well. What in the past seemed to me to be unusual and overloaded, now looks different. This is definitely due to the professional experience I have gained and the training courses I have attended.

Of course, I have days when I feel tired or sad, during which I would like to be on an exotic island. After all, we are human beings, not robots. It is normal to be so from time to time.

That is why I mentioned before that it is very important to love your job and exercise it with passion, and without superficiality. If you can do that, you will be able to move on. Otherwise you will fail at some point.

If I have to remember a day at the office in my previous position as Head of Legal & Compliance in Mercedes-Benz, I would say that, at the end of the day, I felt like I just ran a marathon. Without any exaggeration. The work atmosphere was extremely dynamic, without too much time to think, thus requiring impeccable coordination as well as an appropriate prioritization of internal and external requests. Without a solution-oriented personality, in the absence of good organizational skills and the ability to make immediate spot-on assessments of legal needs and strategies, I don't think I would have succeeded in it.

Coming back to your question about activities that can be time consuming, I cannot refer to a general rule.

As lawyers, we experience all kinds of problems and requests on a daily basis requiring multiple approaches. We don't have anything predefined or a magic formula which can be applied to solve an issue. It is all about creation, intuition, experience, persuasion, vocabulary, and – last but not least – taking responsibility.

Still, there is one thing I am sure about: When it comes to meetings and delegations, they are necessary, it is true, but they can be really time consuming.

A.P.: What was your biggest challenge during your career?

M.P.: To date, my biggest career-related challenge was when I agreed to become part of the Mercedes-Benz Financial Services team.

Why? Because it consisted of three legal entities under one roof, each totally different in its activity and the applicable legal framework, and the role of Head of Legal & Compliance involved additional decision and control functions, including being a member of the Management Committee, a member of the Risk Committee, an AML Officer, and an Antitrust Officer.

The challenge was that I found myself in completely new territory, in terms of en-



Mihaela Popescu
Former Head of Legal
Mercedes-Benz Financial Services

surging compliance with the rules at both the national and international levels, in addition to needing to exercise those additional functions mentioned above.

It was hard and challenging, but not impossible.

The outcome was that, in succeeding both in focusing on activities on the legal area while also successfully fulfilling all the additional functions, I added another brick to my professional wall by being shortlisted in March 2016 for Global In-House Lawyer of the Year at The Lawyer European Awards in London.

G.M.: What types of legal work did you keep in-house and what did you externalize?

M.P.: I usually kept all activities in-house related to implementing mandatory legal provisions in internal documents and any other norms and ensuring compliance with the legal duties of the company, along with activities related to amending standard contracts and internal documents used by the company, and activities related to corporate governance activities in connection with shareholders, administrators, and the company's management, or related to the National Bank of Romania.

The basic idea is that all activities that require confidentiality and cannot be externally revealed, along with the activities which are usually the responsibility of an internal lawyer, should be kept in-house.

As a general approach, all the issues that require activities outside the company are entrusted to external counsel. I am referring to matters involving courts of law, executors, investigation bodies, trade regis-



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Gelu Maravela
Partner
Maravela & Asociatii

ters, and any other local authority. Basically, this is the main idea of having an external lawyer, as the in-house lawyer mainly operates within the company by offering legal assistance to the members of the team as well as to statutory bodies.

Court files, insolvency files, and all sorts of disputes in which the company is involved can be outsourced as well. In these cases, the external lawyer acts as a direct representative of the company and, as the case may be, recommends the strategy to be followed with to protect the company's interests.

In addition, the in-house lawyer or any other member of the team, including members of management, may ask for legal assistance in all kinds of situations requiring legal input and specialized legal expertise.

All of the above may vary from case to case, depending on the extent of the company's activities and its portfolio, strategy, and business appetite.

A.P.: When you were looking to select your external counsel, what were the main criteria you considered?

M.P.: Prior to the actual selection process it is very important to identify and analyze both the in-house legal department's needs and the company's, so that you can search for the most suitable external counsel (for example, it makes no sense to collaborate with a big law office if our request is very simple).

For me, the best candidates should be able to cover a wide range of legal services,

and provide both full availability and tailor-made assistance towards the client's needs, along with high integrity, efficiency, flexibility, and – last but not least – offer reasonable and realistic fees.

It is no less important to observe their determination and yearning to collaborate with the company, so we can be motivated to build a long-term professional relationship.

At the end of the day all that we need is a reliable business partner who is able to keep up with our requests and business strategy.

G.M.: When was it that you were most happy with your external counsel? Was there a specific project where you felt your advisers went the extra mile?

M.P.: When your daily tasks are significantly overloaded, it can be very helpful if your external lawyer has a proactive attitude. There might be situations when you failed to notice that certain legal aspects have to be regulated, clarified, or even corrected at the right time. Therefore, if those types of issues are solved in time, or even improved, we can have a happy situation. Needless to say, without a tight and sustainable relationship with the client, external counsel will not be able to notice such aspects, as he/she will not be sufficiently familiar with the client's style, internal regulations, structure, and norms, business profile, etc.

For sure, there can be other useful aspects, such as quick response time, solution-oriented opinions, immediate availability, negotiable fees, a pleasant and optimistic personality, and so on.

I will take this opportunity to congratulate the Maravela & Asociatii team for having lived up to my expectations and my rigorous work style. Our collaboration, during my mandate at Mercedes-Benz Financial Services, was a success, due to the firm's great expertise on all types of legal matters and the team's pleasant and proactive personality.

They were involved in several important projects of the company, in which their high level of accuracy, the extraordinary way in which they managed an impressive workload, and their patience and profes-

sionalism stood out and helped guide us.

A.P.: On the flip side, what are the elements of external counsel you find most annoying that law firms should be looking to improve?

M.P.: Today's business environment is ex-



Alina Popescu
Partner
Maravela & Asociatii

tremely competitive and in a state of constant change, so it is important to identify the challenges faced by each party.

In my opinion, the law firm should meet with the client – especially with the in-house lawyer and debt-recovery representatives – at least once a year to obtain a general overview of the collaboration and a shared analysis of previous and future activities. Two-way feedback is the key to an improved and sustainable professional relationship. It is absolutely necessary to identify the client's expectations towards the law firm and vice versa; *i.e.*, potential amendments to their agreement, fees, volume of requests, analysis of disputes in which the client could become actively or passively involved, deadlines, content of opinions, and so on. The result of this analysis is that both sides will be able to allocate the appropriate resources – both financial and human. The goal is to have a satisfied client and a motivated external lawyer.

Of course, external lawyers should also familiarize themselves as quickly as possible with their clients' business profiles and strategies and should have a stable team so they can provide the necessary consultancy in a timely and professional manner.

Radu Cotarcea

INSIDE INSIGHT: A CLO REFLECTS ON CHALLENGES ON THE HORIZON

In the modern world, people are regularly faced with new challenges. Rapid rates of technological progress have forced us to adapt to new realities and stimulated constant change. In-house lawyers are as affected by the global and dynamic development of technology and the expansion of the Information Age as anybody else, and, in the short term, they are using the latest technology to deal with challenges related to globalization, cost optimization, professional development, and the need to acquire specific knowledge and skills in other areas.

Globalization

Globalization and process integration affect everyone's life. The emergence of the Internet had blurred boundaries between countries and ushered in the Information Age across the world. As a result, there has been a significant technological convergence and an equalization of different countries' capabilities. Inventions or improvements in manufacturing processes spread quickly. In order to ensure a more effective, efficient, and productive running of a global business it is necessary for large corporations to integrate and unify their systems on a single platform. This is not always so simple; the integration of Ukrainian or other CIS corporations into such systems, for example, is currently "frozen" due to inadequate and archaic national legislation. In such circumstances in-house lawyers should search for solutions, taking into account the laws of the countries concerned, international law, and corporate policies.

Digitalization

Nowadays it is difficult to imagine an in-house lawyer not using modern software. However, an ineffective use of software can be a problem. For example, the "opening" and "closing" of a program and setting search criteria all take time. If there are multiple programs and each has a separate functionality, time can thus easily be wasted. It is still



impossible to consolidate all programs into a single system, so using them all is a big challenge. I hope that in the future the processes of standard contracts, claims preparation, and searching for information from various registers, databases, and other sources will be robotized and that "robot lawyers" will be available and widespread. This could simplify the work of in-house lawyers and save time, which could be used instead to solve the complex and important issues which require an integrated approach, an analytical mind, and creativity, ingenuity, and flexibility.

Another example which will demonstrate the usefulness of the latest digital technologies in the legal sphere comes in the form of electronic documentation. Ukrainian laws that require that contracts be in paper form significantly slow the process of agreement conclusion and result in cluttered offices and environmental harm. In the UK, EU, the USA, and other developed countries the agreement conclusion process is much easier, as provisions that are prescribed in Civil and Commercial codes need not be replicated in contracts. The validity of a legal relationship between the parties can be effected by an electronic invoice or signature page. The use of an electronic form of a document not only simplifies the workflow, increases efficiency, and improves the customer experience, but also facilitates the sustainable development of a particular company and society as a whole.



Certainly, national legal systems are constantly being developed. Facilitation of digital registration and other formal procedures, the continued development of various online legal databases, and so on has, increases the efficiency of in-house lawyers. But we should not forget that the legal support of a company's business activity requires a large number of contacts with colleagues from different business units and various departments. Bringing all communication on-line can have a negative impact on team spirit and can become a source of misunderstandings easily avoided in face-to-face meetings. If care is not taken, it can also turn people into "robots" and allow physical logical thinking to become lost. Law school graduates lose the "back to basics" in their development.

Cost Efficiency

The ongoing financial crisis forces businesses to control costs and maximize opportunities to save money. Under conditions of strict control, decisions about whether or not to involve external counsels always involve "tough discussions." While companies prefer to resort to external counsel only in rare cases, that will no longer be as easy as it was before, as a so-called "attorney monopoly" was introduced and is being implemented in Ukraine this year, allowing only those holding an "attorney license" to make a formal appearance in court.

Of course, it is unlikely that all in-house lawyers will be able to obtain this "attorney license." Even if one in-house lawyer has an attorney license, he or she will not physically be able to represent the company's interests alone, especially if it is a large company. This is problematic, but we may limit the effect of the new law internally by implementing compliance systems and additional educational instruments.

Compliance

Lately, implementation of management and control sys-

tems related to compliance such as legislation, internal rules, standards, codes of conduct, and other policies, especially in international companies, has become widespread. Compliance operates in three main dimensions: prevention, detection, and reaction. Preventing infringement is the primary and most significant consideration. Non-compliance by employees with legal requirements may lead to serious consequences both for companies (*e.g.*, financial loss and/or damage to reputation) and employees (*e.g.*, discharge, financial loss, administrative/criminal punishment).

Although compliance has gained considerable popularity in the UK, EU, and USA, it is only beginning to develop in Ukraine, as evidenced by the increasing number of conferences, seminars, and other events dedicated to the subject attended by representatives of business and the government. In those companies where a compliance system has been introduced, the control system is established at the local level on a mandatory basis. These areas are under the responsibility of compliance officers who are charged with ensuring management and employee compliance with the laws, internal rules, standards, and policies. In-house lawyers often combine their responsibilities with the role of compliance officer.

The fact that employees do not always realize the potential seriousness of the consequences of their actions and sometimes even ignore legal requirements presents a great challenge for in-house lawyers. Accordingly, in-house lawyers would be wise to develop and provide relevant trainings for colleagues from different business units and highlight innovations in antimonopoly, anticorruption, and other spheres of legislation. Implementing robust policies, procedures, and standards helps manage the risks of any business by providing strict guidance around compliance.

Education

Requirements for in-house lawyers are not exclusively limited to juridical qualification and personal skills. They should also be broad-minded, knowledgeable in many areas of their companies' business activities, and possess leadership skills, persuasiveness, and other competences inherent to business (such as negotiation, inter-personal communication, public speaking, and presentation skills, among others)

The world is changing, and innovations continue to appear in all spheres of life – so our education should be a continuing process as well. There are numerous trainings from specialized companies, higher education institutions, and various organizations that offer plenty of opportunities for in-house lawyers seeking personal and professional development. Such opportunities are of great value for us in light of the necessity to deal with all of the challenges on our horizon!

Olga Lukyanova,
Law Department Head and Compliance Officer,
Henkel in Ukraine

MARKET SPOTLIGHT: BALTICS



In this section:

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GUEST EDITORIAL: TIMES ARE GOOD – BALTICS ROAR AGAIN



The overall recovery of global economies and, specifically, growth in Europe, has had a direct impact on the legal markets of the Baltic countries. Last year was a record year for Baltic firms in terms of number of lawyers employed and revenues generated. I have calculated that during 2014-2016 the combined revenue of the five largest firms grew by approximately 15-20 percent (up from EUR 50-60 million in 2014 to EUR 60-70 million in 2016). The large firms in Lithuania now employ an average of 70-80 lawyers,

and the largest firms in Latvia and Estonia employ an average of 40 and 50, respectively.

After several recent turn-arounds, the Baltic markets are now calm. The market as a whole has transformed from simple and fragmented to sophisticated and consolidated; the leading practices have grown from small 10-person local partnerships in 1995 to 180+ lawyer pan-Baltic firms in 2017:

Firm	Lawyers
Cobalt	190+
Ellex	180+
Sorainen	180+
TGS Baltic	140+

The Baltics can now be compared with neighboring markets. The largest firms in Poland and Finland have around 140 lawyers (except for Dentons in Warsaw, which reports 200 lawyers). Although the markets of Poland and Finland are larger, Baltic firms are of similar size (and sometimes even larger). Why? In my view, there are three key features that make the Baltics different from other markets:

(1) No Direct Competition from International Firms

Except for Eversheds' franchise, there are no international firms established in the Baltics yet. Looking forward, we expect two or three such firms to land in our markets by 2022. The usual suspects, such as DLA, Dentons, and Baker & McKenzie are said to be considering such opportunities and scouting for partners in the Baltics. Other international organizations cannot be excluded either. With the Baltic markets growing and becoming more mature, we will see new firms entering them by greenfield and through acquisition.

(2) The Market is Consolidated and Dominated by 3-4 Larger Firms

Over the past few years, the regional Baltic market has consolidated significantly. In 2015 Raidla Lejins & Norkus and

Lawin rebranded into Cobalt and Ellex, and Borenius' Baltic offices merged into Cobalt. In 2016, after the split of Tark Grunte Sutkiene in Estonia, Varul joined TGS. In 2017 Glimstedt's Tallinn office was dissolved and its Latvian office joined Ellex. Ultimately, there are four major pan-Baltic players – Cobalt, Ellex, Sorainen, and TGS Baltic – each with 140+ lawyers and turnover exceeding EUR 10 million.

These four firms dominate league tables and regularly appear on larger Baltic deals. However, new combinations are emerging too. In 2016 the Baltic firm Derling was formed and Primus expanded to Lithuania. These are early stage formations, resulting from spin-offs from other firms (Glimstedt, Tark, and Varul), and they are yet to fully establish their place in the market.

The Big 4 accounting firms are building up their legal presence too. They are hiring senior people or even groups from law firms. In Estonia, part of Glimstedt's team moved to PwC in 2017. In Lithuania, partners from Ellex and TGS moved to Deloitte and KPMG respectively. Earlier this year, a smaller Lithuanian firm – 3Law – announced a merger with top 5 Lithuanian accounting firm Grant Thornton. Accountants are not yet on the transaction market but have clear ambitions to be there. In the recent acquisition of pan-Baltic tour operator Novaturas the buyer was advised by Deloitte Poland, cutting traditional firms off from the deal.

In my view, it is easier for accountants to penetrate emerging markets such as those in the CEE region, including the Baltics, than more established markets. For example, in Poland Deloitte, which has 90 lawyers, claims to be a Top 5 legal firm. Thus, we will see more competition for talents and business from accountants soon.

(3) The Baltics is a Single Market

The Lithuanian, Latvian, and Estonian legal markets are highly integrated, and are often considered one single market. Major companies in all key sectors (telecoms, financial services, media, energy, transport, etc.) have operations in all three Baltic countries. Successful local companies look to expand first to other Baltic countries. On average, we receive five to eight new matters involving at least two Baltic countries each week. Therefore, for firms there is a clear business reason to be represented in all three jurisdictions. Firms with no offices in other Baltic countries cannot compete to the same extent. Market singularity calls for consolidation and integration of firms, which makes firms grow stronger.

We are happy to be at this time and in this place.

**Irmantas Norkus, Managing Partner,
Cobalt Lithuania**

A BALTIC ROUND TABLE

On July 18, 2017, an elite selection of Baltic legal experts from both the private practice and in-house worlds gathered at Cobalt's Riga office for an in-depth discussion about the Baltic legal markets.

Round Table Participants:

- Dace Silava-Tomsone, Managing Partner, Cobalt Latvia (Host)
- Eva Berlaus, Managing Partner, Sorainen Latvia
- Aivis Dzenis, Senior Partner, Skrastins & Dzenis
- Ivars Grunte, Managing Partner, TGS Baltic Latvia
- Karl Paadam, Managing Partner, PWC Legal Central and Eastern Europe
- Girts Ruda, General Counsel, RB Rail AS
- Raimonds Slaidins, Ellex Klavins
- Ilze Slakota, General Counsel, UralChem



CEELM: First: how's business? I know that 2016 was really good all over the Baltics, as it was across CEE. But we've heard from some in other markets that the first half of this year was surprisingly slow in M&A transactions, and things only kicked into high gear recently. Is that happening here too?

Ellex: I think that's a pretty fair description. The year started out a bit slower, and I think towards the end of spring and the beginning of summer there has been a lot more activity. I work with the M&A group at our firm – the transactions group in our office – and we've got a number of things that are going on potentially, but not moving as fast as we thought they would. Some things are stalled, some things are happening, so it's hard to know exactly how much of that will flesh out and become actual transactions. But it does seem that there is more activity in the spring and the beginning of summer this year.

CEELM: And it was slower than you expected at the beginning of the year?

Ellex: I don't know if it was slower than expected, but it was slower than it was last year.

CEELM: Why do you think it's picking up now?

Ellex: I don't know, that's a good question. I guess it could be a variety of different things: The whole economic situation in Europe; a more positive feeling with regards to the latest elections. These types of things, perhaps. And the Baltics are economically doing pretty well. So I think those could be some of the reasons.

Cobalt: Of course, it can differ from office to office, but in general, the feeling in our firm is that this year is at least as good as 2016, so we have not felt a slow start. I think it has been pretty much even throughout the year. And we do not see anything different approaching.

Sorainen: For us, the beginning of the year was surprisingly good actually. The first quarter was really good. Then, maybe the second quarter was a bit slower; after the beginning of the year, it seemed like it slowed down. But now the pipeline is good, and it seems like a pretty active summer. At least as good as 2016.



Karl Paadam
Managing Partner
PWC Legal Central and Eastern Europe

CEELM: Karl, what about you? You're here from Estonia, but you presumably know about the whole Baltic region.

PWC: I work mainly with our technology and financial services clients, so from that perspective it's been really good. Regulation on financial services is getting tougher and tougher across EU and that's generating a lot of work for us. There's a new data protection law which everyone's working on, so this has created a very good stable base – actually, 2017 has been absolutely spectacular for us.

Skrastins & Dzenis: I would say for us it's business as usual. We are involved in litigation heavily, and this happens all the time – it just keeps going. So it's business as usual.

Rail Baltic: Usually July is the time when everybody looks at the Estonian market, because that's the time when the financial figures should come out for Estonian law firms. Karl, have you seen the data already? And compared to last year, the year before, has the Estonian market been growing for larger law firms?

PWC: It's been growing for everybody, actually, by about 10-20%, so it looks really good. I think all the top firms grew, and generally speaking, yes, it seems to be on a climb.

CEELM: Everybody we've talked to says that the GDPR has been just wonderful for law firm business in Europe. Are you all doing a lot of that work as well, helping the firms prepare for the new regulation?

PWC: Everybody who's consumer-facing or has a consumer-facing unit or develop-

ment in or even outside the EU has to prepare for this, so our law firms, for example, even outside the EU are working on it.

Cobalt: I can confirm that data protection is very topical at the moment, and there are a lot of inquiries from clients, and I think what is interesting is that we see a lot of cross-border assignments in data protection with companies asking us to help them on a pan-Baltic scale at least, if not beyond. So our IP group is still putting a lot of effort into assembling tenders for those assignments, and hopefully getting their fair share of them.

Sorainen: Five years ago you couldn't imagine that data protection could be such a meaningful practice, but now it's definitely going in that direction.

CEELM: Is real estate doing well?

Cobalt: Real estate is picking up because of new EU funds available, and there is a lot of work on large development projects.

CEELM: Residential or commercial?

Cobalt: Commercial, and public projects – there's a lot of other things also going on, construction-wise. There's a lot going on.

