

CEE

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MARCH 2019

LEGAL MATTERS

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



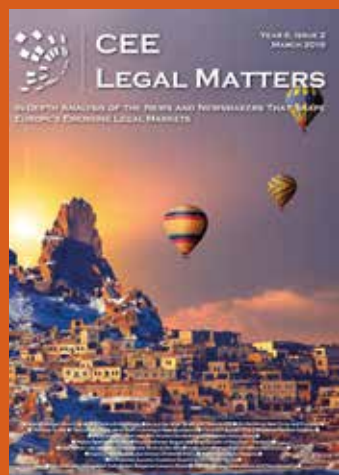
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Hristov Partners

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EXCELLENCE



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EDITORIAL: DOTYS AND OTHER DISRUPTIONS

As I write this, the March 28, 2019 Deal of the Year Awards Banquet in Budapest is about 40 days off. It looks like it's shaping up well, but of course we're still anxious.

In 2018, you may remember, we had *three* major events in the first half of the year: The Dealer's Choice law firm conference, the initial DOTY Award Banquet – Radu and I continue to hope the awards will, eventually, become known as "the Dotties" – and the annual GC Summit. We're not doing Dealer's Choice this year, and the next GC Summit will be in 2020, so we're putting all our energy into this one event.

As I said, the evening is shaping up nicely. The event will be held at the Marriott, with – weather permitting – welcoming drinks served on the hotel patio, on the banks of the Danube. And since the event is in Budapest this year, and consistent with the evening's purpose – to celebrate high level lawyering in CEE – the musical entertainment will be provided by the twinkling tones of the Sentiments Piano Duo, led by Eva Molitor and Peter Lakatos (who also, when he has the time, serves as the Managing Partner of Budapest's Lakatos Kovcs & Partners).

Of course, the centerpiece of the event will be the DOTY Award announcement and presentations, this year made for CEE 21 countries, plus an additional award for Baltic Deal of the Year, and the ultimate award, for CEE Deal of the Year. The winners, chosen from over 200 initial submissions, result from two rounds of voting, first by a jury of legal experts on the ground in each market, then by a separate 15-person "Final Selection Committee" tasked with evaluating and ranking the shortlists. The result, we believe, is a uniquely fair, transparent, and legitimate process, making the Dotties the only truly peer-selected awards of their kind in the region.

No surprise, then, that while last year's awards banquet was attended by approximately 90 lawyers, it appears this year's attendee list will be significantly larger. Indeed, as I write this, well over a month before the event, we already have some 50 attendees registered, from over

30 firms in the CEE and UK.

There's a lot more to do, of course – there's always so much to do – to make this event as entertaining, rewarding, and fun as we want it to be. But we're confident we'll get there, and we're excited to have so many lawyers congregate in Budapest for this once-a-year celebration.

I misspoke, however, when I said we're putting "all our energy" into this event. In fact, we've got two other major initiatives going on as well, both designed for formal launch at or shortly after the Deal of the Year Banquet. First, we will be publishing and distributing the print version of our new comprehensive CEE Law Firm Directory, a listing of *every single* commercial law firm in the major cities of the 24 countries of CEE. A major commercial law firm with a large number of associates and multiple partners? It's in there. A three-person boutique? It's in there. The brands you've known and worked with for many decades? They're in there. The new arrivals, as yet unheralded, but full of skilled, energetic, committed young lawyers? They're in there.

In addition – and for us, even more importantly – we will be launching a newly-created *online* version of that directory, in a form never before seen, in CEE or anywhere else in the world. This is, potentially, a game changer, for us and for the law firms (and law firm clients) of CEE. We've been working on this new platform in secret for over two years, and we're tremendously excited about it – and we strongly encourage all our readers to keep their eyes peeled for the major announcement about it in the days after the Dotties. It will, we're not shy to say, be worth it.

"So," you say. "No GC Summit this year, no Dealer's Choice this year. You guys at CEELM must be taking it easy!"

Ha. Not even close.