Ellex: I think there is a lot going on in Latvia in real estate, and I know Lithuania's been going crazy with real estate the last year or so as well. It's been really hot, as far as I understand. Latvia's been picking up also. I imagine Estonia is the same.

PWC: Yes, pretty much, Lithuania especially, real estate's been really crazy, but M&A as well, things have been pretty hot.

Sorainen: You can really see that real estate is picking up compared to two or three years ago, and that the objects are getting larger. It means that there is a positive sentiment in the market as far as the upcoming five to seven years go.

Cobalt: From my perspective we see more investors in real estate; what's lacking, at least for Latvia, is a good local developer base to create the assets for sale. That is something which is missing here.

PWC: What we hear from real estate clients in Estonia is that the Estonian market seems to have been bought up, pretty much, and everyone's in place, so if they're not in the process of exiting from their assets, then they're looking more towards

Latvia or Lithuania – bigger countries – and, especially in Lithuania, they're looking into “B” cities, so to speak. I think this is kind of a new trend.

CEELM: The B cities meaning not Vilnius.

PWC: Yes. And they're looking outside the Baltics as well. Poland has been quite interesting for Baltic investors for a long time, but there's a hell of a lot of competition around these things.

CEELM: Any other sectors that are worth noting, that you've seen really booming?

Sorainen: Finance. There's always something going on.

PWC: But especially financial services regulatory.



Aivis Dzenis
Senior Partner
Skrastins & Dzenis

Sorainen: Yes. Both M&A and financial services regulatory. We have been dealing with a lot of local banks experiencing a lot of pressure because of regulatory issues. This creates a lot of work.

CEELM: How sophisticated are these markets in terms of clients? Are they just pushing for lower fees, or are you finding clients comfortable paying the fees you require?

Ellex: I think most of the clients we get are fee-sensitive, and we have a lot of discussions about fees. There are a few strategics who are ready to pay somewhat beyond the stated fees that we have, but there's a lot of discussion about fees with most any transaction, or any deal we're involved in.

Cobalt: The same. Of course there are always those assignments which are extremely important for certain clients, and on those you have less fee pressure compared

to, say, the general situation, so basically the firm is lucky if it gets a sizable assignment which is essential for the client. Other than that I think we are all constantly in talks about fees.

CEELM: There's of course not one market where lawyers don't complain that clients don't want to pay the fees, but I wonder, are you particularly frustrated in the Baltics, or is this just the inevitable wish that fee pressure was less?

Ellex: We're frustrated. I don't know how to compare it to other regions, I guess, but we're frustrated.

Sorainen: I would say that what I look for is balance. You have local clients who are always more cost-sensitive, the farther you go, and of course everybody also has foreign investor clients who are cost-sensitive, but there's more chance that if there's a greater relationship, that this will at one point mean you won't have to discuss so much what the price is. What I say to my partners is, if they are getting frustrated it means we are going for the wrong direction.

CEELM: Are you finding less pressure than you did two or three years ago, or four or five years ago, or is it just the same phenomenon always?

Sorainen: I think it's more or less the same.

Cobalt: I must say that it's less than it was three years ago.

Ellex: Yes, during the crisis, of course, that was a whole different ball game. So I guess it has eased off a little bit.

Sorainen: We managed to forget it so fast

Ellex: But still, I think that all the pressure about fees, and fee discussions, and estimates, and caps, and all the rest of it came in very strongly at that time and hasn't really left. It's a continual discussion. I'm pretty much ready with any client coming in the door, that we're going to have this discussion. I can't say I'm extremely frustrated by it, but it is a part of everyday life.

CEELM: What about from the client side? Ilze, what are your thoughts on the fees that you are facing? Are you getting pressure from your bosses to keep them lower?

Uralchem: Yes, a lot, actually. Of course,

we are always want to keep them lower. But also, we are a Russia-based business, so the company expects it to be very cheap in Riga compared to Moscow.

Ellex: Because Moscow fees are so high.

Uralchem: Yes, and compared to Moscow, everything is very cheap here: coffee and lawyers. (laughs). That's what I keep on pushing against. I've been with Uralchem for eight years, and I feel constant pressure, but it's getting a little bit better, because they're starting to understand that they are not being fooled. But usually the projects which appear are very last-moment ones, so we are always short on time, and in Russia, the deadline is always yesterday, so we don't have much time to negotiate fees, and we try to be very efficient and fast. And if you need to receive the same quality, for example, with Riga's best law firms, it's also very expensive.

CEELM: But I would think that the fact that fees in Moscow are much higher than in the Baltics would mean that your bosses would be delighted at the fees they're being asked to pay.



Ilze Slakota
General Counsel
UralChem

Uralchem: You are very right, but actually, what is interesting about Moscow people is that they're always cautious and suspicious, and they think that they're being fooled all the time, because – well. I'm not getting deeper into this. (laughter). So they expect that all fees which are being proposed by Riga, for example, are by default higher for them because they're from Moscow. So they always want to cut 30-40%, which is not an easy task for me to complete sometimes. Still, I need to remind them often

that quality is the most important thing, and we'd better stick to that.

CEELM: So you're fighting with both sides, you fight with the firm to lower fees, and with your company to raise their expectations.

Uralchem: Oh I am, yes. It's not easy, actually; it's quite challenging.

CEELM: Girts, what do you think about the sophistication of the legal services you're receiving?

Rail Baltic: I have sat in several chairs recently, meaning that I have been in private practice, and am now moving towards the client side – and at the same time I'm also just finished my MBA studies, so I can see things from the financial perspective – and when law firms complain that they're being asked to cut fees too much, my observation is, first of all, do we all have regular and understandable data, both from the cost side and income side? What is the basic rate we need to sell? And I believe there are still firms in the market who are struggling every month to identify where their business is coming from. And the second issue is probably to monitor the market and to follow and analyze for yourselves where do you want to be: do you want to be a very expensive firm, a cheap firm, do you want to be in the middle, do you want to work with this or that client?

And then I think that what we are still lacking – which is actually less to do with the rates – is to train maybe not partner-level but next-level people to talk with clients to get out information about what is necessary for the clients and then, on the basis of that, to be ready to propose the fees.

Now, having now been with the Rail Baltic project for half a year, I can tell you as an example that our shareholders and our owners are basically looking at fees in comparison with the public sector, so whenever you come with anything above, I don't know, 50 euros per hour, that's extremely expensive. So that's the starting point.

Because of the public procurement law requirements, we are, I believe, among the first clients who are organizing a proper legal panel in Latvia, and in the Baltic states, and we are looking not only for fees, we are looking – first of all we need team and experience, at each seniority level, because

ours is such a unique project that we really need the brightest minds to be on our side. The second one is that we are looking for a blended rate, simply because it's easier for us to manage. I know law firms could have ten different rate levels, but for me to check all the ten levels is simply too difficult. And then the third thing that we are actually asking in our panel is, can you suggest any innovation where you will become more efficient, and we can at the same time become more efficient? So we believe that if there is actual cooperation between both parties we can move forward – and I believe there are some projects where we for sure are still profitable for firms, even with lower rates, and with some projects, maybe not.



Raimonds Slaidins
Partner, Head of Corporate and M&A
Ellex Klavins

There's no longer one unified legal service in the market. There are complex issues and complex matters, and there are standard issues and standard matters. And standard matters, usually, we are moving in-house, as there is no point for us to go and ask for something outside. And then the complex ones are the ones we are looking for help with, and immediately apply for 24/7 access.

Uralchem: That's what we actually do, the same. But in terms of fees, we are still better.

CEELM: Switching subjects, is the increased commoditization of the law an issue for you guys yet, or not so much?

Rail Baltic: I think the market has shown, at least on general corporate matters, that something you would ten years ago charge a client quite a nice sum of money for, today you can do in-house within an hour,

because the state has provided all the tools, and it's not that difficult anymore for well-established companies. I think this standard situation comes from all the digital advancement. And this is again an issue for every law firm: knowledge management. How do you put things together and try to package them and be more efficient in order to provide cheaper fees for the client?

Cobalt: There is probably not so much pressure from outside as there is, I would say, a certain transformation of the thinking within the firms. Ten or more years ago there were certain areas which transactional lawyers or banking lawyers looked at from above, you know, like employment or IP, and which seemed like small practices which do not generate equal profit to some other areas, but nowadays I think we have begun to recognize that sometimes you can sell work in these small areas even more profitably than big M&A.

CEELM: Yes, or due diligence.

Cobalt: Yes, which has become a commodity, and that's where you feel this terrible price pressure.

Rail Baltic: I think that it's a bit lighter picture, but the term I used to see is unbundling of services, that basically nowadays you can split both court cases and transactions into smaller pieces, and then the clients can do them themselves, or law firms would also say this part is something that can be done cheaper and faster maybe by some outsourced person, and this is where our unique experience comes in, this is what we will sell. This is happening, and in our experience what it actually means is that there might be some cases where we invite and we need support from two independent law firms, where they are required to cooperate between themselves, because of the time pressure on the issues we ask them to support us on, and so what happens is that actually you sometimes now need to look at the market and to the people around the table not as only as competitors, but also as the ones who helping the client.

So services are becoming different; you unbundle them and then you need to actually cooperate with different lawyers on different transactions.

Uralchem: If I can add, just on the subject, there is one area which we really need to get services in, and until now we haven't gotten them in the Baltics, and this is marine law, shipping. We cannot get these services here, or at least I haven't heard about them, because it's mostly international, English law.

CEELM: You mean the firms don't have the expertise you need here?

Uralchem: Well, I haven't experienced it here, at least. Maybe they do have it, but I haven't heard about it. Usually everyone has commercial law, banking, M&A, and so on, but shipping and marine law is essential for us, and we ship huge amounts of product, and related issues usually are very specific, very difficult, and very niche and unique. And there are actually huge amounts of money in marine law, because English lawyers are very very expensive – like the most expensive ones I ever worked with, with their P&I costs. Of course they need their P&I cover to support us, and to have the weight in the market to protect us – but there are very often issues which have to be solved here, because we ship from here, and because we are located here, and we deal with them here. Of course the firms here communicate with British lawyers themselves, but it's very expensive, so I see here maybe an opportunity. There's no competition there. The British firms compete among themselves, but they're all expensive, so it doesn't matter to me, you know. This one is expensive or that one is expensive – whatever.

CEELM: If there's one defining characteristic of the Baltic law firm markets in recent years, it would be the significant reshuffling of the markets, and the formation (and reformation) of the pan-Baltic alliances, along with the various levels of integration that firms either have or claim to have. Ivars, TGS Baltic has been involved with many of those changes. Is that process over, or is it still happening?

TGS Baltic: This process is happening all the time. Sometimes it's just because a firm in one market is dissolving, so the firms they were partnering with in the other two Baltic markets have to seek a new partner. Actually, I think in the Baltic markets only Sorainen is fully integrated. The rest are not.

PWC: We're also fully integrated, across CEE.

TGS Baltic: Okay. But the rest of the firms are mostly very closely cooperating, and so the issue is whether, maybe, one firm is becoming unstable, dissolving, so you have to find a new partner. The other situation is that maybe two partners are finding that their partner in the third market is maybe not so good, and then they're trying to change. It all the time comes from Estonia. But the outcome of these reshufflings has been very good.

These are the two main points, and then the third point is that the competition is really really very tough here. So, okay we can speak of the top three, four, five firms, or whatever, but the competition is very hard.

CEELM: What do you mean when you say the competition is really hard? For deals, you mean?



Ivars Grunte
Managing Partner
TGS Baltic Latvia

TGS Baltic: Absolutely. Because the market is very small. I'm speaking about Latvia. The market is small, and we have a good top maybe five, six, seven firms who are ready to grab everything in this market, so it's very tough. Therefore, as Girts said, the good clients need the brightest minds, but the brightest minds are not cheap.

Ellex: I think the reshuffling has settled down a bit now, although there's still something going on in Estonia, isn't there? It seems like there's still some activity there. I think about five to seven years ago is when the Baltic markets were really stable, not much was going on, and then for various reasons there was all this activity, and I think now again it seems to be settling

down.

CEELM: You think it's stabilizing a little bit?

Ellex: I think. You never know.

TGS Baltic: You never know. The one thing of course is the small mergers of, say, one firm with another big and full-service firm, with maybe a not-so-good real estate department, which in turn maybe tries to acquire some smaller firm. This is a question, because the smaller firms are also sometimes very good, in their niche, very profitable, and they are not always wanting to join somebody.

CEELM: At the top, things seem to have stabilized a little bit, and there's also this trend toward pan-Baltic alliances. A lot of the individual firms are tying up. Derling appeared in the last year or two, for instance, and the Leadell Pilv alliance. Aivis, you guys are still independent, but you work in cooperation with a firm in Lithuania, right?

Skrastins & Dzenis: Yes, for ten years we have had an alliance with a Lithuanian firm, Motieka & Audzevicius. And then just recently we changed our Estonian partner and started cooperating with the Tark law firm, which was the former Estonian member of Tark, Grunte, Sutkiene.

TGS Baltic: They're nice guys. They are a little bit small, but if they grow ...

Skrastins & Dzenis: For us this is the perfect size, because we have exactly the same number of people they have. Just at the beginning of the year we decided to finish cooperating with our previous Estonian partner and to start with this new one.

CEELM: Is there a sense that you guys are going to form a brand?

Skrastins & Dzenis: No. This is not an issue. We are just cooperating on business matters, and filling client needs, but no joint venture, at least for now.

PWC: There are three things that I see, personally. If you look at ten years ago, the alliances that were made in the Baltics were very closely tied to Scandinavia, because that's where the business comes from, so on one hand the lawyers discovered that maybe it didn't make sense to have your own law firm in Sweden and Finland if

you want to work with all the law firms in Finland and Sweden, so that's what most of us do, right? So I think that's one of the reasons why maybe Glimstedt, for instance, doesn't work so well as a Scandinavian or Sweden-based firm in the Baltics. As you know, we acquired most of the Estonian team this year from Glimstedt, and they're fantastic lawyers and they were the founders of that firm in Estonia and we're really happy to be working with them.

The second thing is a generational shift, so you see law firms like Fort, Primus, coming into the picture, and they're lawyers from a new generation who have a chance to make it in the Baltic market, which is important, so we tend to work a little bit differently, maybe.

And the third thing, which I represent, obviously, is the multidisciplinary approach. International and multidisciplinary. We see clients working more and more cross-border, and at PWC we can serve them across 90 countries in the world. That's a big advantage. And in the Baltics there is still not a lot of international law firm activity here on the market, so it's been really good for us.

Rail Baltic: The one thing is that for larger clients – we still believe that the market, the largest firms in the market are too small. If you come with an urgent matter, and are of big size, I think law firms are still struggling. So there is not enough diversity. And there are several reasons. The first one is that lawyers are a conservative profession, and more than 40% are still individual practitioners in any of the Baltic countries.

PWC: That's more Latvia more than anything else. But that's my personal opinion.

Rail Baltic: Okay. Whether it is 40% or 50%, I feel, doesn't make a difference; half of the market is working alone.

The other reason is that ... the biggest Latvian law firm is, what, half of Lithuanian size? So there is something in the mindset a little bit about the local market as well.

And then finally when it comes to clients, maybe sometimes there is a specific niche experience and knowledge that you would look for, but generally for the big projects and big clients, we really are looking for a firm who can easily service us in three or four or five practice areas, at a very good

level in each of them. So that means that we are actually looking for the largest law firms in the market.

CEELM: So you need size.

Rail Baltic: Both size, and the experience that comes with it. And that is where the larger firms come into play. If you read about other markets, you see that two or three or four large law firms are growing enormously, and then somewhere in between, in the middle, they are starting to struggle. So that might be how things work out in our market as well, because at the end of the day for the client the question is, “How are you different? Where is the differentiation?” So that’s a question that is important for us, for the clients.

Sorainen: The other basis is that the larger projects coming from larger clients and cross-border ... yes, we are the only integrated firm in the Baltics, but we are still investing a lot of time to improve that even further, to collaborate even more. It works well now insofar as cross-border, and now, to become even better, we’re putting our efforts into improving our cross-discipline service as well.

Rail Baltic: I could give you an example. We just asked for a law firm’s advice – not anyone at this table – through their Latvian office to their Lithuanian office. And I expected that the quality of the answer and service would be the same as in Latvia as in Lithuania, otherwise what’s the point? I would just go and ask somebody else there to support us. And what we really got was actually very poor service, and the advice we needed, for whatever reason, arrived one week later, and when we started to make calls and following up to ask what’s happening, et cetera, we were told that the person working on it had just left the company. So when you say that you have a pan-Baltic operation it means not only that you have one logo and you have three addresses on your business card, but actually that you provide the same seamless service in each of the countries, and this is where probably firms have still a way to go in improving. That’s my experience, just recently.

CEELM: Why are so few firms here genuinely integrated? Is there a legal reason, is there a regulatory reason, or is it simply people protecting their profits?

Cobalt: I think there are some regulatory reasons, but mainly it’s the fact that Sorainen is probably the only firm which has grown organically, as opposed to the other firms, which basically grew to a certain level as independent legal firms on the market before combining with firms from other markets. In such cases it can be more difficult to become integrated.



Eva Berlaus
Managing Partner
Sorainen Latvia

Sorainen: Yes, for us it has always been the same model. There has never been a need to go to another very well-established local firm, and then to start integrating. If you do it greenfield as Sorainen has been doing, it is just much easier.

Rail Baltic: You can also see it in the global firms, some of which have a common pool, and some who organized under Swiss or whatever law, so basically cooperating. The same thing’s happening here.

Ellex: Honestly, yes, we explored a merger of three firms and did get into difficult issues, so then we just decided, let’s put all our emphasis on being able to work together and making that as seamless as possible, and we concluded we could do that just as well without the merger aspect, and let’s just get going on that.

CEELM: So there’s not that much pressure to change your strategy.

Ellex: No.

Rail Baltic: As long as the service is there, I think for the clients it doesn’t matter which service, with which service provider you are actually dealing with directly, whether Lithuanian, or Estonian, or Latvian.

CEELM: There are very few internationals

in the Baltics – it’s mainly the Big Four and Eversheds. Why is that?

PWC: I think the first part of the answer is that it’s quite expensive to run a law firm in a small country where the fees are quite low, so if you look at the Magic Circle firms, I think it wouldn’t make sense from an economic perspective. I think that has been the rationale, but I’m not certain. Meanwhile, for us it’s been really phenomenal, because there’s a lot of technology companies moving out of Estonia and Lithuania, especially, but Latvia as well. We are really one of the few firms they talk to, so we export a lot from the Baltics, especially. But also in the inbound work obviously is dependent on our law firms across the world.

CEELM: There are also regional European firms with large presences across CEE. Have any of those firms ever suggested that you tie up with them in some capacity?

Sorainen: Well there has been actually some interest in some discussions, not so clearly defined, but I could confirm that yes, there is some interest. But I would say that it has been not too serious, because of the reasons Karl mentioned. But I think, because the Baltic markets are growing, I see – at least from my perspective, sitting in my office – that there is more interest now, during the past year, frankly from those international firms, and they are starting to notice this market much more. That interest could result in some of them entering the market, maybe not today, but in two or three years, if it continues the same way, following the economic growth. For those internationals this market might start getting interesting and we might see some more soon.

Cobalt: I think there have been some four or five international firms shopping around. It’s fair to say that these are second or third tier firms, which are not particularly interesting for locals – and I think first tier firms may never be interested in our jurisdictions, regardless of how well it goes.

Ellex: Yes, we’re protected by the size of our jurisdictions, in essence.

CEELM: Some of the Bar Associations in Central and Eastern Europe are very conservative, both about law firm marketing and about international firms wanting to open up offices there. How are the Bar

Associations in Latvia and across the Baltics? What's your take on this?

TGS Baltic: I've been a council member since 1993, so 24 years. We also do not allow everything.

CEELM: Are firms allowed to advertise?

TGS Baltic: Yes, sure. But we have an ethics code: firms can't advertise that they are better than the rest. There are some such things which they have to follow, but generally ...



Girts Ruda
General Counsel
RB Rail AS

Rail Baltic: I would guess that the Estonian bar is the most advanced in the sense that their representatives are always split, so that there are some members coming from individual practices and some from larger law firms. And the Estonian Bar, with regard to the topics you mentioned, is much more advanced than what I hear about the Latvian bar. I know Lithuania has recently moved into being a more professionally-managed body, and Latvia is as well, but I think that there is still room to improve.

TGS Baltic: There's still room, yes, but we have a new president, who is younger than the former ones, and of course now we have to do something in the Bar to manage properly these things like the secretary-general and so on – the responsibilities of the presidency, and so on.

CEELM: Are there any significant disputes going on in the Bar, or are things pretty calm?

Sorainen: The biggest discussion, I think, and the most important, is how to modernize the bar association and what is the right form of attorney offices. This has

been quite a hot topic for the past two or three years. There's also an ongoing and related discussion about how attorney offices should be taxed.

TGS Baltic: But of course it depends on the authorities, like the Ministry of Justice, Ministry of Finance, and so on and so forth. From outside maybe we would be happy to use the Estonian model of a limited liability company, but I think that that's not the best form for Latvia.

Sorainen: And in that discussion, how the interests of larger firms are aligned with and solo practitioners or smaller firms, that is quite an issue. But the other thing for the Latvian Bar Association is to realize that law is a business, with all the consequences of that. It needs to be modern and it needs to be up-to-date and not to live with beliefs from the 19th century.

TGS Baltic: Yes, that's great, but the law is the law, it's a practice, it's not just a profession, like standing somewhere and selling something. Lawyers would be happy of course to be entrepreneurs but I think that the limits would be set in the specific law.

CEELM: What are the big issues and challenges you're facing?

Ellex: I think the aspect that's being talked about but hasn't really hit our market that much right now is digitalization and what's going on in terms of all the software and robotics and all these types of things. We're listening to all this and hearing what's going on with these things, and that's certainly obviously something to watch throughout the world in the legal profession, and it's going to hit us to some extent also.

CEELM: Are you at Ellex making any formal effort to stay on top of technological developments?

Ellex: Yes, to the extent we can, to the extent we can afford it. We're trying to get the best technology that we can, within limits. Obviously, we can't afford robotics at this point, but we're letting our London

colleagues and other people go through that, and I understand Scandinavian firms are experimenting with it as well. We'll see how all that goes and how much that filters down to us. There's just a limit as to what we can do in terms of resources, in terms of what makes sense.

Cobalt: I would say that we would be happy to see a certain growth and flexibility on the side of the clients also towards purchasing of legal services. At the moment one phenomenon which we're observing are client demands for exclusivity, which

“I think the market has shown, at least on general corporate matters, that something you would ten years ago charge a client quite a nice sum of money for, today you can do in-house within an hour, because the state has provided all the tools, and it's not that difficult anymore for well-established companies.”

are very problematic on these small markets. I think that this is a hot topic here and I think that clients really cannot hope to have the best advisers if they try to keep them all to themselves. To have very highly specialized lawyers who are allowed to work only with one client – that's not going to happen. If a lawyer is precluded from serving a number of clients, there is simply too little work to gain deep expertise and survive financially. And I think that's something that clients have probably not realized yet.

Sorainen: Which is probably acceptable in a larger market.

Cobalt: Clients are attempting to demand various exclusivity arrangements, and that would be one piece of advice to clients: don't do it!

Uralchem: Why do they do it?

Cobalt: Well, if you are, say, a confectionary producer, you don't want to see that your regulatory work is done by somebody who does this work for another company running the same type of business. But

then where do lawyers gain their experience and how do they become specialized? I think that goes to your question about shipping law earlier, too: if it's a small market there is simply no place to develop your expertise.

Rail Baltic: I guess the issue is that in terms of audit and accountancy, there is no such big conflict of interest, whereas on the legal side, conflict of interest considerations and all these exclusivity requirements come immediately, so that actually they are struggling between flexibility and non-flex-



Dace Silava-Tomsone
Managing Partner
Cobalt Latvia

ibility, no? For other businesses – for the accountancy business, for instance – conflict of interest is not such a huge thing. You provide your service to one client and then you provide your service to another client, and there is no problem. But when it comes to lawyers you immediately need to check whatever you have done for the last ten or twenty years against this or that person and then everybody else.

PWC: I really can't comment on the audit business, but sure, I guess that goes for all lawyers, I mean it is a small market issue with exclusivity. However, we have seen that, especially in regulatory, in banking and finance, it's not really an issue at all. So even if sometimes you have clients who are competing quite fiercely against each other, they would still choose to work with us because they know that we have a lot of experience in this market. So we are able to kind of silo ourselves and position ourselves, being open about our relationships.

Cobalt: The banking industry is probably one of the few which has outgrown this issue. We faced a real difficulty with the

banking industry back in 2008, when everybody tried to create a panel consisting of all top firms, saying, "you will work exclusively for us and you will never work against us, because it's a commercial conflict." And at the end of the day firms were forced to say, "no, that's not going to happen. For 10,000 euros per year you cannot get our promise to work exclusively with you and never against you." And the banking industry's over it now, but I can, right now, name at least five or six industries which are extremely "jealous", and unwilling to see their counsel working on the side of their competitors – but in those small jurisdictions it's not good for the businesses themselves, ironically.

TGS Baltic: Speaking of banks: technologies are growing, in my experience, from the 90s up to now, and this is a big big big issue. I have

heard that in England, some banks, if they are selecting law firms in a tender, require that the law firm allow the bank to look at its billing system. So if the law firm wins a tender, the bank has access to its billing system, and they look at how many hours they have spent, to see if it is accurately reflected in its bills. They would like to supervise everything.

And this is new technology, and if you don't accept it, okay, there are many other law firms who would like to participate. And the result, of course, is that they are cutting costs, because they saw that, okay, this lawyer, he spent ten hours yesterday, but for this small matter. I don't like this trend of supervision.

Rail Baltic: And then one thing that I'm seeing as still missing that lawyers and law firms can improve is probably that we are very good in legal skills, but we are still struggling a lot with all sorts of non-legal skills, starting from management, running law firms as a business, and down to students who are not used even to working in teams – you would go and assign tasks to new lawyers to work in three or four person teams, they would see it as extremely difficult. So when they join law firms, you need to actually train them to communicate, and you need to understand what marketing, sales, management, and financial manage-

ment are. I think we still see lawyers as people who understand how to read law, and anything else as just an added benefit, but this is something that I think that university and law firms are still facing as a big issue.

CEELM: Are you contrasting that to giving good commercial advice? That is, this traditional dichotomy between lawyers who say, "You can do this" or "You can't do this," versus lawyers who say, "I will help you find a way to do this"?

Rail Baltic: Sure. I mean, if I were to ask any of my colleagues for advice, the last thing that I would expect is for someone

"...the law is the law, it's a practice, it's not just a profession, like standing somewhere and selling something."

to write two pages citing whatever law and saying, "this is what law says." What can I do with that? So when it comes to talking with clients, what are the matters that they need help with – and the same is true even with this pricing issue.

Sorainen: I think I would add that what this market should see in the next few years is more serious sector specialization, and business sectors rather than legal practice. And this is the difference between the Baltic market and, say, the UK and other jurisdictions, because they're much more advanced. Of course, because of the small size of these markets, we won't have in-sector specialization in all the business areas right away, but the largest business areas are the same. Banking and a few others. And from clients, there's a big demand that you form deep teams in a different way and that you manage knowledge in a different way than we have been doing it.

Rail Baltic: Put another way, this commercial approach is: Where do you add value for the client? I mean, apart from your brand and your experience.

Note: The editors of CEE Legal Matters would like to thank Dace Silava-Tomsone and her colleagues at Cobalt for their hospitality in offering to host the Round Table.

David Stuckey

PwC Legal Baltics



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INSIDE OUT:

Primus, Cobalt, Sorainen, and Ellex Raidla Advise on BaltCap Acquisition of Estonian Classified Portals from Sanoma Media Finland

The Deal: On March 20, 2017, CEE Legal Matters reported that Primus's Tallinn office had advised BaltCap on its acquisition of 100% of Sanoma Baltics AS – the operator of the Estonian online classified sites auto24 and Kuldne Bors – from Sanoma Media Finland Oy. Sorainen advised Sanoma Media Finland, and Cobalt advised the management of Sanoma Baltics on the transaction, with Ellex Raidla advising AS LHV Varahaldus on its provision of financing for the transaction.

We reached out to several of the individuals involved in the deal for information.

The Players:

- **Primus:** Ermo Kosk, Partner: Counsel for BaltCap
- **Sorainen:** Pekka Puolakka, Partner: Counsel for Sanoma Media Finland
- **Cobalt:** Kristel Raidla-Talur, Partner: Counsel for Sanoma Baltics Management
- **Ellex Raidla:** Raino Paron, Partner: Counsel for LHV Varahaldus

CEELM: How did you each become involved in this matter?

Primus: I have been consulting BaltCap and its portfolio companies on numerous transactions and day-to-day matters for almost ten years. Our cooperation has been so far very smooth and productive, and the Sanoma Baltics' transaction was yet another transaction we were selected to work on.

Cobalt: I acted for Ilta-Sanomat (Sanoma Group) in 2007 when its subsidiary Kuldne Bors (soon renamed Sanoma Baltics) acquired its first 20% stake in Autoportaal. At that time Autoportaal was the company operating the classified site of auto24 (which contained ads for cars and other vehicles) and Kuldne Bors was operating the classified site bearing its own name (which contained ads for a large variety of goods and products). Margus Tomberg was the CEO of Kuldne Bors and later, after the Sanoma Group had exercised its options to acquire further stakes in Autoportaal from the founders and management until it had acquired 100% of the company, also became the CEO of Autoportaal. Thereafter, Autoportaal was merged with Kuldne Bors (Sanoma Baltics).



I worked with Margus on the acquisition of auto24 back in 2007 and we have known each other since then. Funnily enough we also became neighbours in the same residential building in the center of Tallinn around the same time. I lost Margus as my good neighbour when my husband bought his apartment a few years later to cater to the needs of our growing family. Margus contacted me again about a year ago to discuss the potential acquisition of Sanoma Baltics and this was the beginning of our co-operation on this particular deal.

Sorainen: We have a long-term relationship with Sanoma Media Finland and we have assisted them in the past with various issues as well, including transactions.

Ellex: Ellex is known for its experience in M&A and B&F matters and specifically on work related to capital markets and corporate debt issues. LHV

approached us with the request to provide legal advice on the financing of the transaction and on the bond issue. Our work on the matter started in February 2017.

CEELM: What, exactly, was the initial mandate when you were retained for this project?

Primus: When we first got involved with this project, BaltCap had just signed a non-confidentiality agreement with Sanoma Media Finland Oy. Thus, we were engaged from the very beginning of the process in order to do the due diligence and advise the client on the transaction structure.

The structure of the transaction was a bit more complicated than usual, as there were several counterparties to the transaction. The initiative to buy [Sanoma Baltics AS] actually came from the management of AS Sanoma Baltics (now auto24 AS) and BaltCap was engaged by them as a strategic investor. Additionally, as the parties needed external financing for the acquisition, relations with an external creditor had to be structured. Ultimately the external financing came from the pen-



Ermo Kosk

sion funds of AS LHV Varahaldus, which provided financing through a note issue, which again is not the usual practice in Estonia.

So the transaction did not just cover the acquisition transaction with Sanoma Media Finland Oy, but also included the regulation of internal relations between the purchasers – BaltCap and the management of the target company – and relations with the external financier and the security agent.

Cobalt: When we first got involved, Sanoma was in the middle of an auction process. We gave some guidance to the management as they were in an uncomfortable position, wishing to acquire the company in co-operation with a private equity fund and at the same time presenting the company, with Sanoma, to several other bidders. We also discussed potential funding structures, shareholder relations, and management agreements going forward.

Sorainen: Our mandate was to provide legal assistance in carrying out the divestment.

Ellex: We advised the pension fund management company LHV Varahaldus as the investor and helped the issuer as their client to organize an issue of unsubordinated and subordinated bonds that could be then purchased by pension funds managed by LHV Varahaldus to finance a buy-out of Sanoma Baltics AS by the management and BaltCap. The transaction set a precedent and helped to develop the Estonian capital market by creating an instrument enabling Estonian pension funds to invest in Estonia (generally, there is a demand for securities issued by local issuers among Estonian pension funds). Our work included preparing the bond terms, collateral agreements, and collateral agent agreements, as well as participating in choosing the collateral agent and representing the client in negotiating the agreements.



Pekka Puolakka

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

Primus: The head of the team was me, and I was the person ultimately responsible for the negotiations and preparation of transaction documents with all counter-parties. The other team members were Counsel Toomas Kasesalu who advised on the financing part of the transaction and helped with carrying out the legal due diligence; Senior Associate Sandra Vark, who managed the legal due diligence process, assisted with the preparation of acquisition documents and agreements with the management, and prepared the merger notice regarding the transaction for the Competition Authority; Senior Associate Dmitri Rozenblat, who assisted with the legal due diligence; and Associate Marilyn Laud, who assisted with the legal due diligence and preparation of the merger notice.

Cobalt: Senior Associate Triin Ploomipuu was the main task force working on all aspects of the transaction with me. We tried to keep the team small and efficient and involved other associates for very limited tasks only.

Sorainen: I was the Supervising Partner. Counsel Paul Kunnap was primarily responsible for handling the case. Associates Olga Vijard and Mirjam Vichmann and legal assistant Katlin Robas were involved in various roles in completing the transaction as well.

Ellex: I worked with Senior Associates Helen Metsar and Martin Maesalu as a team.

CEELM: Please describe the final agreement in as much detail as possible: How was it structured, why was it structured that way, and what was your role in helping it get there?

Primus: The agreement with Sanoma Media Finland Oy was a share purchase agreement with customary provisions on

conditions precedent, closing procedure, parties' representations and warranties, liability clauses, and non-compete and confidentiality obligations. The purchaser under the agreement was a special purpose vehicle ultimately owned by BaltCap Private Equity Fund II SCSp and the management of AS Sanoma Baltics (now auto24 AS).

But as I mentioned above, the deal did not just cover the agreement with Sanoma Media Finland Oy; it also included agreements between the purchasers and financing and security agreements. My role was to advise on the most efficient set-up of the different parts of the transaction.

Cobalt: We worked on all aspects of the deal. The priority for the management was negotiating the investment and financing documentation with BaltCap. Accordingly, we spent most of our resources on relevant documentation and negotiations. However, as the deal between BaltCap and the management was related to the acquisition of the company from Sanoma Group and additional financing provided by LHV pension funds, we also assisted the management in reviewing relevant documentation.

Sorainen: From the vendor's side the transaction was a share deal with many typical MBO features. There were also some issues which were particular to the case due to specific [and confidential – ed.] circumstances related to the target company.

Ellex: BaltCap was not a direct party to the financing structure developed and documented by Ellex Raidla. Financing was provided to a project company indirectly owned by Baltcap and the management of Sanoma Baltics. Security interests for the bonds were provided by upstream project companies, including one owned by Baltcap's fund.

CEELM: What was the most challenging or frustrating part of the process?

Primus: As there were a lot of counterparties involved in the transaction, the most challenging part of the process was to ensure that all aspects of the legal relations between the different counterparties would be covered and that all transaction documents were duly and timely prepared. There was real time pressure before the closing, because we got the official merger approval just two days before the closing date.

Cobalt: I think for us and the management the most difficult task was going through all the "what if" scenarios. What if growth is not as expected? What if there is a default under one agreement, potentially triggering negative consequences under other agreements? What if someone is not able to continue in the management team? As lawyers we also went through the usual closing challenges, trying to make everything happen at the same time. But I would not call any of that frustrating in this particular deal.

Sorainen: Unfortunately, during the negotiations, the Estonian government began considering whether to institute a

new car tax in Estonia or not. Instead of developing a policy and then sticking to it, the government made several announcements about the upcoming tax only to withdraw them later, creating a lot of uncertainty to all involved. Given that such a tax could have an impact on the business of the target company, the government's public vacillation on the subject caused a need for a lot of additional negotiations to take the possibility into account. Since then the government has dropped this plan.

Ellex: Although the project was innovative – to our knowledge it was the first time bonds were specifically issued to finance an M&A transaction in Estonia – there was no frustration in the project. Habitually bond issues are driven more by the issuer, not the investor.

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

Primus: Although obtaining merger approval just two days before the closing was on the one hand a challenge, on the other hand the merger process with the Competition Authority itself went very smoothly. According to law the Competition Authority has 30 days to conduct the merger proceedings, but we managed to get the merger approval in approximately two weeks. As we wanted the closing to take place at the beginning of a month, if we had received merger approval just a day later, we would have had to postpone the closing by a month.

Cobalt: I think the closing dinner went well. (laughs). On a more serious note, I believe the whole process was quite smooth for a complex transaction such as this one. Of course at times the parties felt a bit stuck with various items subject to negotiations, but overall the process was quite smooth, especially as regards negotiations between the management and BaltCap. I believe there was a good match which allows us to believe that parties will also be successful in growing the company as one team.

Sorainen: All parties were professional and acted in a professional manner and the transaction process ran very smoothly with the exception of the disruptions inserted by the government's announcements I mentioned above.

Ellex: By the time our work started, our client and the acquirers had a relatively clear idea about the financing conditions which needed to be implemented into the terms and conditions of the bonds and related security documents. The good preparation naturally made the process quite smooth.

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

Primus: Our general mandate stayed the same – to conduct the legal due diligence, help to negotiate the transaction structure, prepare and negotiate the transaction documents, assist with the performance of conditions precedent (*i.e.*, prepare and submit the merger filing) and closing process, and take



Kristel Raidla-Talur

care of post-closing issues.

The structure of the deal changed somewhat during the initial phase of the negotiations. The primary changes concerned the financing of the transaction and the set-up of the holding companies of the purchasers.

Cobalt: Our initial mandate was “any assistance the management may need.” At the time it was not clear what the financing structure would look like, who would be the private equity partner, and so on. So our scope of work was subject to constant change, but we did not mind; it was an interesting journey and very pleasant co-operation with the management team.

Sorainen: Yes.

Ellex: The final result at large matched our initial mandate.

CEELM: What individuals at your clients directed you, and how did you interact with them?

Primus: We worked mainly with Oliver Kullman, one of the partners at AS BaltCap. During the most intense period of negotiations we communicated with him almost daily, either by phone or e-mail. Additionally, from time to time we had internal meetings face-to-face. Oliver is always very hands-on with his projects and likes to review all major transaction documents, but at the same time he trusts our legal expertise and does not interfere with purely legal matters.

Cobalt: Margus Tomberg was our main point of contact [at Sanoma Baltics] and, as usual these days, most of the communication was by phone and email. We also met on several occasions with the entire management team (four people) to go through drafts and discuss our comments. The management also had a financial advisor who was present in these meetings.



Raino Paron

I enjoyed working with the team. It was impressive that the whole team went through all transaction documents in detail and contributed to the discussion. I think it set a strong base for business going forward as the entire management team has a good overview of the terms agreed with BaltCap.

Sorainen: The project was directed by Sanoma's M&A Director and in-house counsel. We were in contact mostly by telephone as they are based in Helsinki, but there were also some in-person meetings. The communications were often improved by the ability to keep the internal talks in Finnish.

Ellex: Kelli Valdek (Compliance), Maido Lillemets (Legal), and Romet Enok and Kristo Oidermaa (Portfolio managers).

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

Primus: The working relationship with both Sorainen, the representative of the seller, and Cobalt, the representative of the management, was efficient and friendly. Mostly we communicated by phone or e-mail, but we also had a few meetings in person.

I believe we all shared a common goal to get the deal done with all parties being satisfied, so we were all reasonable and willing to make compromises if needed. Most of the biggest issues during the negotiations concerned commercial matters, and not legal ones, which we managed to agree on pretty smoothly.

Cobalt: We had a very good working relationship with Primus. It was not the first transaction we both worked on and I've always considered them reasonable and efficient. No reason to change my mind based on this deal.

We had less interaction with Sorainen as negotiations with Sa-

noma were mostly handled by BaltCap and Primus.

Sorainen: Our interactions were limited to Primus. Most details were ironed out in local counsels-only meetings held in person. Larger commercial issues were negotiated in telephone conferences, and there were a couple of negotiation sessions in person in Helsinki. We were very pleased by the professional attitude and the no-nonsense manner in which we could carry out the process.

Ellex: The whole process lasted for more than a quarter. Communication was mainly performed via e-mail, but also included some meetings in the most intensive stage of the negotiations regarding the bond documentation.

CEELM: How would you describe the significance of the deal to Estonia?

Primus: I guess the most outstanding part of the deal is that the acquisition was financed by local pension funds through a note issue. Usually acquisition transactions in Estonia are externally financed with bank loans.

Cobalt: First of all, it should be noted that both auto24 and Kulne Bors are very well-known brands in Estonia; the sites have an extremely wide user base and even people who have never used the services themselves are likely to know the brands.

Another important aspect is that the deal was financed by strong local players. While BaltCap has been in the private equity business for many years, the financing provided by LHV pension funds was possible only due to recent legislative changes.

I believe it is good for both the business and users that the company was acquired by the management together with a private equity investor such as BaltCap. It enables the company to concentrate on developing new and innovative solutions for the benefit of its customers. Several media companies were also among the bidders and their strategies would have likely been different.

Sorainen: The transaction was one of the largest of its type this year in Estonia (note that given the size of Estonia there are not that many large transactions). The target company is also the clear market leader in its business. So the transaction has significance purely on those terms. Otherwise, the company will continue under the same management and there presumably will not be significant changes to the business. Given the smooth transaction process, it will also, hopefully, serve to develop the transactional legal practice in Estonia by a small increment.