David Stuckey

GUEST EDITORIAL: RISE TO THE OCCASION



Needless to say, business in the European Union is going through some turbulent times. How this is affecting the CEE region and how business in the region will adapt to this never-ending uncertainty is the million-dollar question that everyone is asking at the beginning of 2019.

A quick look at the daily news reveals that the EU is currently consumed by Brexit. It is clear that business will be considerably affected by the expected delay of Brexit caused by politics. British companies have already responded to this political uncertainty. According to the Institute of Directors, 16% of British companies have either activated relocation plans or are planning to do so, and another 13% are considering relocation.

But Brexit is hardly the only problem in Europe. For instance, Italy, a neighboring country to the CEE region, fell into recession in the final three months of 2018 for the first time since 2013. While this may have been expected and foreseen by financial analysts, it will still have an important impact on CEE, as Italy is one of the biggest trade partners of the region.

These two situations in the EU – combined with an unexpected slowdown in Germany, EU's biggest economy – could bring significant uncertainty into CEE as well.

Still, and despite this negativity, I believe that we need to use this unique opportunity to our advantage. As a sub-region of CEE with a population of more than 20 million, the Adriatic part of the CEE region has the knowledge and experience to offer a safe haven for relocation-seeking companies. Such clients often need tailor-made services rather than traditional ones. Consultants therefore need to adapt to attract businesses into this region, because they will not come without proper incentives. The needs of modern clients often go beyond the limits of the territory and the laws of one country and only a consultant with in-depth knowledge, expertise, and experience throughout the region will have the possibility to prosper and do business.

As managing partner of one of the biggest law firms in the Adriatic region, I am conscious of the importance of always staying one step ahead of the others. Law firms are already aware of globalization and have been dealing with it for quite some time now. But in this particularly unstable situation that the EU

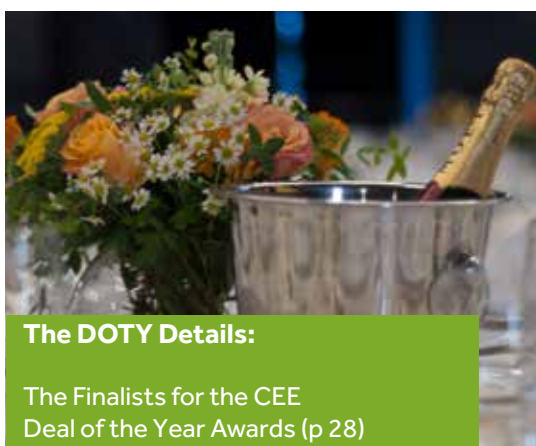
finds itself in at the beginning of 2019, which is set to continue for quite some time, law firms will have to have a unique ability to offer clients something new to attract their interest to work in the region. While individual countries are too small to make a greater impact, a partnership of all Adriatic countries can compete among other bigger countries or regions in the EU to attract relocating businesses. Clients entering our region demand one point of entry to this market of 20 million people, and they are seeking centralized legal advice which can only be provided by the most successful and progressive law firms in the region. Such law firms need to have local experts as well as the infrastructure and possibility to offer a platform for European and worldwide exchange of legal skill, opinions, experience, and knowledge, but still tailor-made for each client. Services offered by law firms need to be technically and digitally supported, setting standards that are higher than the ones clients are accustomed to at home. The digitalization of services gives firms a competitive edge and is one of the prime focuses of law firms attracting relocating businesses into the Adriatic region.

It is not a question of how to do it, but rather of who will do it best. This region has been defined by decades of crisis and now has a unique opportunity to add value to the innovations fostered in these past times. Only those law firms in the region which collaborate proactively, connected with excellent professionalism, can execute fresh ideas in the corporate projects of firms looking to relocate into CEE. Law firms must be able to leave the comfort zone of national jurisdictions and deal with the complexity of the cross-border advising, remaining at the same very high level as they were while working within their own countries. Our law firm rose to the occasion by establishing the Adriatic Legal Network to deal with the ever-changing situation in the EU and in the region.