Ellex: This was the first time in Estonia when pension funds invested in an instrument for financing of an M&A transaction to such a large extent.

David Stuckey

Expatriate on the Market: Interview with Egons Pikelis of Ellex Klavins



UK-born Egons Pikelis is a Partner and Head of Banking/Finance at Ellex Klavins in Latvia.



CEELM: Run us through your background, and how you came to Riga.

E.P.: I was born to Latvian parents who were refugees during WWII. The house we lived in until I was 16, which we shared with my cousin's family, was an old doctor's house in the Birmingham suburbs with an enormous garden. My father's family were farmers in Latvia, and so the garden became a little piece of Latvia. We grew a lot of our own fruit and vegetables, and we kept bees, and while my parents went out to work I would spend the day at home with my grandmother. Each one of us in the house had a beehive allocated to him or her, although the only ones who ever went near the bees were the two grandmothers. When the bees swarmed, they never did so in our garden, but in someone else's further down the road. The two grandmothers would don their white spaceman outfits and arm themselves with smoke canisters to go and find the swarming bees. The fact that neither of them spoke a word of English only added to the wondrous sight of two smoking octogenarian spacemen knocking on every door in street looking for their bees. But I didn't think anything of it at the time, and only later in life did I come to realise that the neighbours must have thought us slightly odd, to say the least.

The drama of my first day at school when I was five years old also passed me by somewhat, as, having spent all of my time with the beekeepers, I didn't speak a word of English. I only found out a couple years ago from my mother that on that first day at school she was taken aside by the headmistresses and more or less accused of child cruelty. Within a month or so, I was speaking pretty passable English, so I'm not sure what all of the fuss was about, but in 1960's England it was probably a rare event, although I suspect that things may have changed in the meantime.

Once I had started school, I continued to live a dual existence, one in the English world and the other in the Latvian exile

world. Latvians, not only in the UK, but in most countries in which they ended up after the war, were pretty well organized, both socially and politically. I spent the majority of my spare time attending all kinds of Latvian gatherings and events, and as a result, I have always had a circle of Latvian friends from other parts of the UK, and later from other countries. I also spent a year in between my A-level years at a Latvian school in Muenster, in Germany. At the time it was the only accredited Latvian school in the West, and while I probably gained more in social terms than academically, I've retained a fondness for bier und currywurst.

Such an environment, however, is pretty politically charged, and the resentment that exile Latvians (and other East Europeans) felt towards the Soviet Union left a mark on those of us who were born outside Latvia as well. It also explains why my first degree wasn't law, but Russian and Russian Studies. At the time you could have called me a Sovietologist, but as the Berlin Wall fell a year after I graduated, I instantly became a historian by default. It was then that I turned to law and subsequently qualified with Simmons & Simmons. At the time, the big law firms were beginning to look for lawyers who had alternative skills and experience, and I'm grateful that Simmons & Simmons saw something in me which was worth pursuing. Arguably that's a policy that only the big firms with the appropriate capacity and resources can follow, but I still think that it's a far-sighted approach.

But these were tumultuous times, and after the Soviet Union collapsed, Latvia regained its independence in 1991. In 1994 I got a call from Raimond Slaidins, who was a Latvian lawyer from California, and who had set up a firm in Riga with another US lawyer from New York, Filip Klavins, and they wanted to know if I was interested in joining them, which after a period of reflection, I did.

CEELM: Was it always your goal to return to Latvia and work in the country?

E.P.: Before the Soviet Union collapsed, few of us thought considered that such a question would even be a possibility. The edifice seemed impenetrable, and the underlying would even be a possibility. The edifice seemed impenetrable, and the underlying contradictions were to a large extent hidden from the outside world. But once Latvia regained independence, I think that it is fair to say, that, for me at least, it was inevitable that I would return to Latvia. From a UK career perspective, I knew at the time that it would have been better if I would have stayed at Simmons & Simmons longer. Leaving them was an immense risk, as no-one knew which way Latvia would be headed, and whether our firm could survive in the longer term.

But these were highly interesting times, and ones where you felt that you could tangibly contribute to change. I think a sense of historical perspective made me understand that these events don't happen every day, and in those circumstances you can either watch from a distance or you can get involved. In the early nineties, Latvia saw the usual story of wealth accumulation and turbulent politics, but having come through it, I'm proud that, rather than seeking refuge in strong-man politics, Latvia has managed to stick to its chosen path of being an open and democratic society. It's far from being perfect, but looking back from the perspective of those times, I think it's pretty cool what's been achieved.

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

E.P.: Latvia's approach after regaining independence was to sweep away in one go all the legislation from the Soviet era (apart from the labor law and, interestingly, the criminal law), and replacing it with Latvia's pre-war constitution and laws. Nothing wrong with that other than nobody had any experience in interpreting or applying these laws, and crucially, a lot had happened in the world between 1940 and 1991. In addition, such business practices as there were, were rooted in Soviet tradition. This had some interesting results. I was once advising a Swedish investor who was going into a JV with an agro-products producer, which was represented by an old-school engineer who had privatized the plant. We were negotiating an SHA for the joint venture, and had spent several hours in the meeting discussing the various points of the SHA, often quite heatedly. At one point, my client had to leave the room, leaving me alone with the agro-products chap, at which point he turned to me, put his hand on my arm, and looking me in the eyes, solemnly said "son, I know that you'll make us a good agreement, but please, no more than two pages long, OK?"

At a certain point in the early 2000's, we felt that the local legal environment had matured sufficiently and our firm had grown enough that we were able to start working on a practice

group basis, at which point I headed up the banking & finance practice. Our practice has to date focussed mainly on cross border activities, and while I'm of the view that your standard of work is the best advert for your practice, we also invest a lot of time and effort in maintaining relationships with the international institutions who have an interest in our market and with the major international law firms who represent such institutions. Being members of the best professional networks (such as Lex Mundi and World Services Group) has also been a great help.

"In Latvia's case, I don't consider the laws to be poor, but it's the application which sometimes tends to fall down, although it is far, far better now than it used to be."

CEELM: What's your general opinion about Latvian law and the legal climate in the country, both for lawyers and for investors?

E.P.: I tend to subscribe to Bismarck's view about being able to live with poor laws and good civil servants, but not with good laws and shoddy civil servants. In Latvia's case, I don't consider the laws to be poor, but it's the application which sometimes tends to fall down, although it is far, far better now than it used to be. Much of Latvian law is based on EU legislation now anyway, and the underlying tradition of Latvian law follows the Germanic system, so the framework is pretty sound. But there are certain factors which are problematic. One is a lack of expertise, particularly in technical areas, such as the more complicated commercial transactions. Some practitioners still prefer arbitration rather than the courts, particularly in complex transactions, but there is quite a lot of training of judges going on which seems to be raising standards. Another area is the relationship between business and politics, and the ripple effect into the legislative environment. Latvia has been struggling to get some areas of its insolvency administration sorted out, and while Latvia is not alone with this problem, it has become a big topic of debate in Latvia, and hopefully now there may be the impetus to sort this out.

CEELM: There are obviously many differences between the legal markets of Latvia and the UK. Can you describe some of the more interesting/challenging differences? What stands out the most?

E.P.: When people find out that I'm a UK solicitor, I get asked questions about why I'm not wearing a wig, which given the state of my hairline these days, probably wouldn't be such a bad idea.

Apart from the obvious difference between a common-law system and a civil law system, I think that the most obvious

differences are in the still nascent legal traditions of Latvia and in the size of the respective markets. Latvia has had no shortage of excellent legal scholars, including in tsarist times before Latvia gained independence, but the experience in interpreting, applying, and developing its legislation and in legal practice has been severely curtailed by geopolitical events. In contrast, the UK legal tradition is arguably the standard of expertise and impartiality which most other countries aspire to, at least those countries which respect a rules-based system.

The other aspect is the size of the market. In Latvia, we can never expect to reach the strength and depth of the expertise which you find in the UK. We're inevitably following legal trends in Europe and beyond, whereas the UK is often at the forefront of legal innovation. So I think it will be interesting to see whether and how the effects of Brexit will impact on the role of the UK legal system, particularly with regard to the rest of Europe.

CEELM: What cultural differences between the two countries strike you as most resonant and significant?

I think the fact that Keeping up Appearances is still going strong here in Latvia. That's is a bit of an eye opener for me.

Latvians are a very down to earth nation, and their world view is informed by historical events. There isn't the underlying sense of permanence about the institutions of state or of society which you find in the UK, but people have a far greater sense of self-reliance. That's not to say that Latvians don't invest a lot of faith in their country. Despite the Brexit vote, I'd say that Latvians have a clearer notion of the significance of statehood, because they have experienced what it means to have it taken away. But even so, it doesn't stop Latvians arguing over what that means. As they say here, if you put two Latvians into a room, the result will be three political parties.

But Latvians have a strong affinity for the British view of the world. They take similar views on trade, political freedoms, and values, although there are limits. Nobody in Latvia gets cricket. "Five days?!!"

CEELM: You've lived in Latvia for some time now. What significant changes have you seen during your time there, in the legal industry?

E.P.: In the early nineties, we were almost the only firm offering a Western standard of legal service. That has changed in the meantime. A lot of people have taken advantage of the opportunity to travel, study, and work abroad, which has also had an effect on the legal industry. Particularly in the sphere of business law, the overall standard has risen immeasurably, which, while increasing competition, is something that I can only applaud.

But the legal industry doesn't exist in isolation, and I'd say that the level of professionalism within the professions in general, and within the business community – especially the innovative spheres such as start-ups – is particularly encouraging. Estoni-

ans have managed to give themselves a good press with their digital economy message, which we will deservedly hear more of during Estonia's presidency of the EU, but there is evidence that the talent and innovation in Latvia has existed for a while, and that we're on the brink of a break-out moment in terms of recognition outside Latvia.

CEELM: Does your upbringing and education in the UK give you a particular advantage or make you particularly useful to clients in some way? How?

I don't think that my UK upbringing and education makes me know anything in particular that any other lawyer in Latvia wouldn't or shouldn't know or which would provide me with any particular advantage. Obviously having gone through the ranks at Simmons & Simmons was excellent training, not just with regards to the practice of law, but also as a legal professional, which is something that clients appreciate. Looking back, however, I suspect that the main benefit of the UK background has been the appreciation of the difference between principle and expediency in the choices that you make, and by extension, which you extend to your client. I think that it is an increasingly relevant distinction in our lives, and not just with respect to the practice of law.

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

E.P.: We have three relatively small children, so road trips are a challenge, and a lot of the CEE region is, to my mind, within road trip range. So, apart from business trips, my travel within the CEE region has been pre-kids. Prague is everyone's favourite, and a few years ago, we had a firm trip to Prague which was great. A while before that I went with some friends on a hiking trip in the mountains around Poprad. Compared to the Alps, it is much less manicured but all the more charming for it. It is also the only place I've encountered a group of six nuns in full garb with white Nikes doing a mountain trek. On the way there we spent a couple of days in Krakow, which for a history buff is a pearl, but is also simply a beautiful town in its own right.

CEELM: What's your favorite place to take guests in Riga?

E.P.: While I wouldn't exactly describe it as a favorite, I would encourage anyone visiting Latvia to visit the Museum of the Occupation of Latvia. Our firm has supported the museum on a pro bono basis for approximately 20 years. For a visitor, I think that it is difficult to understand Latvia today without having an insight to what is shown at the museum.

Much to my surprise, it turns out that Latvians are big foodies, not wedded purely to potatoes, pork, and pickled cabbage, and we have some really good restaurants, some in the old town, but also in the area around the old town – the embassy quarter – which prides itself on having some of the finest art nouveau architecture in Europe.

David Stuckey

MARKET SPOTLIGHT: BELARUS



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GUEST EDITORIAL: BELARUSIAN LEGAL MARKET OVERVIEW



At 30 years old, the Belarusian legal market is still relatively young. The end of the 1980s and early 1990s was a time of new economic relations; the first non-state companies appeared and the first foreign investors entered the market. These new economic conditions required lawyers focused on economic law, and soon the first Belarusian private law firms and individual practitioners appeared. Some of them (including the Law Laboratory, which was founded in 1990 by me and my colleague Natalia Kozyrenko and which later transformed into Vlasova and Partners) remain the “top dogs” on the Belarusian market today.

The development of the legal services market followed the formation and development of business in Belarus, and by 2010 there were about 400 law firms and individual practitioners in the country. Then, as now, Minsk offered the highest density of lawyers and law firms, with far fewer in the regions.

Also by 2010, the large national law firms, having created a certain image and gained prestige among colleagues, partners, and clients, not only cared about the quality of the legal services they provided, but also had begun paying more and more attention to issues of professional ethics and corporate culture. Partners participated in the law-making process in Belarus and advised on various national and international projects and programs. Many of their clients were multi-national companies and foreign investors requiring a high level of expertise in their external counsel (which were, in turn, required to offer ongoing trainings, seminars, and foreign internships to younger employees), and lawyers able to provide legal services in their own language. Specialization in the more complex and less developed areas of legislation became the hallmark of the activity of these law firms.

Then, as now, International law firms were not represented in Belarus. Instead, the largest UK and US-based firms chose Belarusian leaders as their permanent partners for their projects in Belarus. Since the early 2000's these national leaders have been ranked by international publications.

The second-largest group of law firms, staffed on average by five to seven lawyers, had by and large worked in the market between two and eight years, serving mainly small and medium businesses. The third group consisted of law firms engaged mainly in providing certain types of standardized services, such as registration/liquidation of companies, licensing, and so on.

Also by 2010, a two-tiered legal market had been formed: there were advocates, who served mainly individuals, and there were business lawyers, who advised companies on business activities.

In 2013, the legal system in Belarus was reformed. As a result, in

April 2013, business lawyers lost the right to represent their clients in court. Thus, partners of leading law firms were required to become advocates and to establish law offices on that basis in their firms.

Currently, there are more than 2000 advocates in Belarus. There are about 160 state legal consultations and 70 law offices and about 260 individual practitioners. About 66% of Belarusian lawyers are women.

The main features of the modern legal market in Belarus are the following: ■ The Belarusian legal market is still in its growth stage. ■ The main brakes to its development are the political and economic risks reflected in the low activity of foreign investors in Belarus, including limited privatization, under-developed financial instruments and financial market, and so on. ■ About ten Belarusian law firms (including the local offices of Baltic law firms) form the main driving lever of the Belarusian market, covering up to 90% of international, complex, high-margin projects. ■ Leading Belarusian lawyers are actively involved in international professional networking; they participate in international conferences around the world and are members of the IBA and other associations and networks. ■ The main trend in the last two years in the law firm market is a strengthening of the specialization of main players in different market segments. ■ In the past few years, the market has somewhat consolidated, as there have been several mergers of leading market players (ours was among the first, as Vlasova, Mikhel & Partners resulted from the 2007 merger of Vlasova & Partners with Mikhel & Partners). ■ Increased respect for the confidentiality of information received from clients, liability insurance, and implementation of quality management systems. ■ Strengthening the role of marketing in law firms: commitment to the development of brands, clearer positioning, project management, active use of CRM systems, and digital marketing. ■ Paying attention to human resources: developing recruitment and retention systems and the need to train and promote personnel and grow partners. ■ The interaction of lawyers and business is growing, with lawyers recognizing the need to stay close to clients, use familiar and understandable language, enter into an open dialogue with authorities, and take part in the preparation of normative legal acts. ■ Naturally, the growing competition between large law firms (in Belarus, a law firm of 20-25 lawyers is considered large) and the rise of smaller players makes everyone more scrupulous and, if you like, careful of their clients.

In general, the trends in the development of the legal market are such that the success of a law firm is largely determined by the quality of the service it provides. This circumstance justifies optimism for the further development of fair competition between professional lawyers, on one hand, and the trust of clients in their independent legal advisers on the other.

Liliya Vlasova, Senior Partner,
Vlasova Mikhel & Partners, Belarus

THE BELARUSIAN DILEMMA: RUNNING A PRIVATE PRACTICE IN A PUBLIC ECONOMY

Times are tough for leading law firms in Belarus right now, struggling as they are against a faltering economy, a state-controlled market, and mixed regard for lawyers. Nonetheless, many of the country's senior private practitioners insist they are optimistic. The future is, as always, right around the corner.



A Faltering Economy is Bad for Business

Still, nobody's counting their chickens just yet. "The economy as a whole, and law firms too, are facing one of the hardest times in the decade," says the managing partner of one Belarusian law firm, noting that the country continues to suffer from the effects of the massive devaluation of the Belarusian ruble earlier this decade, combined with a significantly weakened economy in Russia, Belarus's primary trade partner. "We are trying to explore other markets as alternatives, but 75-80% of our net exports were towards Russia, and it is now difficult to pivot to other markets when Belarusian products such as milk, meat, and textiles produced here are not an automatic brand, as they were in Russia."

But there may be some basis for hope. Vassili Salei, Senior Partner of Borovtsov & Salei, points out that, since 2014, the Belarusian ruble has stabilized and no longer shows high growth rates. Sergei Makarchuk, Managing Partner of CHSH, concedes that "since a number of factors affecting the currency market are beyond the National Bank's control, the stability on the currency market is fragile," but he believes that the current stability, fragile as it is, is of great benefit to both business and the population as a whole.

Konstantin Mikhel, Managing Partner of VMP Vlasova Mikhel & Partners, is even more optimistic. He claims that systematic reform in the country – he says his own team is actively involved in drafting laws to improve business conditions and create a more favorable business environment – is helping to nudge the economy forward as well. As proof, he points to statistics showing the beginnings of recovery in the country, and he insists that he "feels positive changes [and] a growing demand for new projects," reporting that "our clients have become more optimistic about the future; [they are] more active and enthusiastic, launching startups, getting more involved in social projects." All of which, he says, is "an indication of the stabilization of the overall economy."

Salei agrees that the steps taken by the Belarusian state have had a salutary effect. "Many acts were adopted by the government which have simplified the procedure of registration for businesses that now al-

low for registration and cooperation with various authorities online,” he says, citing as an example changes allowing more variation in the choice of corporate/organizational form. “Now LLCs can have one shareholder, instead of the minimum two before,” he says, adding: “such actions create a base for attracting money to the country and increase competition between business entities. All this confirms that government has taken policy steps aimed at the development of entrepreneurship.”

“Unfortunately,” Salei concedes, “not all changes are implemented so quickly.”

And others are more critical. Makarchuk says, “I do not share optimism about the Belarusian economy in general. There is a lot of informational noise about the measures undertaken by the government and legislative changes aimed at improving the situation in the economy. However, most of them are cosmetic in substance and do not solve the backlog of fundamental problems. In a nutshell, the income level of the population has dramatically fallen over the last two-three years. Besides the official statistics regarding the average salary in the country, this is perfectly evidenced by the real estate prices, which dropped around 40% since 2014 and continue falling. There is no doubt that the decreasing purchasing capacity of the population is detrimental for business oriented on the domestic market. Unfortunately, there are no reasonable grounds to believe that this trend will reverse, at least in the short-term.”

A State-Dominated Market Doesn't Help

Of course, attempting to gauge the amount of law firm business by looking at a country's overall economic health is, perhaps, a more reasonable exercise in a typical European jurisdiction – which Belarus, with its heavy state presence (depending on sources and methods of calculation, between 55% and 75% of the economy remains state-owned), is most emphatically not. “We've not yet had a full wave of privatizations like other countries in the region,” admits one managing partner, who requested anonymity.

Despite the significant government role in the economy, most commercial law firms in the country focus on the private sector, either because the public sector rarely outsources legal work or because it is work



Roman Shpakovsky
Managing Partner
Vilgerts

that is considered undesirable. Either way, CHSH's Makarchuk says, “for a number of reasons state-owned companies are difficult to work with. In our portfolio, privately-owned companies amount to 99%, among which 90% are international companies.”

Salei, at Borovtsov & Salei, who insists that his firm is “open for assistance to any clients, including in the public sector,” agrees that “many law firms focus on private companies, because the public sector seeks legal assistance in very rare and specific situations, where the knowledge and skills of their employees are not enough to resolve issues. In addition, state authorities do not so often seek assistance, because they have a limited, planned budget and they prefer resolving problems with their own internal resources.”

Where the state sector does outsource, Mikhel says, it does so primarily in cases where there is a project with foreign partners. Consequentially, he says, “as a potential client, the public sector shows a very weak but growing trend.”

With so much of the economy essentially inaccessible to leading commercial law firms, they depend heavily on the limited pallet of private clients that remains. That's not always so easy. Roman Shpakovsky, the Managing Partner of Vilgerts in Belarus, explains that, “outsourcing legal work is a rare situation for most companies.”