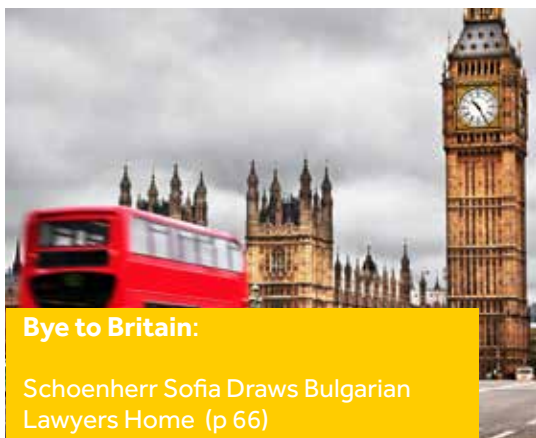
**Uros Cop, Managing Partner,
Law Firm Miro Senica and Attorneys, Ltd.**

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ACROSS THE WIRE: FEATURED DEALS

KSB Successful for Asiana in Unfair Competition Challenge to Student Agency



Kocian Solc Balastik successfully represented Asiana in a dispute with transportation company Student Agency before the Regional Court in Brno.

According to KSB, the Court's judgment, which is yet to become final, orders Student Agency to pay Asiana CZK 11.7 million, as well as default interest for damages resulting from illegally forcing Asiana out of the bus transport market on the Prague-Brno route in 2007 and 2008.

The Czech Competition Authority had fined Student Agency CZK 5 million for having abused its dominant position by settling unreasonably low prices and forcing Asiana out of the market. Asiana then sought damages against Student Agency at the Regional Court in Brno.

The decision represents one of first in which a Czech court has awarded damages as a result of a company's unlawful restriction of competition.

Wolf Theiss Advises on ALSO Holding Acquisition of ABC Data



Wolf Theiss advised ALSO Holding AG on its agreement with MCI Euroventures, the majority shareholder of ABC Data S.A., to make a joint tender offer for all publicly-held shares of Warsaw Stock Exchange-listed ABC Data.

Following the completion of the offer and the approval of the regulatory authorities, ALSO Holding will take over the entire business operations of ABC Data, a distributor of IT hardware and consumer electronics in Poland that operates in a number of Central and Eastern Europe countries.

According to ALSO Holding, a provider of information and communication technologies, solutions, and services in Europe, the transaction will enable the company to develop the solution and service business in line with its strategy.

The Wolf Theiss team in Warsaw was led by Co-Managing Partner Peter Daszkowski and Counsel Dariusz Harbaty and includ-



ed Partner Karolina Stawowska, Senior Associates Agnieszka Nowak-Blaszczak and Joanna Wajdzik, and Associates Anna Nowodworska, Monika Gaczkowska, and Damian Majda.

“Wolf Theiss successfully implemented a unique transaction structure for the Polish market; with a combination of a public takeover and private M&A elements, to meet the desired business goals of our client.”

– Dariusz Harbaty, Counsel, Wolf Theiss

The Austrian team consisted of Partner Gunter Bauer and Counsel Jochen Anweiler. The team in Slovakia involved Counsel Katarina Bielikova and Associates Jozef Vircik and Dalibor Palaticky. The team also included Hungarian Partner Janos Toth and Associates Mark Chiovini, Peter Ihasz, and Zoltan Bodog, Romanian Partner Ileana Glodenau, Senior Associate Mircea Ciocirlea, and Associate Andreea Stan, and Czech Partner Jitka Logesova in the Czech Republic.

Baker McKenzie advised MCI and ABC Data on the sale.

WOLF THEISS

Avellum Advises Jacobs Douwe Egberts Ukraina on Squeeze-out and Transformation Procedures



Avellum has advised PrJSC Jacobs Douwe Egberts Ukraina on a minority squeeze-out procedure.

Jacobs Douwe Egberts group is a privately-owned tea and coffee producers worldwide that owns more than 30 coffee, tea, and hot chocolate brands.