Indeed, many Partners spoke of a general tendency of Belarusian clients to perceive external lawyers as someone to whom they can outsource administrative/secretarial work more than perceiving them as business advisors. Vassili Salei says, “there are

not many large local private companies for which business advisers is a necessity, and one of the main reasons for this tendency is there are not many Belarusian companies with private capital.” Those that do have sufficient capital can be reluctant to outsource work anyway, he says. “As a rule, clients already have a staff of in-house experts and in their opinion that is enough for a successful business activity in Belarus.” Finally, he points to a cultural factor: “In many ways, this tendency is produced from an established mentality and mistrust of lawyers (and other consultants in general) as business advisors.”



Sergei Makarchuk
Managing Partner
CHSH Cerha Hempel Spiegelfeld Hlawati

Interestingly, not all agree. Makarchuk, for one, says the real skepticism in the country is directed at the in-house lawyers, not at private practitioners. “In my view, the above-mentioned perception of lawyers by the Belarusian clients is predominantly applicable to in-house counsels. I might be wrong; however, I have never faced such approach with respect to lawyers practicing in law firms.”

And Mikhel insists that “our clients consider us as their business advisors and partners. Perhaps thanks to our extensive consulting experience and professional expertise. Each of our partners has 15-25 years' work experience in his practice. They are real legal professionals, part of the ‘elite division’ of the Belarusian legal services market, and they are all recommended as the leading lawyers in Belarus. So they would be very expensive secretaries.”

Bright Spots and Hope for the Future

And yet, despite concerns about the limited amount of work, some mistrust of the legal

profession, and the faltering economy, two subjects in particular are cited as sources of optimism: The China-Belarus Industrial Park, and the state's support of the IT sector.



Konstantin Mikhel
Managing Partner
VMP Vlasova Mikhel & Partners

Mikhel reports that the government decided earlier this year to expand the benefits for residents of the China-Belarus Industrial Park, located about 25 kilometers from the Minsk city center, near the city's airport. "The May presidential decree now exempts companies from taxes on land, property, and profits," he reports. "Land plots can be used by an investor for up to 99 years." He reports that four more Chinese enterprises became residents of the industrial park in May 2017, bringing the total to 15.

As in almost all things, however, opinion on the park is mixed. Salei concedes that the project is one of the "most promising ones" in Belarus, but says that "it is difficult to call its first few years of activity as a success." Still, Salei agrees that the adoption of the President of Belarus's Edict No. 166 in the spring of this year was a positive sign. "As a consequence of the adoption of the Edict," he says, "the number of members of the Park increased two times over a short period of time." As a result, he says, "yes, the Park has some problems and the Edict did not eliminate all of them. However, such changes made the Park more attractive for investors and also, it is important to take into account that the Park represents in some aspects an unprecedented economic zone in history."

Not everyone is sold. Makarchuk, for one, believes that the economy has more to lose

than gain from the project. He notes that the country "spent a lot of funds on creating an excellent infrastructure for select companies" – companies which employ primarily Chinese workers and pay almost zero taxes in Belarus – and points out that "the companies-residents of the Park operate businesses identical to the businesses of other regular Belarusian companies, including those with foreign investment (for example, in the logistics area). Such a selective approach applied by the state to granting tax and customs benefits (in particular, to the residents of the Park) undermines the basic principles of competition. This is one of the reasons why foreign investors are very cautious with respect to investing in Belarus."

There's little disagreement about the state of the IT sector in Belarus, however. Makarchuk says, "the Belarusian IT sector as a whole is a completely different story." Shpakovsky puts it simply: "The IT sector is booming." And Mikhel reports out that "exports nearly quadrupled over the last five years to almost USD 900 million."

Both Shpakovsky and Makarchuk speak of the talent pool as a significant contributor to the boom, with Shpakovsky talking about a "strong technological base left from Soviet times." Both also point to the tax benefits provided to residents of the Belarus High Technologies Park, a special economic zone with a special tax and legal regime, often described as a Belarusian analog of Silicon Valley in the USA. Makarchuk explains that "the sustainable growth of the Belarusian IT sector is to a significant extent attributable to the special tax regime provided to the residents of the High Tech Park. However, compared to the other preferential regimes, practically any IT company in Belarus may become a resident of the HTP and obtain the respective benefits. Therefore, in practice it does not result in unfair competition in the domestic market. Instead, the benefits for residents of the HTP make Belarusian IT companies competitive on a global level and prevent brain drain from Belarus."

And the future of the sector is bright in Belarus, Mikhel believes. "Now we are advising on the drafting of one of the most ambitious legislative acts, which should turn Belarus into a large Silicon Valley and allow



Vassili Salei
Senior Partner
Borovtsov & Salei

it to become one of the world's centers in IT. The IT experts suggest that adoption of this legislative act and further positive changes in investment environment will lead in a few years to the opening of the offices of Microsoft, Oracle, Facebook, and other corporations, and the total revenue from the export of IT services will reach tens of billions of dollars."

Shpakovsky as well says the end of 2017 will see regulations introducing English law concepts, cryptocurrency regulation, and extended benefits for product companies (as opposed to the current focus on outsourcing companies), and asserts that "such a regime will increase the attractiveness of the sector even more."

Needless to say, not all positivity comes from national pride. Indeed, because much of the IT sector is privately-owned and faces an ever-increasing complexity of legal matters, many private practitioners are optimistic that the sector will provide not only a reliable source of business, but in fact a source of development for the legal profession in general. "While it is less so the case now," one partner wishing anonymity comments, "firms will have to become more business-focused to keep up with this new wave of high-tech clients and their demands."

Law firms in Belarus, like many of their counterparts in Russia are focusing on riding out the storm, waiting for the economy to recover, the market to become more sophisticated, and better times to return. In the meantime, they keep on keeping on, looking forward to better times.

Radu Cotarcea

Expatriate on the Market: Interview with Alexander Liessem of bnt Attorneys in CEE



German-born Alexander Liessem is Managing Partner of the Minsk office of bnt Attorneys in CEE. Liessem holds a diploma in Public Administration from Germany's Federal University of Applied Sciences and is Vice-Chairman of the German-Belarusian Economic Club. He has over 20 years of professional experience, having worked in industry, in-house, and in private practice. He has advised clients in Belarus for almost ten years.

CEELM: Run us through your background, and how you came to Minsk.

A.L.: I'm originally from Bonn, Germany. After obtaining a diploma in public

administration, I started to study law followed by the mandatory legal clerkship. Then I was admitted to the Bar and became an Attorney at Law, and I worked for several years in different companies and in private practice. That I came to Minsk was pure coincidence. I was asked by bnt Attorneys in CEE whether I would be interested in running the firm's Minsk office ... and I simply couldn't resist accepting the challenge to go to the "terra incognita" as the first Western foreigner. To my knowledge I am still the only Western foreigner running a law firm in the country.

CEELM: Was it always your goal to work abroad?

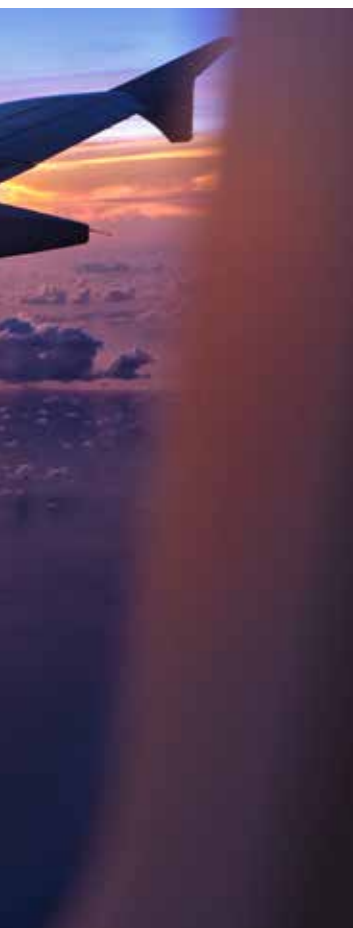
A.L.: There was always a wish to do that, yes. Now, after almost ten years abroad, I can't imagine having done it in a different way.

CEELM: What's your general opinion about Belarusian law and the legal climate there, both for lawyers and for investors?

A.L.: There is room for improvement everywhere and Belarus is no exception. In general, Belarus has a very challenging and complex legal environment with a very high density of regulations in certain areas where you wouldn't expect it, such as regulating economic issues down to the smallest details, where other legal systems provide only the legal framework. On the other hand, other fields of law are not sufficiently regulated or not regulated at all. Sometimes you have unforeseen changes in legislation and unpredictable application of the laws. This over-regulation and lack of legal certainty worries a lot of (at least Western) investors. I would say that there have been some positive changes within recent years, but there is still a lot to do.

For lawyers this makes it difficult to advise clients and it happens from time to time that you have to tell your client frankly that his idea/project is not suitable for the Belarusian reality – either in terms of expected profits or because the project is impossible to implement at all. However, a lot of the investors who have started business in Belarus have been quite happy with their investments in the last few years.

CEELM: There are obviously many differences between the legal markets of Germany and Belarus. Can you describe some of the more interesting/challenging differences? What



stands out the most?

A.L.: In Belarus, there is still a difference between “law firms” where the company holds the license and attorneys where an individual is the holder of the license for the provision of legal services. Attorneys are – if you compare it with Germany – very restricted in their possibilities (due to the fiction in the law that an attorney is a member of a non-commercial profession) and as a rule must be citizens of Belarus (even if the possibility was recently introduced for citizens of certain specific other countries to become attorneys in Belarus as well). In Germany, citizenship doesn’t matter at all for lawyers and attorneys.

The main difference is that the German market is much more developed – from the lawyer’s, but also from the client’s, perspective. If you take a look at the latter, Belarusian clients also usually have completely different expectations towards

their lawyers and attorneys. Additionally, Belarusian clients are not used to what we call “service attitude” – that a lawyer should be remunerated for time he or she spends on client matters. Often they do not really expect service. For them, a good lawyer/attorney is often understood as a person with a fat telephone book knowing whom to approach to solve problems. This approach is not so widely spread in Germany.

From a lawyer’s perspective, the self-understanding of lawyers acting on the market is merely different. In Germany you are used to a cooperative and “healthy competition” environment and you are under the supervision of the Bar Association – meaning lawyers/attorneys have the right to manage themselves and their matters to a very wide extent. Germany has established a minimum remuneration for a lawyer’s work that is missing in Belarus – therefore prices are extremely different. However, there is a truth in the saying “you get what you pay for.”

CEELM: What cultural differences between the two countries strike you as most resonant and significant?

A.L.: That is a difficult question. The countries have completely different historical and cultural backgrounds even if Berlin is only separated from Minsk by 1100 km by car. It

would be easier to name the commonalities – *e.g.*, bureaucracy. If Germany invented it, Belarus brought it to perfection. Beyond that – I pass.

CEELM: You’ve lived in Belarus for some time now. What significant changes have you seen during your time there, in the legal industry?

A.L.: The most significant change was the introduction of a new “Law on Attorneys” that almost completely prohibited law firms which had previously been allowed to work in all matters with commercial clients from representing clients in court. For law firms like ours it was a challenge to cope with that. Last time we saw this kind of consolidation on the market it was pushed – among other reasons – by the economic recession. But I am confident that there will be some growth and subsequently need for consulting services.

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

A.L.: Expats are important in terms of international know-how transfer – in particular in countries like Belarus, where the number of foreigners is very limited compared to neighboring countries. As a lawyer who has lived, trained, and worked for years abroad, you almost automatically have a different perspective on most of the things that are happening, because you are able to understand and to compare what is going on from your own experiences.

Another big plus is the professional distance and bigger independence you have as a foreigner that generates additional value for your clients. Naturally, you must support distance and independence even if you are in a country for a longer term in order not to lose this advantage. No less important is the role as an “interpreter” – not in terms of language but in terms of being an intermediary between the cultures.

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

A.L.: I really enjoy visiting other countries and want to say that I like the region – every country is different and every country is somehow special. Therefore I am not able to tell you which one I like most. Actually, I like all of them.

CEELM: What’s your favorite place to take guests in Minsk?

A.L.: The walk from Victory Square along Independence Avenue up to Independence Square, because it shows the contrasts Minsk is full of: Neo-classical buildings like main post office, the GUM, Lenin Street, and the KGB-building, together with the Belarusian state circus, the National Bank building, parks and squares, all showing old times; McDonalds, digital screens, shopping malls, casinos, and the rushing traffic showing the new times. These contrasts make Minsk worth a visit for those who have never been here.

David Stuckey

EXPERTS REVIEW: DISPUTE RESOLUTION

Summertime means sunglasses, sandals, and sweat. And the season provides a fascinatingly weird context for this issue's Experts Review subject: Dispute Resolution. It is unlikely that any other part of the year engenders as much irritation, as much annoyance, and as much conflict as summer – but it is simultaneously true that no other season is as enervating, lethargic, and sleepy. Everyone's cranky, uncomfortable, and ready to fight ... but few can summon up the energy to actually do it.

To celebrate this weird dichotomy, the Experts Review articles are ranked in order of the highest recorded temperature for each country. Thus, the Turkish article is first, as that country has reported the hottest ever temperature in CEE – a sweltering 48.8 degrees in Mardin-Kocatepe in 1993. Lithuanians won't feel too bad about going last in this context, as that country's hottest-ever recorded temperature was only a – let's be honest – warm 37.5 degrees, back in 1994.

Don't like the way we've ranked the articles this time? Please humor us. It's too hot to argue.

■ Turkey 48.8 Mardin-Kocatepe August 14, 1993	Page 84
■ Macedonia 45.7 Demir Kapija July 24, 2007	Page 84
■ Russia 45.4 Utta, Kalmykia July 12, 2010	Page 85
■ Bulgaria 45.2 Sadovo August 5, 1916	Page 86
■ Serbia 44.9 Smederevska Palanka July 24, 2007	Page 86
■ Montenegro 44.8 Podgorica August 16, 2007	Page 87
■ Romania 44.5 Ion Sion August 10, 1951	Page 88
■ Albania 43.9.5 N/A N/A	Page 90
■ Croatia 42.8 Ploce August 5, 2010	Page 90
■ Ukraine 42.0 Luhansk August 12, 2010	Page 91
■ Hungary 41.9 Kiskunhalas July 20, 2007	Page 92
■ Slovenia 40.8 Cerklja ob Krki August 8, 2013	Page 94
■ Austria 40.5 Bad-Deutsch-Altenburg August 8, 2013	Page 94
■ Czech Republic 40.4 Prague August 12, 2012	Page 95
■ Slovakia 40.3 Hurbanovo July 20, 2007	Page 96
■ Poland 40.2 Proskau July 29, 1921	Page 96
■ Latvia 37.8 Ventspils August 4, 2014	Page 97
■ Lithuania 37.5 Zarasai July 30, 1994	Page 98

TURKEY

Parallel Proceedings: Fighting on Two Fronts



Ismail Esin

“Parallel proceedings” are disputes between the same and/or related parties in the same or related disputes in different forums. Parallel proceedings usually arise when court and arbitration proceedings are commenced simultaneously to resolve the same case or a case that will in some way affect the other. Disputes arising out of shareholders’ agreements and articles of association, in particular, come

under the spotlight in Turkey in the context of parallel proceedings.

A shareholders’ agreement is executed by the shareholders of a company to regulating the relationship between themselves and, indirectly, the company itself. It is subject to the principle of freedom of contract, and parties enjoy a fairly wide range of autonomy with regard to the contents of the agreement. Parties tend to use the same or similar content in the articles of association of a company as well. However, as the provisions of a shareholders’ agreement have a contractual nature, their breach may also have an effect at the corporate level, especially considering that shareholders’ agreements and articles of association have the same or similar provisions. This situation inevitably leads to parallel proceedings, which will, of course, complicate and aggravate the dispute and slow down its final resolution. It will also have a direct effect on the financial resources and time of the parties, because they have to contend on many different fronts.

Furthermore, disputes arising out of cross-border deals may extend to different jurisdictions. In many cases, parallel proceedings lead to conflicting judgments/awards being given on the same set of facts, which risks rendering the whole process meaningless. In this point, arbitrators should understand the needs of the parties. Arbitrators have a duty to apply the provisions of the shareholders’ agreement and to render a “meaningful” award. If the parties have set forth in the shareholders’ agreement how they will exercise their rights arising from the law, arbitrators should respect their intention and decide that contractual provisions should prevail over the provisions of the law. Otherwise, contracts would remain pieces of paper with no effect – making the famous “creation of a new legal world” impossible. Therefore, arbitrators are in a sense “obliged” to protect what their fellow lawyers have created. In other words, even where rights are granted by law, the parties have the freedom to determine whether to exercise them or not. If the parties have agreed in the shareholders’ agreement that they will exercise rights in a certain way, arbitrators should respect their choice, as any act against the shareholders’ agreement would constitute a breach of contract. Therefore, arbitrators should not allow either party to hide behind the provisions of the law to torpedo the arbitration proceedings.

In order to avoid such situations, parties may benefit from an “anti-suit injunction” – an interim measure that restrains a party from commencing or pursuing court proceedings. For instance, a party may argue that it is entitled to commence a lawsuit before state courts by rights arising from the Turkish Commercial Code or other applicable regulations. The arbitral tribunal may, nonetheless, grant an anti-suit injunction, if the exercise of the right being cited would breach the shareholders’ agreement in which parties have agreed to settle their disputes through arbitration. However, such injunctions are still controversial in Turkey,

as in many other jurisdictions.



Ali Selim Demirel

In today’s legal order, it seems impossible to completely avoid parallel proceedings, especially in shareholder disputes. However, their occurrence may be prevented as early as the time the shareholders’ agreement and the articles of association of a company are drafted. The arbitration clause should also be worded in a plain and straightforward manner. Nevertheless, even lawyers with accomplished

drafting skills may not be able to prevent parallel proceedings from being initiated entirely.

If the occurrence of parallel proceedings is inevitable, the next step should be to consider the options for challenges and pleas as to the jurisdiction of the unwelcome forum. Given that these challenges and pleas may still not prevent the occurrence of parallel proceedings, parties should also learn to live with them, when the occasion warrants. Just remember *The Matrix*, a movie in which what happens in the “virtual world” influences the “real world” – and vice versa. Parallel proceedings are no different, as the legal platforms where the battles are fought inevitably affect each other. In this regard, strong expertise across a wide range of jurisdictions, extensive knowledge both of M&A transactions and dispute resolution proceedings, and experience in the process are vital, as the parties should take care to assess carefully the results that may arise in the other forum.

Ismail Esin, Managing Partner, Ali Selim Demirel, Senior Associate, Yigitcan Bozoglu, Associate, Esin Attorney Partnership

MACEDONIA

Dispute Resolution Review in the Republic of Macedonia



Zlatko Antevski

Prior to initiating a civil court procedure, parties may try to solve a dispute through out of court negotiations. When these out of court negotiations are not successful or when the relevant statute of limitations is about to expire, in order to protect their rights, the parties can initiate a procedure in the competent court.

One situation in which this can occur involves a claim for damages arising from a traffic accident. In these circumstances, according to the Macedonian Law on Obligatory Traffic Insurance, the party that has suffered damage in the traffic accident is obliged to request compensation first out of court, and only where no positive result can be reached in out of court negotiations may the party initiate a court procedure.

According to the Macedonian Law on Civil Procedure, claims in civil court are to be initiated with a law suit.

In commercial disputes with a value up to MK 1 million (equal to EUR 16,314), prior to filing a suit the parties are obliged first to attempt to resolve the dispute via mediation, and are able to file a formal claim with the court only where that mediation was not successful. Should the claimant fail to provide evidence to the court that the procedure of mediation ended without success the law suit will be rejected.

Once the suit has been accepted, each party will be obliged to state the facts and propose evidence on which it bases its claim or by which it objects to the allegations and evidence of the opposing party. The lawsuit has to be delivered to the defendant for response within eight days from filing. The summons which is delivered to the defendant together with the law suit is required to mention that the defendant is obliged to provide written response to the law suit in no less than 15 days and no longer than 30 days from the day of the receipt. Within eight days of receiving the defendant's response to the lawsuit or after the time period for submitting a response to the lawsuit has expired the court will schedule a preparatory hearing to be held within 50 days of its scheduling. The parties are obliged to state all the facts and evidence on which they base their allegations at the preparatory hearing, as well as to submit the documents they intend to use as evidence in court.

The court is obliged to lead the court procedure without postponement and with the least possible cost and has to disable any abuse of the rights of the parties involved.

Throughout the course of the court procedure, the parties can agree to settle the claim, either in whole or in part. The court will point out to the parties the possibility for a settlement and will help them to conclude a settlement.

The court will decide on its own which facts it will consider substantiated, based on a conscientious and thoughtful assessment of each piece of proof separately and all together, as well as based on the results of the complete procedure. The parties can file an appeal of the court's judgment within 15 days from the day it is received. A timely-filled appeal prevents the judgment from becoming legally valid in the part being appealed. The competent Appellate Court has to decide upon the submitted appeal.