The minority squeeze-out was followed by the reorganization of Jacobs Douwe Egberts Ukraina from a private joint stock company into a limited liability company. According to Avellum, the project enabled Jacobs Douwe Egberts Ukraina to significantly streamline its corporate governance structure and internal compliance procedures.

The Avellum team was led by Partners Yuriy Nechayev and Vadim Medvedev with the support of Associates Dmytro Tkachuk and Oleksandr Kulykovskiy.

AVELLUM
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Wolf Theiss and Dentons Advise on Financing for and Acquisition of Luxus Aruhaz in Budapest



Wolf Theiss advised UniCredit Bank AG Vienna on financing provided to AEW Europe for its acquisition of the Luxus Aruhaz retail unit at Vorosmarty square in the heart of Budapest. Dentons advised AEW Europe on the underlying transaction.

The Luxus Aruhaz was built in 1911 in Art Nouveau style and is used for residential and business purposes. The building was renovated in 2017.

The Wolf Theiss team included Austrian Counsel Michaela Zakharian, Budapest-based Senior Associate Melinda Pelikan, and Budapest-based Associates Diana Boross-Varga and Laszlo Lovas.

Noerr advised AEW Europe on the financing.



Deloitte Legal Advises on Orbico Acquisition of Majority Stake in Interbrands



Deloitte Legal advised Orbico on its acquisition of 60% of Interbrands.

The transaction is part of a wider international deal, in which Orbico will take control of Interbrands' business in several countries. Interbrands is currently controlled by Holson Holdings, registered in Cyprus.

Financial details were not disclosed, but it will reportedly add around EUR 200 million of revenue to Orbico's annual turnover, currently reported to be about EUR 2.3 billion per year.

Orbico is the exclusive distributor in Romania for a number of mainly luxury brands, including Lacoste, Gucci, Dolce & Gabbana, Hugo Boss, Puma, Burberry, Disney, and Barbie.

Tuca Zbarcea & Asociatii advised Interbrands on the sale.

PwC Legal Ukraine Successful for Syngenta in Claim for Unpaid Tax Refund



PwC Legal Ukraine successfully represented Syngenta LLC, a multinational producer of agrochemicals and seeds, in its claim for a refund of an overpaid corporate profits tax from Ukraine's central tax authority.

The court granted Syngenta's claim, which involved an unpaid refund of approximately UAH 170 million (USD 6 million), in full.

The case is being appealed to the Ukrainian Supreme Court.

Suciu Popa Successful for Hidroelectrica in Class Action Labor Law Claim



Suciu Popa successfully represented Hidroelectrica S.A in a class action lawsuit initiated by 3,000 employees concerning certain rights claimed under the collective bargaining agreement.

According to Suciu Popa, the Bucharest Court of Appeal set an important precedent in the matter of collective bargaining agreement clauses regarding certain benefits, holding that such clauses do not grant absolute rights to the beneficiaries, regardless of the actual circumstances of the claim.



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ACROSS THE WIRE: DEALS SUMMARY

Date covered	Firms Involved	Deal/Litigation	Value	Country
21-Jan	Boyanov & Co.; Go2Law; Kalo & Associates; White & Case; Wolf Theiss	Boyanov & Co., Kalo & Associates, and Go2Law advised Albania Telecom Invest, a joint venture of entrepreneurs Spas Roussev and Elvin Guri, on its EUR 50 million acquisition of Telekom Albania from OTE. White & Case and Wolf Theiss advised the sellers on the deal.	EUR 50 million	Albania
18-Jan	Bird & Bird; Dorda	Dorda and the French office of Bird & Bird (acting as local counsel) advised Cyan AG on an international tender and on its entrance into a group license agreement with French telecommunications provider Orange S.A.	N/A	Austria
22-Jan	SCWP Schindhelm	SCWP Schindhelm advised Startup300 AG on its listing on the Vienna Stock Exchange.	N/A	Austria
23-Jan	Eisenberger & Herzog; Schoenherr	Schoenherr advised Playtika Ltd. on the acquisition of Supertreat GmbH, the developer of the mobile game Solitaire – Grand Harvest. Eisenberger & Herzog advised the sellers.	N/A	Austria
31-Jan	Clifford Chance; Herbst Kinsky; Weber & Co.	Weber & Co. acted as underwriter's and managers' counsel to Erste Group Bank AG (Sole Global Coordinator) and Goetzpartners Securities Ltd (Co-Lead Manager) on Marinomed Biotech AG's February 1, 2019 debut on the Vienna Stock Exchange. Herbst Kinsky Rechtsanwälte advised Marinomed, with Clifford Chance Frankfurt advising the company on US law aspects of the IPO.	N/A	Austria
1-Feb	EY Law; Schoenherr	Schoenherr advised Austrian insurtech start-up bsurance on its Series-A financing round. The investment was provided by UNIQA Ventures GmbH – advised by EY Law – and an additional investor.	EUR 4 million	Austria
4-Feb	Allen & Overy	Allen & Overy advised Oesterreichische Kontrollbank on legal aspects of its public offering of USD 1.5 billion of 2.625% Guaranteed Global Notes due 2022.	USD 1.5 billion	Austria
5-Feb	Ashurst; Cerha Hempel Spiegelfeld Hlawati; Cleary Gottlieb Steen & Hamilton	CHSH Cerha Hempel Spiegelfeld Hlawati and Cleary Gottlieb Steen & Hamilton advised OMV on the acquisition of a 15% share in Abu Dhabi Oil Refining Company and a 15% share in a to-be-established trading joint venture involving the Abu Dhabi National Oil Company. Ashurst advised ADNOC and ADNOC on the deal.	N/A	Austria
22-Jan	Aleinikov & Partners	Aleinikov & Partners advised ASBIS on its acquisition of a Belarusian group of companies dealing with the management, development, implementation, and operation of software and network and telecommunication technology products.	N/A	Belarus
30-Jan	Sorainen	Sorainen Belarus assisted the EBRD with the sale of its share in Commercial and Industrial Group West-Ost Union to CDRL S.A. and to the company's current CEO and shareholder, Siarhei Misiachenka.	N/A	Belarus
21-Jan	Aleinikov & Partners ; DLA Piper	Aleinikov & Partners, working jointly with the Moscow office of DLA Piper, advised Alfa-Bank CJSC on its acquisition of Home Credit Group's Belarusian subsidiary.	N/A	Belarus; Russia
21-Jan	Deloitte Legal	Deloitte Legal advised Currency Com Bel LLC on its launch of the world's first regulated tokenized securities exchange.	N/A	Belarus; Russia
22-Jan	Ernst & Young; Law Firm Sajic	Law Firm Sajic advised Hidraulika Flex d.o.o. Laktasi on the EUR 3.9 million sale of 60% shares to Pewag Engineering GmbH. Ernst & Young reportedly advised Pewag Engineering on the deal.	EUR 3.9 million	Bosnia and Herzegovina
14-Feb	Law Firm Sajic	The Law Firm Sajic won a EUR 3.25 million case for insurance company Krajina Osiguranje before the Supreme Court of the Republic of Srpska.	EUR 3.25 million	Bosnia and Herzegovina
6-Feb	CMS	CMS successfully represented RES Technology in a dispute heard by the Arbitration Court of the Bulgarian Chamber of Commerce and Industry initiated by Bulgaria's state-owned electricity transmission system operator ESO EAD.	N/A	Bulgaria
6-Feb	CMS	CMS helped China Communications Construction Company Ltd. win a public procurement contract with the Bulgarian railways.	N/A	Bulgaria