The extraordinary legal remedies available to the parties against the second instance judgment according to the Macedonian Law on Civil Court Procedure are Revision and Repeating of the procedure. The party can submit a Revision within 30 days from the day of receipt of the judgment. The competent court for deciding upon the submitted Revision is the Supreme Court of Macedonia and it has to issue a decision upon the submitted Revision within a maximum of eight months after receiving the file from the first instance court.

The Repeating of the court procedure as an extraordinary legal remedy can be submitted within 30 days from the day of receipt of the second instance judgment.

The parties may also agree to have their disputes solved by arbitration, according to the regulations from the Macedonian Law on International Trade Arbitrage. In the arbitration procedure, decisions are to be made by a majority vote of all members of the arbitration counsel. The arbitration decision has the same standing as a final court judgment and it represents an executive document upon which the execution procedure can be started.

According to the Macedonian Civil Process Law general civil court competence is granted to the court in the jurisdiction where the headquarters of the defendant (if a legal person) are located or where the place of residence of the defendant (if a natural person) are located.

In addition, according to the Civil Process Law, the court located where the damage occurred is also competent to hear the dispute.

Zlatko Antevski, Attorney at Law, Lawyers Antevski

RUSSIA

Changes to the Arbitration Procedure in Russia: The Reform to Speed Up Legal Process



Sergey Yuryev

Russia is undergoing a rapidly-developing process of judicial reform aimed at unifying the different procedural rules of the two systems of Russian courts: those with so-called "common" jurisdiction and the "arbitration" courts.

The Russian judicial system consists of three branches: the courts of general jurisdiction (where the Supreme Court is the court of last resort), the "arbitrazhniy" (or commercial) court system (here as well, the Supreme Court is the highest body), and the Constitutional Court.

Economic disputes that involve legal entities, individuals engaged in business activities, and disputes between legal entities and their owners (or shareholders) are handled by the "arbitration" (or commercial arbitration) courts. These courts are commonly referred to, somewhat confusingly (as they do not handle arbitrations as that term is commonly used in the West"), "arbitration courts."

The Russian Supreme Court is working on the reform of the judicial and procedures, which is aimed at unifying the court proceedings of the courts of common jurisdiction and the arbitration courts. The reform's other goals include the optimization of the courts' workload (for instance, a judge in the Moscow Arbitration Court handles over 65 cases per month, on average – an enormous workload that negatively impacts the quality of the decided cases and the rates of their consideration). Acting on the Supreme Court's suggestions, the Russian Parliament has adopted a bill titled "The Amendments to the Arbitration Procedure Code of the Russian Federation." The Russian President signed the bill into Federal Law #47-FZ on March 2, 2016.

The key provisions of the new law include the introduction of a mandatory pre-trial settlement procedure for commercial disputes, the introduction of the concept of enforcement order proceedings for considering certain categories of commercial disputes, and the modification of the existing simplified small claims procedure.

The new developments should reduce the costs and the time that aggrieved parties will need to spend to protect their interests in small claims.

Under the new rules, claimants are only entitled to initiate proceedings in a commercial court if they have taken measures to seek a pre-trial settlement of the dispute. From now on, a lawsuit may only be filed after 30 days from the date of sending a demand letter to the respondent, unless a different period or a different dispute settlement procedure is stipulated by law or contract. Moreover, this rule will apply to both contractual and non-contractual disputes.

There are, however, several exceptions to this rule. Specifically, the rule does not apply to, among others, insolvency (bankruptcy) cases, corporate disputes, and challenges of arbitral awards.

In view of the new version of the provisions of the Arbitration Procedure Code, complying with the pre-trial settlement procedure has become particularly important. A breach of the mandatory demand letter procedure is a ground for a court to reject a claim or leave it

without consideration.

Unfortunately, the new rules of the Code on pre-trial dispute procedure do not address some procedural issues. In particular, the law does not specify how these rules apply when a counterclaim is made. To resolve the issues that have arisen in practice, a new set of amendments was adopted by the Parliament and signed into law by the President on July 1, 2017, and came into force on July 11, 2017. They have narrowed the categories of disputes where pre-trial settlement procedures are mandatory.

Under the new rules, the mandatory pre-trial procedure remains applicable in civil disputes seeking recovery of money from contractual obligations, other transactions, and in cases of unjustified enrichment. Such disputes may be referred to a commercial court after the expiration of 30 calendar days from the date of submitting the claim, unless another period or procedure is established by law or a contract between the parties.

Other civil disputes (as well as economic disputes from administrative and other public relations) are transferred to a commercial court after such cases have gone through the pre-judicial dispute settlement procedure, only if such procedure is provided for by a federal law or a contract between the parties.

These amendments have clarified many controversial situations that arose often in the past when assessing whether it was necessary to comply with the pre-trial settlement procedure. It will, in particular, no longer be necessary to comply with the mandatory pre-trial procedure in disputes about whether a contract has been concluded or is valid or to reclaim property that is in the possession of another person.

We expect more amendments to be implemented in 2017-18, so those interested should pay close attention to the upcoming changes.

Sergey Yuryev, Partner, CMS Russia

BULGARIA

Burden of Costs in Civil Litigation in Bulgaria



Antonia Kehayova

The burden of costs in litigation has always been of great importance to people and companies deciding whether to bring a civil action.

Under Bulgaria's current Civil Procedure Code (CPC), litigation costs include the state fee, lawyers' fees, deposits for expert opinions appointed in the trial, fees for calling witnesses, and costs for obtaining interim measures.

Litigation costs do not include the costs of translations, certifications, and legalization of documents, collection and examination of evidence, utilities, travel expenses, preliminary legal opinions, and so on.

The basic principle in Bulgarian civil procedure law is that the losing party pays the litigation costs of the winning party, proportional to the accepted part of the claim. Each court instance is obliged to rule on the issue of costs in its judgment, and according to the established case law of the Supreme Court of Cassation of the Republic of Bulgaria (SCC), before the final hearing in each respective court instance each party must present the Court with a comprehensive list of its litigation costs – including lawyer's fees – and evidence of actual payment. If a party fails to provide such a list, or fails to demonstrate actual payment,

the Court will reject the claim for costs as unproven and the party will not have the right to seek an amendment of the judgment in this part.

The costs section is also an enforceable part of the court's judgment. In order to pursue reimbursement of awarded costs, the party seeking them should obtain from the Court a writ of execution and initiate an enforcement case with a judicial enforcement officer (bailiff). Costs incurred within the enforcement case, such as bailiff's fees and attorney's fees, are also collectable from the debtor.

Unlike the state fees and the deposits for expert opinions and witnesses, which are both explicitly defined by law or by the Court, lawyer's fees may be disputed as excessive by the opposite party. Objection may be filed until the last hearing in the respective court instance. The main criteria is whether the claimed fees correspond to the factual and legal complexity of the case. The Court, at its discretion, can decide to reduce the claimed lawyer's fees as excessive. However, all Courts have to comply with the statutory case law of the SCC, according to which the lawyer's remuneration cannot be reduced below the minimum amount stated in special Ordinance 1 of 2004 on the minimum amounts of attorney fees (promulgated in the Official Gazette by Issue 64/2004).

It is worth noting that the current CPC provides several exceptions to the basic principle on distribution of burden of litigation costs. The first exception depends on the outcome of the case, as each party has the right to claim its costs in accordance with the accepted or rejected part of the claim. The second exception depends on the behavior of the parties, as, if the defendant did not cause the litigation and acknowledges the claim, the costs are borne by the plaintiff, even though the decision is favorable to him. Another exception to the principle involves termination of the case due to refusal or withdrawal of the claim, procedural violations, non-payment of the state fee, inadmissibility of the claim, and so on, in which case the defendant's costs should be borne by the plaintiff. In case of a court settlement, the parties may agree to split the costs. In such case, the Court reimburses 50 percent of the paid state fee to the plaintiff.

The Bulgarian CPC does not recognize the funding of litigation costs by outside third parties (which is allowed in the U.S., for example), but the parties have the option of purchasing litigation expenses insurance under the Bulgarian Insurance Code if the estimated cost amount is significant.

Antonia Kehayova, Head of Dispute Resolution, CMS RRH Sofia

SERBIA

Online Streaming – Piracy or Internet Marketing?



Nemanja Ilic

The digital era brought us new ways of distribution of media content, one of them being the performance of services of online media platforms. Since this is a relatively new kind of business activity, it is necessary to analyze the way it fits within the provisions of Serbian legal system. The major question in this respect pertains to potential copyright and related rights infringement.

Generally speaking, media piracy falls within one of two categories – physical or digital. Physical media piracy represents a traditional form of copyright infringement, and includes illegal duplication and distri-



Bojana Bilankov

bution of copyrighted content by, for example, burning it onto mediums such as CDs and DVDs.

However, the issue of copyright infringement has gained renewed importance recently with the advent of new digital video recording and distribution technologies brought by the digital era, and with the widespread phenomenon of Internet piracy. This

new kind of piracy – digital piracy – consists of illegal duplication and distribution of copyrighted content via network streams. With this in mind, the creative industries have frequently expressed concerns that they cannot compete with freely available copies of their content.

Even though it might look complicated at the first sight, Internet piracy functions in a simple manner. The provider of electronic media services installs an online platform upon which it sets a variety of links directing users to an array of websites on which they can watch numerous TV shows, TV channels, *etc.* By doing this, they provide online services for broadcasting and distributing all sorts of authorship or related rights works. However, in order to get access to these links, users need to be subscribed; *i.e.*, usually, they first need to pay an amount of money to these providers in exchange for access to the links on the platform. As a result, providers can earn significant amounts of money. What the users do not know, however, is that they have been deceived, by paying subscriptions to false providers who do not have licenses to provide the said platform.

Indeed, these online media platform providers do not consider it necessary to obtain any kind of license to provide these online services. Instead, they justify (or excuse) their actions on the ground that they are conducting Internet marketing activities, for which they do not need to acquire any permission whatsoever from the owner of the copyrighted work. The problem with this statement is that even if we suppose that these providers are right and that their activities in fact *are* Internet marketing activities, there are no provisions under Serbian law entitling them to broadcast and distribute another's authorial work without permission. Instead, the applicable provisions under Serbian law are those in the Criminal Code, which establishes (in Article 199) the criminal act of Unauthorized Exploitation of Copyrighted Work or other Works Protected by Similar Rights, and provides that *"whoever without permission publishes, records, copies or otherwise presents in public, in part or entirety, a copyrighted work, performance, phonogram, videogram, broadcast, computer program or database, shall be punished with a fine or imprisonment up to three years."* Paragraph 3 of Article 199 states that *"if the stated act is committed with intent to acquire material gain for oneself or another, the offender shall be punished with imprisonment from three months to five years."*

This provision of the Criminal Code makes the broad set of non-authorized actions, including the potential acts of providers via Internet platforms, a crime. Therefore, it goes without saying that if a provider exploits another's copyrighted work (with or without aim of acquiring material gain) without authorization, the conduct can only constitute a criminal act, and as such, cannot be treated as performing Internet marketing or any other allegedly lawful business activity. In addition, these actions could introduce the question of compensation of damages, which arises from infringement of copyright and related rights. Still, a crucial question remains how the Serbian courts would approach this issue and assess it in day to day practice.

Nemanja Ilic, Partner, and Bojana Bilankov, Associate,
MIM Law Firm

MONTENEGRO

Making of the New Montenegrin Law on Business Organizations – Expected Positive Effects



Dragan Prelevic

Long and costly court procedures resulting in enforceable verdicts remain the norm in Dispute Resolution in Montenegro. Arbitration and Mediation have so far not shown significant practical relevance, despite the results expected from the adoption of the country's 2015 Law on Arbitration and 2012 Law on Mediation. Court settlement, as yet another mechanism of Dispute Resolution, is rarely opted

for in practice. This rigid tradition in Montenegrin Dispute Resolution practice has complex origins; nonetheless, the improvement of legal solutions offered by procedural and substantive laws should remain a priority. In that regard, our attention shall be focused on the Dispute Resolution practice established under the Law on Business Organizations ("LBO"), as well as the advancements reflected in the draft LBO adopted by the Montenegrin Government on July 6, 2017 (the "Draft LBO").

The application of the LBO has revealed its numerous shortcomings, out of which we single out only a few. Provisions related to the court protection of minority shareholders' rights applicable to the protection of members of a limited liability company ("LTD"), are sublimated in a single general and incoherent article of the LBO. This article simultaneously regulates both direct (individual and collective) and derivative shareholder lawsuits as an instrument of court protection, failing, however, to carefully define the specific grounds required for the submission of such lawsuits. The LBO guarantees shareholders' elementary non-property rights, such as the right to be informed of the company's business activities and to appoint an independent expert to review the company's business activities on their behalf. At the same time, it fails to provide for an adequate urgent court procedure for the enforcement of those rights. Although the majority of start-ups are founded in the form of an LTD due to its efficient establishment procedure, low mandatory initial capital requirement (only EUR 1), and simpler managing body structure, the LBO has insufficiently treated specific features of this type of a company. Instead, for all LTD-related matters which have not been directly regulated, it calls for the application of provisions related to joint-stock companies. The LBO offers no clear solution for the decision-making deadlock issues occurring in LTDs where the distribution of owners' shares enables such a scenario.

On the other hand, the Draft LBO eliminates these weaknesses. It provides clear provisions defining under which specific grounds and which type of lawsuit a shareholder and/or a company may file against company management and its managing bodies. Additionally, it provides a clearer definition of the obligations of persons owing special duties toward the company (such as management executives, shareholders with significant participation in capital, and so on). Breaches of such obligations and duties allow both the company and the shareholders to file lawsuits due to the violation of due diligence and/or rules of sound business decision making, infringement of the non-competence clause, duty to keep business secrets, and so on. For the first time, the Draft LBO elaborates the concept of a "Related Party." In the future, some essential shareholder rights – such as the "right-to-be informed" and to review the company's business activities – can be claimed by



Gorjana Lekovic

the shareholders/members in urgent extra-litigious proceedings and decided upon within eight days from the submission of the motion to the court. The Draft LBO also elaborates on the specific features of LTDs. It introduces the Assembly as a mandatory body, to an extent simplifies the decision-making procedure, and stipulates that an LTD's Articles of Association must contain provisions regulating the manner of resolution of shareholder disputes. Furthermore, it provides for a special court procedure allowing members of an LTD to exclude a certain member from the company upon appropriate grounds. This model may serve to resolve prospective deadlock issues.

The Draft LBO announces that the new LBO should improve the degree of legal security in resolving disputes originating from the application of the LBO. A positive impact is also expected in the area of creating a safer business environment, while more precise rules and sanctions applicable to specific violations will have a positive effect on dispute prevention. Therefore, we look forward eagerly to the making of a new Montenegrin LBO.

Dragan Prelevic, Managing Partner, and Gorjana Lekovic, Attorney at Law, Prelevic Law Firm

ROMANIA

When Public Meets Private: Offenses Committed by Members of Arbitral Tribunals or in Connection Thereto

MOTTO: No judge writes on a wholly clean slate.



Silvia Opris

Corruption offenses have always been controversial and have made headlines in the press. This is not only a national issue; it has been estimated that EUR 120 billion per year, or 1% of EU GDP, is lost to corruption.

The New Romanian Criminal Code ("RCC") in force since February 1, 2014, regulates a particular type of bribery: that "perpetrated by members of arbitral tribunals or in connection thereto" (Article 293 RCC).

Bribery thus becomes a tailor-made offense, mainly due to the legal status of the offender(s) – *i.e.*, the person(s) conducting arbitral proceedings.

Regulating this new offense was a legal must, especially since Romania had ratified the Additional Protocol to the Criminal Law Convention on Corruption as early as 2004. However, practical controversies related to this new criminal provision appeared immediately.

In-Between Public and Private

Perhaps the most important question raised by criminal law practice has been whether arbitrators could be considered "public officials" or an assimilated category. This is a significant issue, since corruption offenses typically require that the criminal act be committed either by a public official or by a person whose status is assimilated by law to that of a public official (so-called "private officials").

Thus, the almost Shakespearian dilemma is: are arbitrators public or

private officials?

Since bribery acts committed by arbitrators are regulated by a separate criminal provision, distinct from typical offenses, one could argue that arbitrators are not public officials.



Magdalena Roibu

So can arbitrators be considered "private officials"? In short, they cannot. A "private official" must be a person who performs a duty in the service of an individual or legal entity. Arbitrators, however, are not in the service of the parties nor are they the employees of a legal entity.

On the other hand, as stated by the Romanian High Court of Justice (in its Decision no. 224 of June 18, 2015), arbitrators exert responsibilities set by law, similar to the prerogatives of the judiciary, which by definition could comfortably include them in the RCC definition of a public official.

This approach, however, has downsides; for example, it voids article 293 RCC of legal effect. In addition, it leaves one essential question unanswered: Why did the lawmaker feel the need to define a special, tailor-made offense for bribery cases involving arbitrators?

The matter remains, unfortunately, unsettled.

This omission will have to be dealt with as soon as possible, because criminal law, above all, should be clear and predictable.

A Notorious Case

On June 18, 2015, the Romanian High Court of Justice convicted the former president of the Romanian Chamber of Commerce and Industry (RCCI) and former arbitrator at the International Commercial Arbitration Court in Bucharest (ICAC), to five years of imprisonment for trading in influence.

A whistleblower reported to authorities that the RCCI president had asked him for EUR 1 million in order to influence the arbitrators within the ICAC (one of whom was his daughter), to obtain a favorable award in a pending arbitration. The RCCI president was then caught while receiving EUR 200,000 from an intermediary of the whistleblower.

Cases involving the former RCCI president are numerous, and some are still pending. A new case will be heard by the Bucharest Court of Appeal on September 8, 2017. Meanwhile, the High Court's June 18, 2015 decision (though persuasive) is not binding on other Romanian courts.

It will certainly prove interesting to follow these cases as courts may – even by mere *obiter dicta* – provide further guidance into how practitioners should read the law, with due consideration of the new offense provided by Article 293 of the RCC.

Closing Remarks

The introduction of a special criminal offense addressing arbitrators is certainly a step forward.

Nevertheless, an express regulation of *bribery* offenses perpetrated by arbitrators casts a shadow over the applicability of other offenses. After all, if arbitrators are public officials, why then provide specific regulation for their situation? If they are not, why limit applicability to bribery only?

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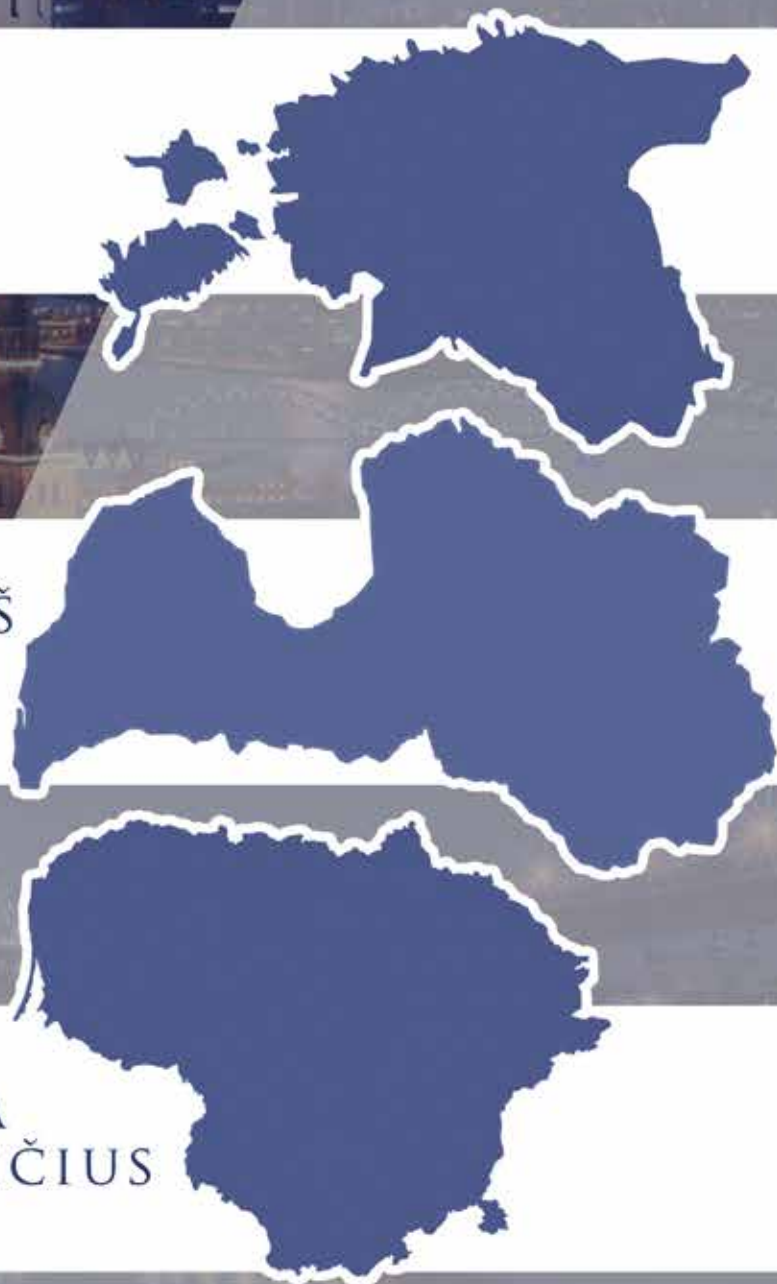
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The above questions will certainly allow practitioners' ink to continue to flow further unless and until the legal texts are clarified by the lawmaker, who should perhaps be reminded that "*not only must Justice be done; it must also be seen to be done*" (Lord Chief Justice Hewart, in *R. vs. Sussex Justices, Ex parte McCarthy*, 1924) – and that starts with the lawmaking process itself.

*Silvia Opris, Partner, and
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ALBANIA

A New Remedy Against Excessively Long Judicial Proceedings



Besnik Duraj

The latest amendments to the Civil Procedure Code of Albania (CPC) which will enter into force in November 2017 are designed to increase the efficiency and performance of the country's judicial system. In this respect, one of the main amendments relates to the excessive length of judicial proceedings. Statistics show that until September 2014, 70% of the complaints filed with the High Council

of Justice referred to delays in court proceedings, with approximately 50 claims filed with the European Court of Human Rights against Albania concerning the unjustified lengthy procedures of criminal and civil actions.

In light of this problem, the new CPC provisions provide a right of appeal against the unreasonable duration of a case as well as the right to seek compensation, including non-pecuniary damages. In other words, the provisions envisage the concept of a reasonable duration of judicial proceedings as well as the right to fair compensation for legal proceedings – consisting of investigations, trial, and enforcement – found to be unjustifiably long. Awards would take the form of an acknowledgment by the court of the breach of reasonable duration, as well as actions carried out in order to accelerate the judicial proceedings and/or the provision of damage relief.

According to the new amendments, the reasonable terms in civil and administrative cases are the following: (i) administrative cases – one year from filing in each instance (first instance and appeal); (ii) civil cases – two years from filing in each instance (first instance and appeal); (iii) civil cases before the Supreme Court – two years from filing; (iv) enforcement of both administrative and civil decisions – one year from filing of the execution request. However, as an exception to the rule, parties to a trial may claim that the proceedings are "unreasonably long" even before the code-specified time periods expire, in light of the relative simplicity of the case, the object of the claim, and the conduct of the relevant authority and/or any other party involved in the case.

The party claiming violation of their right to a reasonable judicial proceeding duration should file a claim before the competent court requesting that it acknowledge the breach of reasonable term and demanding acceleration of the proceedings. The competent court is the higher court of the same jurisdiction as the court against which the claim is filed; while claims against Supreme Court proceedings are considered by a separate panel of that court. The claims against enforcement proceedings are filed with the first instance court that is competent for the execution of the court decision. The court proceed-

ing does not suspend the main action on the merits of the case nor its enforcement. The competent court vested with such claim has to rule within 45 days of its filing, and the claim will be dismissed if the authority against which it is filed carries out the required actions within 30 days of its filing.

Following the examination of the claim, the court may rule to either dismiss it or accept it by ordering the relevant authority (either court or bailiff) to carry out the necessary procedural actions within the requested deadlines. This court decision is deemed final. Compliance with court instructions and conclusions is mandatory for the court ruling on the merits of the case. The High Justice Inspectorate is informed of the court's final decision in order to evaluate whether the delays caused by the judges constitute a disciplinary breach. The claim for compensation may be filed with the competent first instance court only where the procedure of acknowledging the breach of reasonable term and demanding the acceleration of the proceedings has been exhausted with no action being taken by the court or bailiff against which the decision was issued. The claim for compensation is prescribed within six months from the acknowledgment of the breach by the court. The court vested with authority over the claim for compensation has to rule within three months of its filing, and it may rule to grant damage compensation of ALL 50K (approx. EUR 380) up to ALL 100K (approx. EUR 750) for each year (or each month within a year) beyond the reasonable duration.

It is expected that the aforementioned changes will make the court system accountable for unjustified delays and length of trials; however, only time can tell whether the issue of excessively long judicial proceedings will be effectively addressed by the new provisions.

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CROATIA

Regulation of Small Claims Procedure in Croatia



Linda Krizic

Introduction

This article has been drafted to follow-up to the 2016 Comparative Report on Minor Disputes, which was drafted by the World Bank in cooperation with the Dutch Ministry of Foreign Affairs.

Although the main objective of most EU Member States' legislation in regulating small claims procedures is to

allow for fast and efficient settlements and to cut costs for parties, in most EU Member States – Croatia included – several problems have appeared.

This article summarizes the basic statutory provisions governing small claims in Croatia, provides a short overview of the problems relating to small claims in the practice of the Croatian courts, and proposes ways to address these problems.

Basic Statutory Provisions

Small claims in Croatia are governed by the country's Civil Procedure Act (the "Act"), which lays down special provisions governing small claims procedures. Where these special provisions do not apply, other provisions of the Act, which govern ordinary civil procedure, do.



Andrej Zmikić

Small claims are those in which the value of the dispute does not exceed HRK 10 thousand, or HRK 50 thousand for procedures pending before commercial courts.

The experience of Croatian courts shows that most small claims procedures are initiated when, upon appeal by the enforcement debtor against a

payment order in a writ of enforcement rendered by a notary public, the claims are forwarded to courts. Such procedures often relate to settlement of monetary claims due to debts for utility services (such as electricity, heating, gas, water, and cleaning services), postal and telecommunications services, etc.

The first distinguishing feature of the small claims procedure is that the parties are obligated to provide all the facts on which they base their claim in the application (or in their defence at the latest), and to provide all the evidence necessary to establish the facts provided. A party may provide the facts in the preparatory hearing as well, but only if it could not have provided them earlier, “with no fault on its part.”

Furthermore, should the claimant fail to appear in the first hearing upon being invited, he or she will be deemed to have withdrawn his/her application, unless the defendant engages in discussion during the hearing.

Also, special appeals may be lodged only once the court's decision is issued at the conclusion of the procedure. The time limit for the appeal is only eight days, and the judgment may not be contested due to erroneous or incomplete facts.

Finally, the only extraordinary appeal possible is the so-called “extraordinary revision,” representing an extraordinary legal remedy lodged against second-instance court rulings available only under the following conditions: (i) where the dispute is of such a nature that a so-called “ordinary revision” is not allowed; and (ii) where the dispute falls within a category for which extraordinary revision is expressly prescribed by law. In addition, in order for an “extraordinary revision” to be lodged, certain additional statutory assumptions must be fulfilled.

These rules reflect the legislature's intention to facilitate faster and more efficient handling of small claims. However, these solutions have led to certain problems in the practice of the Croatian courts.

Problems in Practice and Their Solutions

The most frequent issues in handling small claims procedures are: (i) a lack of clarity as to how individual procedural provisions are to be applied (for example, inconsistent interpretation of the concept “with no fault on its part” in the context of a party being prevented from providing facts and evidence prior to preparatory hearing); (ii) lengthy court proceedings; and (iii) efforts by the defendant to avoid settling liabilities (primarily related to item (ii), since lengthy judicial proceedings benefit the defendants by delaying the settling of liabilities).

The following solutions may be beneficial in addressing the problems: (i) the establishment of courts exclusively tasked with handling small claims; (ii) implementation of standard models of national small claims procedures, based on the model provided in EU Regulation No 861/2007; and (iii) the setting of fixed periods for the handling of small claims procedures by the courts.

Conclusion

In small claims procedures, the intention of the legislator is to balance

the need to safeguard the rights and interests of parties with the need to speed up judicial proceedings and reduce the burden of the courts.

In this process, certain problems are inevitable. However, it is crucial to determine the cause of problems and find new models to efficiently address them, while speeding-up and improving access to such procedures.

Linda Krizic, Head of Litigation and Dispute Resolution, and Andrej Zmikić, Associate, Divjak Topic & Bahijarevic

UKRAINE

Ukraine's Legal Actions Against Russia Yield First Fruit



Kostiantyn Likarchuk

The Russian annexation of Crimea in March 2014 and subsequent military actions in Eastern Ukraine left Ukraine reeling. It took a while for the country to develop a strategy and institute its first arbitration and court actions against the Russian Federation. These first legal challenges are now bearing fruit, as several landmark decisions have recently been delivered

by major international dispute resolution venues. These include:

- 1) The application brought by Ukraine against the Russian Federation before the International Court of Justice at The Hague (ICJ), in which the court partially approved the request for the indication of provisional measures and established its prima facie jurisdiction to the extent that the dispute between the parties relates to the “interpretation or application” of the International Convention on the Elimination of All Forms of Racial Discrimination and the Terrorism Financing Convention.
- 2) One of six inter-state applications brought by Ukraine against the Russian Federation before the European Court of Human Rights (ECHR) regarding the events leading up to and following the assumption of control by the Russian Federation over the Crimean Peninsula from March 2014 to the beginning of September 2014, which was found admissible by the court;
- 3) The *Law Debenture Trust Corporation Plc v Ukraine* dispute, which deals with Ukraine's non-payment of notes solely held by the Russian Federation and serviced by the Trust, in which the High Court of England and Wales (EWCH) granted summary proceedings in favor of the claimant.
- 4) The *Gazprom v Naftogaz* dispute pending before the Stockholm Chamber of Commerce arbitration tribunal, which recently issued a ruling upholding part of Naftogaz's claims involving a gas sales contract;
- 5) Eight Permanent Court of Arbitration (PCA) investment disputes brought by various Ukrainian companies under the 1998 Ukraine-Russia bilateral investment treaty relating to the annexation of Crimea and subsequent loss of their property (five of these disputes have already passed the jurisdictional phase).

Decisions on admissibility have not yet been rendered in four other cases brought by Ukraine before the ECHR concerning alleged human rights violations that occurred in Eastern Ukraine prior to September 2014, subsequent violations in Crimea and Eastern Ukraine before the summer 2015, and the abduction of three groups of children in Eastern Ukraine. One of the cases was struck off the list because Ukraine withdrew its application.

In addition, there is also arbitration pending before the PCA under the UN Convention on the Law of the Sea, in which Ukraine seeks to vindicate its rights as a coastal state in maritime zones adjacent to Crimea in the Black Sea, the Sea of Azov, and the Kerch Strait. The tribunal held its first procedural meeting in May 2017, and thus we expect arbitration to kick off soon.

While it is too early to draw conclusions, Ukraine's strategy seems to be successful. Although it might be difficult to make the Russian Federation comply with the decisions of the ICJ and the ECHR due to the absence of effective means of enforcement, the value of these decisions, if granted in Ukraine's favor, should not be underestimated.

In the absence of a condemnation by the UN Security Council regarding Crimea's annexation and on-going Russian military actions in Eastern Ukraine, decisions of the UN and regional judicial bodies are crucial. Otherwise, in a few years, more examples of states recognizing Russian actions as lawful may follow.

While it is believed that Ukraine could have been more creative with its ICJ claim, Ukraine's claims against the Russian Federation are limited to international instruments to which both states are bound.

Additionally, the number of these instruments shrinks each time Ukraine tries to employ them against the Russian Federation. For instance, it took the Russian Federation only two days to withdraw its signature from the Rome Statute after the ICC Prosecutor published its 2016 report on its preliminary examination of the situation in Crimea and Eastern Ukraine and alleged crimes.

While the EWCH has, in a way, predetermined the result of *The Lam Debenture Trust Corporation Plc v Ukraine* by granting a summary judgment to the claimant, there are high prospects that the *Gazprom v Naftogaz* case will have a favorable outcome for Ukraine. The fact that the SCC found that the "take-or-pay" obligation under the gas sales contract does not apply retroactively for 2012-2014, 2015, and 2016 is already a huge relief for Ukraine.

Similarly, positive jurisdictional decisions of the PCA recognizing that the 1998 Russia-Ukraine BIT protects investments by Ukrainian companies in the Crimean Peninsula will likely encourage more claims to be filed. Unlike in other matters, the Russian Federation does not participate in these investment arbitrations. However, with these claims mounting up, it will have to intervene eventually either at the merits stage or later, by challenging the award in The Hague or by opposing its recognition and enforcement elsewhere.

Kostiantyn Likarchuk, Partner, Kinstellar Ukraine

HUNGARY

New Procedural Rules for the 21st Century



Peter Voros

The Hungarian Parliament has recently adopted three new procedural laws: Act CXXX of 2016 on the Code of Civil Procedure ("CCP"), Act I of 2017 on the Code of Administrative Litigation ("CAL"), and Act CL of 2016 on Administrative Proceedings, which will all enter into effect on January 1, 2018. These new procedural laws come on the heels of

the recodification of many substantive laws such as the Civil Code and the Criminal Code. This article aims to give a brief overview of these

new procedural laws.



Orsolya Staniszewski

The New Code of Civil Procedure

The legislative goals behind the adoption of the CCP were the modernization and "professionalization" of litigation. To this end, the CCP introduces mandatory legal representation except in a few cases tried before local courts, where litigants without legal representation will be aided by the use of standard forms and templates, as

well as the more active role of the judge.

The CCP also aims to promote the timely resolution of disputes, in particular by preventing the parties from unduly delaying the proceedings. In order to accomplish this latter goal, the CCP introduces a "split" litigation structure inspired by Roman law, where civil proceedings were conducted in two parts ("*in iure*" and "*apud iudicem*" proceedings).

Similarly, Hungarian civil proceedings will also be divided into two stages under the CCP. In the first phase, the parties must present their case and pleas and the evidence and motions for evidence-taking in order to set the framework for the lawsuit. Statements made during the first phase can only be changed in the second phase under exceptional circumstances. Evidentiary proceedings – related exclusively to the facts as represented during the first phase – take place in the second phase. In general, this split litigation structure places greater responsibility on counsel and leaves little room for mistakes, an approach which is carried all the way through to appeal proceedings.

The CCP contains new rules on the use of illegally-obtained evidence: as a general rule, such evidence cannot be taken into account, but it may nevertheless be used by the court under certain exceptional circumstances. The CCP also regulates the exceptional circumstances ("evidentiary emergency") under which the burden of proof is reversed.

The CCP now regulates a new form of collective claims, using an opt-in system, where the court rules on one so-called "representative claim" by a private person. The condition for this is that all claimants must enter into a so-called "collective claim agreement" in which they must regulate the legal relationship between the parties. This type of collective claim can be used in consumer protection cases and certain labor and environmental disputes.

The New Code of Administrative Litigation

The CAL also brings some notable changes. In fact, the CAL's existence as a separate law is in itself an innovation, since at present, the rules of administrative litigation are incorporated into the currently-effective Code of Civil Procedure. The CAL's stated goal is to provide an "unbroken" system of judicial protection, where full review of administrative decisions by the courts is possible in all cases. The CAL also foresees a situation where an administrative authority has infringed the law by failing to perform certain actions, rather than by adopting an unlawful decision.

The CAL aims to increase the timeliness of administrative proceedings and litigation. It does so, *inter alia*, by giving courts broader powers to modify administrative decisions (rather than just referring the case back to the administrative authority).

Rules concerning redress mechanisms against administrative decisions have also undergone a change. At present, most administrative decisions can be appealed to a superior administrative body, and the review of this appeal decision may be requested from courts. Under the CAL



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- Your "User Manual" on Attracting Investment and Joint Venture Partners
- Special Economic Zones as a Mechanism to Drive Innovation, "Smart cities"
- Wealth Planning and Inheritance: Looking at the Legal Issues
- Doing Business in Foreign Markets: Managing the Risks
- Compliance Program as an International Risk Management Tool
- Technologies for Lawyers: Artificial Intelligence, Automated Project Management, Uberisation of the Legal Aid

Year after year, the Republic of Tatarstan is recognised as the leading Russian region in terms of attracting investment. Some of Russia's largest industrial companies, leading banks and investment holdings such as TAIF, KAMAZ, AK BARS, and Nizhnekamskneftekhim are based in the region, whilst its many foreign investors include Bosch, Daimler, Ford, Fujitsu, Honeywell, Microsoft, Panasonic, and Siemens.

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and the coming Administrative Proceedings Act, the judicial review is intended to become the main form of remedy (second instance judicial proceedings are also possible against some judgments regarding questions of law), with a diminished role accorded to administrative appeal.

With the recodification of the most important substantive laws, procedural laws and the ongoing effort to promote electronic administration and litigation, the legal landscape in Hungary has undergone significant changes in the past few years, which the legislator claims will help the country respond to the needs of the 21st century.

Peter Voros, Partner, and Orsolya Staniszewski, Associate, Andreko Kinstellar Ugyvedei Iroda, Budapest

SLOVENIA

Modernization of the Slovenian Civil Procedure Act



Dunja Jandl

The most recent amendment to the Slovenian Civil Procedure Act (*Zakon o pravdnem postopku*, or “ZPP”) was issued in February 2017, with the amendments set to apply from September 14, 2017.

The main amendments of the ZPP are designed to accelerate civil procedure by, *inter alia*: (i) limiting the number of preparatory statements (up to the initial pre-trial hearing); (ii) establishing a new pre-trial hearing where the primary legal and factual aspects of the case are discussed to focus the proceeding on relevant issues of the case; (iii) introducing a management program (the judge shall prepare a program containing the legal basis for the dispute and the number of and dates for expected court hearings, enabling a better and more flexible step-by-step plan of the procedure); (iv) providing for additional sanctions for inactive parties (*i.e.*, those who do not attend the pre-trial hearing cannot seek repayment of costs later on); (v) requiring that the judgment be delivered immediately or within eight days from the conclusion of the first-instance proceedings; (vi) obliging the Court to prepare a full-length judgment only where a party files an appeal within eight days of the receipt of the short version of the judgment; and (vii) creates a new stage of the procedure where parties summarize their statements (a stage that already exists in criminal procedure).

Another set of amendments focuses on the appeal procedure. Appellate courts often annul the first-instance judgment and return the case for reconsideration, which prolongs the procedure significantly. Pursuant to the new regulations, this will no longer be possible. The appellate court will reach its own decision and may only in limited cases return the matter to the first-instance court. Other amendments include: (i) the Supreme Court shall only accept appeals where a decision on an important legal issue is necessary (irrespective of the amount in dispute); (ii) in commercial disputes, the appellate chamber will be able to inform the appellant of its preliminary assessment of the probability of success (and if the party then withdraws the appeal, part of the court fee will be returned). These amendments aim to help the Supreme Court issue its decisions faster and play a more effective role as the creator of a uniform case-law.

In addition, Slovenian civil procedure law now provides for: (i) a cascade lawsuit, where a plaintiff first requests the disclosure of information required for substantiating the claim, and second lodges an amended claim prepared on the basis of the information obtained as a result; and (ii) different approaches for the handling of business secrets

(*e.g.*, specific parts of documents, expert review of the documents, *etc.*).

Finally, the amendments modernize and speed up Slovenian civil procedure by introducing electronic service of process (in circumstances beyond the enforcement procedure, where it already exists).



Katja Balazic

Obviously, Slovenian civil procedure will change significantly. The purpose of the legislator was to modernize and speed up the procedure, and although at first glance the amendment seems well written, experts believe its implementation may, in actual practice, be unsuccessful. In particular, they point out that: (i) the material conditions for the successful implementation of electronic service of process are not ensured; and (ii) the excessive focus on speeding-up the process can have counterproductive effects. The primary concern in this latter point is that the focus on the right to a trial without undue delay may result in a violation of a right to a fair and impartial hearing and of other procedural rights. For example, it is conceivable that parties would not state all facts and evidence in their two statements prior to the preparatory hearing thinking they will do so in additional statements later on. If the judge then decides to schedule the main court hearing directly after the preparatory hearing, the parties may be left without enough time to state other facts and evidence.

Faster civil procedures are more than welcome in Slovenia, but only time will tell if the amendments have been drafted with enough care to speed up the procedure without compromising its quality.

Dunja Jandl, Partner, and Katja Balazic, Associate, CMS Slovenia

AUSTRIA

Invalidity of an Arbitration Agreement Due to a Possible Violation of the EU Directive on Self-Employed Commercial Agents



Filip Boras

The Parties' Positions

In state court proceedings, Claimant requested indemnity pursuant to Section 24 of the Austrian Commercial Agents Act, basing the Austrian court's jurisdiction on Section 99 of the Law on Court Jurisdiction, pursuant to which a person who does not have a *forum generale* in Austria may nevertheless be sued in Austrian courts if he or she has assets within the district of an Austrian court. Claimant argued that Respondent had assets in Austria as it had an outstanding claim against it.

Respondent objected to the Austrian court's jurisdiction, arguing that it was not competent at all and that the Parties had agreed on arbitration; and that arbitration had already been initiated by Respondent against Claimant before a tribunal in New York. This arbitral tribunal had rendered a partial award, turning the matter into *res judicata*. With regard to Section 99 of the Law on Court Jurisdiction, Respondent argued that the outstanding claim on which Claimant based the Austrian court's jurisdiction had been extinguished due to Claimant's set-off declaration in the arbitration.



Alexander Zollner

The Supreme Court's Decision

The lower courts rejected the claim for lack of jurisdiction. The Supreme Court overturned those decisions in March 2017 for the following reasons:

First, the Supreme Court stated with regard to Section 99 of the Law on Court Jurisdiction that the value of assets on which jurisdiction is based has to reach at least 20% of the amount in dispute, and that an outstanding claim may be included in the calculation of assets. To determine whether the outstanding claim of Respondent against Claimant had been extinguished by means of a set-off declaration in the arbitration, the Supreme Court first clarified relevant conflict of law questions. It ruled that the procedural admissibility and the procedural effects of a set-off declaration are determined by the law applicable to the arbitral proceedings, which, pursuant to Article V (1) lit d New York Convention, primarily follows the parties' choice. The prerequisites and the substantive effects of a set-off declaration are determined by the law applicable to the merits of the dispute. In the matter before it, the Supreme Court concluded that New York law was applicable to both of those aspects. As under New York law Respondent's claim against Claimant could not have been extinguished by Claimant alleging claims against Respondent in the arbitration, Claimant could therefore rely on Section 99 of the Law on Court Jurisdiction.

Second, the Supreme Court dealt with Respondent's objections related to the Agency Agreement's arbitration clause. Pursuant to Article II (3) of the New York Convention, a court must refer parties to arbitration if the matter is subject to an arbitration agreement unless the arbitration agreement is null and void, inoperative, or incapable of being performed. A court may fully review the validity and effectiveness of an arbitration agreement and is not limited to a *prima facie* review. The corresponding Austrian law provision (Section 584 (1) second sentence of the Austrian Code of Civil Procedure) orders that a claim may not be rejected if, *inter alia*, the court finds that the alleged arbitration agreement is ineffective. An arbitration agreement may be considered ineffective if the parties' intention was to exclude the application of mandatory procedural or substantive provisions.

Third, the Supreme Court referred to the European Court of Justice's (ECJ) case law according to which apparent violations against fundamental EU law provisions constitute an *ordre public* violation. The ECJ in *Ingmar* ruled that the EU Directive on self-employed commercial agents (which is implemented by the Austrian Commercial Agents Act) is applicable irrespective of the parties' choice of law if the underlying facts have a strong EU connection. It is generally understood that the ECJ classifies claims of a commercial agent as provisions with an internationally mandatory character. Such provisions cannot be derogated by party agreement and are applicable even if the conflict of law rules refer to some other national law. Also the German Federal Court held that the provisions on indemnity for commercial agents cannot be overruled by a party agreement in a jurisdiction served by courts which do not respect those provisions.

Based on its findings, the Supreme Court held that Claimant had a mandatory claim for indemnity which would not be recognized due to the Parties' agreement on arbitration and the application of substantive New York law. Thus, the Supreme Court declared the arbitration agreement ineffective and admitted Claimant's claim before Austrian courts.

Filip Boras, Partner, and Alexander Zollner, Junior Associate,
Baker McKenzie Austria

CZECH REPUBLIC

Alternative Dispute Resolution for Consumer Disputes in the Czech Republic: A Year and a Half in Practice



Petr Topka

On February 1, 2016, the Amendment to Act No. 634/1992 Coll., on Consumer Protection (the "Amendment") entered into force, implementing European Union directive No. 2013/11/EU on alternative dispute resolution for consumer disputes, which requires the member states of the European Union to ensure that consumers have access to a simple, efficient, fast, and low-cost way of resolving disputes arising from sales or service contracts. To achieve this, the Amendment broadened the existing scope of dispute resolution options for customers by introducing a brand-new method of extrajudicial resolution for consumer disputes. The purpose of this article is to provide a brief overview of the new process of alternative dispute resolution (ADR) for consumer disputes and sum up the results of its first eighteen months.

The Amendment granted consumers the right to resolve disputes with traders residing or permanently based in any country of the EU out of court. In that regard, each trader must inform the consumer about the identity of the ADR provider that deals with the relevant consumer disputes in a clear, comprehensible, and easily accessible manner. Such information must also include the website of the ADR provider.

The motion to initiate ADR can be submitted up to one year from the day on which the consumer exercised the right forming the subject matter of the dispute for the first time. The resolution of each consumer dispute must then be reached within ninety days of the day the ADR provider received the motion. This term may be prolonged in difficult cases, but not for more than another ninety days. Consumers are entitled to withdraw their motions at any time. The parties to the ADR proceedings are not required to seek legal representation. Each party bears its own legal costs, while the proceeding itself is provided by the ADR provider free of charge. Each ADR provider sets out its own set of specific rules for its ADR proceeding.

The traders must closely cooperate with the ADR providers and provide them with the necessary assistance for the efficient resolution of consumer disputes. However, this obligation does not seem to entail the right of the ADR provider to request production of documents. The traders are required to submit their statements of facts relevant to the given consumer dispute within fifteen business days of being informed of the initiation of ADR proceedings.

The Czech Trade Inspection Authority (CTIA) generally deals with consumer disputes if there is no sector-specific ADR provider. According to their own records, in the period from February 1, 2016 to July 14, 2017 the CTIA alone received 4,400 motions from consumers initiating procedures concerning out-of-court resolutions of consumer disputes. Of these, 902 motions were rejected by the CTIA on legal grounds and in 262 cases the consumers withdrew their motions. The CTIA reached agreements between the parties in 1,262 cases. In 1,357 cases, the disputes came to an end by the expiry of the 90-day period (or the prolonged period in difficult cases) in which the resolution of each consumer dispute must be reached. Finally, 617 proceedings are still pending (as of July 14, 2017). In conclusion, the parties to the proceedings have reached agreements in nearly half of the disputes that were actually heard by the CTIA.



Tereza Suchankova

The areas exempt from the CTIA's competence (*i.e.*, with specific ADR providers) include the sectors of financial services, electronic communication, and postal services, as well as the electric, gas, and heating industries. Of particular interest to the readers of CEELM may be the fact that the Amendment also provides the ability to settle disputes between legal professionals and their clients, with the Czech Bar Association being the ADR provider. As of June 30, 2017, the Czech Bar Association has received 36 motions for initiation of ADR proceedings, and the parties have reached agreement in eight of those cases so far.

One of the goals of the Amendment was to decrease the amount of consumer disputes heard in court proceedings, easing the overload of cases faced by the courts. Taking into consideration the number of motions submitted during the past year and a half to the CTIA alone, we may be on track to achieving that goal.

Petr Topka, Partner, and Tereza Suchankova, Trainee Lawyer, Rovenska Partners

SLOVAKIA

Dispute Resolution in Slovakia



Jana Cernakova

So far, 2017 has been a very challenging year for dispute resolution in Slovakia, as several new laws changing the current approach to court proceedings and arbitration have entered into force. Practitioners as well as the courts need, therefore, to balance the old rules (which are to some extent still applicable to ongoing proceedings) with the new rules.

Mandatory Activation of Electronic Mailboxes and Mandatory Electronic Communication: As part of the introduction of e-government in Slovakia, on July 1, 2017 electronic mailboxes ("e-boxes") established by the state for all legal entities to provide electronic communication with public authorities were automatically activated.

Many courts started to communicate with parties exclusively via these now-activated e-boxes. According to the procedural rules, delivery to an e-box is considered successful even where the e-box is not checked by the owner. The exceptions to this rule are few and ignoring the e-box can have significant consequences (*e.g.*, in the form of adverse court rulings).

Company executives such as executive directors, members of the boards of directors, and administrators of foundations are identified as "users" of the companies' e-boxes by default under Slovak law, and other natural persons can be added by a special authorization form. A user needs to own a special identification card or an alternative form of identification issued by the Slovak Police. This has led to problems for users who are non-Slovak and do not live in Slovakia, but in practice this problem is usually resolved by authorizing an additional employee or external advisor (*e.g.*, a law firm).

New Procedure for Payment Orders: As of February 1, 2017, a new court procedure can be used for payments orders. The main goals of this new procedure are to speed up and simplify the issuing of payment orders – and it seems they have been achieved.



Miroslav Zatzko

The Banska Bystrica District Court is provided with exclusive jurisdiction over this new procedure for payment orders. Petitions are to be filed solely by electronic means, and the court fee has been reduced to 50% (*i.e.*, in general 3% of the claimed amount). The court is obliged to issue its decision within ten working days following the submission of the petition and payment of the court fee.

New Enforcement Rules: In connection with the introduction of e-government, a change of the enforcement procedure (*i.e.*, executions) also became effective on April 1, 2017. As of that date, any communication involving the enforcement procedure can be made solely via electronic means.

In addition, the Banska Bystrica District Court was given exclusive jurisdiction for enforcement procedures.

New Civil Dispute Order: New procedural rules entered into force on July 1, 2016, and the first year of their use has involved many challenges for both the parties to proceedings and the courts themselves.

The most significant issue tackled by the Supreme Court of the Slovak Republic so far, in this context, involved the specific grounds for an extraordinary appeal. The new Civil Dispute Order contains two separate provisions with two separate sets of grounds for extraordinary appeal. In practice, the two legal provisions have usually been combined, with several appeal grounds stated in the extraordinary appeal. The Supreme Court of the Slovak Republic has decided that such a combination is not allowed – extraordinary appeals can only list a ground from one of the two legal provisions – and that extraordinary appeals with combinations of grounds from both provisions are to be dismissed.

Commercial Arbitration: Due to some negative experience with local arbitration courts, a set of strict rules has been adopted. The final change, which entered into force on January 1, 2017, stipulates that only the National Sports Federation or a chamber established under a special law (for example, the Slovak Bar Association or Chamber of Commerce) can establish a permanent arbitration court in the Slovak Republic.

Permanent arbitration courts that do not satisfy these criteria cannot try and decide cases, and arbitration proceedings that were ongoing before such arbitration courts were stopped as of December 31, 2016 (unless the parties expressly authorized their continuation) and arbitration clauses involving such arbitration courts need no longer be honored for proceedings not yet commenced.

Jana Cernakova, Partner and Miroslav Zatzko, Associate, Cechova & Partners

POLAND

Disputes Between Entrepreneurs and Public Sector in Poland Now Open for Mediation Proceedings

Investment involving public funds in Poland is often a source of conflict between public sector entities and entrepreneurs.

Practice shows that one of the most exposed sources of litigation involving the public sector in Poland is the real estate and construction industry, especially in the infrastructure sector. Entrepreneurs complain about the many months (often many years) the proceedings



Ewelina Stobiecka

last. These are usually fairly complex proceedings, with very high dispute values, which not only require extensive evidentiary proceedings, but also, often, special know-how, demanding the involvement of multiple experts.

Not Everything Has to be Resolved in Court

According to the World Bank “Doing Business in Poland” report for 2016, claims in Poland take an average of about 685 days. For the entrepreneur, this often means “frozen” assets and engagement in costly and time consuming proceedings. For the public sector, these expensive proceedings negatively affect the economy.

Remedies for this situation come in the form of, among other things, the regulations of the Act on the Support of Amicable Dispute Resolution Methods, which came into force on January 1, 2016. This new law has significantly strengthened mediation as an alternative to court proceedings. While mediation in the private sector is now well received, the amount of settlements, especially with the public sector, is still not impressive, despite the advantages (which include the time to resolve the dispute and the lower costs involved).

Unfortunately, mediation with the public sector remains a business dream. Civil servants remain afraid that “concluding an agreement” with entrepreneurs will result in charges of public fraud. Therefore, when representing a unit of the public finance sector, they often prefer that the dispute be settled in court (and thus placing responsibility for resolving the conflict and determining the amounts of individual claims in the court’s final judgment).

According to the activity reports of the General Council for the Republic of Poland (the state body which represents state units in legal proceedings in court), in 2013, only 22 settlements out of 3,982 and in 2014 only 18 settlements out of 3,698 cases were concluded.

New “Mediation Tools” for the Public Sector

Another legislative initiative in this area has resulted in the development of the so-called “Debt Package” (the Act on Amendments to Certain Acts to Facilitate Debt Collection of April 7, 2017). The regulations in this act applicable to the issue of mediation with the public sector came into force on June 1, 2017. They are amended provisions of the Public Finance Act and the Act on Liability for Violation of Public Finance Discipline which explicitly regulate conciliation with the public sector by stating that a public finance unit may conclude an agreement on a civil law debt if an assessment certifies that the agreement is more favorable for that unit (or, where appropriate, the State Treasury or the budget of the local government unit) than the probable outcome of court or arbitration proceedings (art. 54a of the amended Public Finance Act).

Another regulation provides guidelines regarding the assessment of such an agreement. According to these guidelines, the assessment has to be in written form and has to take into account the circumstances of the case, in particular the merits of the disputed claims, the possibility to satisfy them, and the anticipated duration and costs of court or arbitration proceedings as an alternative.

The justification for the new regulations states that the pre-condition for concluding an agreement is that both parties are conciliatory and that the requirement for mutual concessions, in conjunction with the liability rules for violations of financial discipline has so far been one of the barriers to the use of mediation and other amicable means of

resolving disputes.

The changes also enforced further amendments to the Law on Liability for Violation of Public Finance Discipline, which often constituted a “blockade” for the public sector in undertaking mediation with entrepreneurs. In the amended provisions it says that the conclusion of an agreement making public expenditure or incurring or changing a liability does not constitute a breach of public finance discipline if it is the result of an agreement of the civil law debt in question, concluded in accordance with the (amended) Public Finance Act.

Upon the implementation of the new regulations, practice will certainly demonstrate that at least entrepreneurs will positively assess the amendments as they provide a specific legal basis for mediating with the public sector.

Ewelina Stobiecka, Partner, Taylor Wessing Warsaw

LATVIA

The Latvian Supreme Court Clarifies Recovery for Cancellation of Leasing Contract



Andra Rubene

In Latvian Case SKC-176/2017, lessor Swedbank Leasing resold the lease objects to another buyer after lessee Mednis had made full payment, such that, according to the judgment of the arbitration court, at the moment the objects were resold the lessee was not in debt to the lessor. After the sale of the objects Swedbank Leasing kept the difference between the value of each leasing object and the total payment made by Mednis (excluding interest and VAT). As a result, Mednis argued, Swedbank Leasing unjustly acquired wealth at the expense of Mednis for the difference, because the payment of Mednis included both interest and payment of principal amounts that were the price for buy-out of the leasing objects.

Swedbank Leasing contra-argued that it retained the title to the leasing objects up until the moment Mednis fulfilled all its obligations under the leasing contracts; thus it had just gained all possible benefits from its property, including reselling the leasing objects.

According to Swedbank Leasing, it used the funds obtained from the sale to settle the debt of Mednis. The leasing contracts did not provide that Swedbank Leasing should return the difference to Mednis. Mednis did not buy out the leasing objects and the leasing contracts were terminated before their term. Swedbank Leasing as the owner of the leasing objects realized full power of its ownership of the property by selling those objects to third parties after the leasing contracts had been terminated, and in doing so had acted according to the law and the leasing contracts.

The main motive of the cassation complaint was the allegedly unjustified acquisition of wealth by Swedbank Leasing, which had gained almost double the income from the sale of the same leasing objects first to Mednis and then to third parties.

The Supreme Court recognized Mednis’s claim as substantiated, ruling that, although at the moment the leasing contracts were concluded there were no specific provisions of law regulating them, provisions that regulate transactions which in this particular case could be considered elements of the lease, as a compound transaction, should have

been applied.

According to the Court, the leasing contracts qualified as purchase by gradual instalments, because the intention of the parties was to transfer the leased objects into the possession of Mednis after all leasing payments were made. Such qualification conforms with Article 463(2) of the Latvian Commercial Law, which provides that the provisions of the Civil Law regulating the purchase agreement apply to leasing contracts if at the end of the term of contract the lessee is obligated to buy out the lease object. Therefore, the Regional Court should have applied the provisions of the Civil Law regarding purchase agreement by gradual instalments.

In the opinion of the Supreme Court, although Mednis's claim was based on the general provisions of the Civil Law restricting unjustified acquisition of wealth, according to the principle *iura novit curia*, the Regional Court should have known the applicable provision in the legal system itself and therefore it should have applied the specific provision of the Civil Law restricting unjustified acquisition of wealth in cases of purchase by gradual instalments provided in Article 2070 of the Civil Law.

Clause 2070 of the Civil Law provides that: *"If the right of payment of a purchase price by instalments has been contracted for, and the purchaser has defaulted with respect to two payments, but the seller does not wish to burden himself or herself with the collection of late payments, [...], then the seller may request setting aside of the contract and return of the sold property together with compensation for the use, during the period from the delivery of the property to the purchaser until the return of the property to the seller, and for the losses caused for the latter. Against the amount, that the seller is entitled to from the purchaser on such basis shall be set off all the payments made by the purchaser, and if they exceed such amount, then the remainder shall be paid back to the purchaser. Agreements contrary to these regulations shall be void."*

Pursuant to the specific provision applicable in case of termination of the leasing contract, the seller's claimed right for payment of the purchase price transforms into a claim for payment for use of the leasing object and compensation of losses, but any sum exceeding those payments shall be refunded. In these circumstances, on the basis of Article 2070 of the Civil Law, Mednis was entitled to have the overpaid amount returned.

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LITHUANIA

Innovations in the Code of Civil Procedure of Lithuania – Significant Help for Litigators



Adomis Kuncius

A package of amendments to the rules of the Civil Procedure Code came into effect in Lithuania on July 1, 2017. A number of these amendments are significant for business and for advocates.

Among other things, the amendments increased the amounts of the stamp duty. When in 2015 the currency in Lithuania changed from litas to the euro, all the amounts indicated in the Code (stamp duties, fines, etc.) were converted according to the official rate of exchange and, therefore, were not rounded. Now, the stamp duties have been rounded upwards – so, for example, whereas in non-property disputes it was

previously set at EUR 41, now it is set at EUR 100. In addition, a new type of stamp duty has been introduced, making it EUR 500 for a creditor's request to start bankruptcy proceedings. Presumably, a tax on this type of court petition is designed to curb a popular means of pressing a debtor: institution of bankruptcy proceedings. Such abuse by creditors often failed to develop into real bankruptcy proceedings, but created a lot of inconvenience for the debtor.

The amendments also prohibit courts from awarding costs for legal services provided by non-advocates or associate advocates. Until now, legal entities were able to provide legal services without having professional civil liability insurance, without being bound by any requirements of professional ethics, and without acting via advocates. This distorted the legal services market and resulted in the illegal circumvention of the Law on the Bar.

The amendments also establish that from now on only advocates can draw up appeals. Of course, a provision remains that employees of legal entities and civil servants with higher legal education will be able to represent their employers in the appellate court, and that natural persons with that level of education will also still be able to represent themselves.

The amendments establish a judgement on the cause of action. Until now, the Code provided the possibility of a partial judgement, but that was not widely used as, according to case law of the Supreme Court of Lithuania, claims settled by partial judgement had to be sufficiently independent to be settled separately from other claims made by the claimant. From now on, courts will be able to pass judgement on the cause of action if evidence in the case is enough to substantiate the judgement. In this way, examination of a case will be faster and more cost-effective. Referring to an effective judgement on the cause of action, a court must issue a judgement on the amount of the statement of claim via written process, except for cases in which a party requests that the issue be examined under oral process. If a judgement on the cause of action is appealed, the court will stay the case until the effective date of the court's judgement on that cause of action.

The amendments provide public prosecutors the right to join an ongoing process as a third person submitting independent claims. Previously, even in cases involving the need to defend the public interest, the court could not allow a public prosecutor to become involved in a process which had already started, but had to act itself by imposing interim measures, collecting evidence, and so on. This regulation unreasonably expanded court functions in defending the public interest, as the primary office vested with the authority to act in defence of the public interest is the public prosecutor.

The amendments simplified service of a summons and/or other court-issued official documents related to the dispute to natural persons. Previously, natural persons sometimes used to evade service, thereby obstructing the course of the case. From now on, service will be deemed made to natural persons if it is delivered to the natural person's place of residence that coincides with his place of residence declared under the procedure set by the state. An additional note: the e-service portal of Lithuanian courts allows people to track all proceedings in which they are involved: they may see all procedural decisions, download electronic copies of documents in the case file, and file process documents and annexes with courts in real time.

Adomis Kuncius, Head of Dispute Resolution, TGS Baltic Lithuania



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