Date covered	Firms Involved	Deal/Litigation	Value	Country
15-Feb	CMS; Djingov, Gouginski, Kyutchukov & Velichkov	CMS advised Fresh and Food Logistics on its acquisition of the logistics activities of Froneri, a joint venture of Nestle and R&R that produces ice-cream, frozen foods, and dairy products in Sofia and Varna, Bulgaria. Djingov, Gouginski, Kyutchukov & Velichkov advised Froneri on this deal.	N/A	Bulgaria
21-Jan	CMS; Wolf Theiss	Wolf Theiss advised DDM Group and B2Holding on their acquisition of Heta Asset Resolution's Croatian servicing platform and a portfolio of receivables and properties with a face value of EUR 800 million. CMS Reich-Rohrwig Hainz advised Heta on the sale.	EUR 800 million	Croatia
8-Feb	Cipcic-Bragadin Mesic & Associates	Cipcic-Bragadin Mesic & Associates assisted Flixbus CEE South d.o.o. with its acquisition of competitor Auto Poduzece Imotski Ltd.	N/A	Croatia
17-Jan	Nemec, Blaha & Navratilova; Schoenherr	Schoenherr Prague advised Finland's Caverion Emerging Markets Oy on the disposal of its Czech subsidiary, Caverion Ceska Republika s.r.o., to KART spol. s r.o., a member of the CEZ Group. The Nemec, Blaha & Navratilova law firm advised KART on the deal.	N/A	Czech Republic
18-Jan	Glatzova & Co.	Glatzova & Co. advised DRFG Real Estate on its acquisition of three commercial properties in North Bohemia from Czech Property Investments, a.s.	N/A	Czech Republic
22-Jan	Kocian Solc Balastik	Kocian Solc Balastik successfully represented Asiana in a dispute with transportation company Student Agency before the Regional Court in Brno.	N/A	Czech Republic
23-Jan	Petros Sedlackova Legal; Weinhold Legal	Weinhold Legal advised Czech insurance broker Renomia, a.s. on its acquisition of a majority stake in IMG a.s. Petros Sedlackova Legal advised the selling shareholder.	N/A	Czech Republic
23-Jan	Havel & Partners; Kinstellar	Kinstellar advised the Helaba Bank on financing for the EUR 48 million acquisition of the Florenc Office Center in Prague by Korea's Shinhan Investment Corp. The sellers, ZFP Investments, were advised by Havel & Partners.	EUR 48 million	Czech Republic
7-Feb	Clifford Chance; Dentons	Dentons advised the Czech Republic's Sev.en Energy on an agreement to acquire a 50 percent stake in multinational energy company InterGen N.V. from the Canadian Ontario Teachers' Pension Plan. Clifford Chance advised the sellers on the deal.	N/A	Czech Republic
12-Feb	Weinhold Legal	Weinhold Legal advised the Czech Republic's National Medicines Verification Organization on the launch of a medicine verification system in the country.	N/A	Czech Republic
13-Feb	BBH; Kinstellar	Kinstellar advised Neuraxpharm Group on its acquisition of Farmax from SVUS Pharma in the Czech Republic, Slovakia, and Hungary. BBH advised SVUS Pharma on the sale.	N/A	Czech Republic; Hungary; Slovakia
16-Jan	Laus & Partners; Pohla & Hallmagi	Pohla & Hallmagi advised Kunda Sadam AS on its acquisition of Palgaria Kraana OU. The sellers were advised by Laus & Partners.	N/A	Estonia
16-Jan	Laus & Partners; Pohla & Hallmagi	Pohla & Hallmagi advised Kunda Sadam AS on the acquisition of PK Terminal OU. The sellers were reportedly advised by Laus & Partners.	N/A	Estonia
18-Jan	Ellex (Raidla); Primus Derling; Tark; Trinit	Ellex Raidla advised Estonian pension fund manager LHV Varahaldus and LHV Bank on their equal subscription to and acquisition of EUR 10 million in secured notes issued by Transpordi Varahaldus, Estonia's state-owned holding company, to finance its purchase and leasing to Estonian airline Nordica of a Bombardier CRJ900 jet. Transpordi Varahaldus was advised by Trinit, Derling Primus acted as the security agent appointed by the finance parties, and Nordica was advised by the Tark law firm.	EUR 10 million	Estonia
21-Jan	Cobalt	Cobalt advised Finnish private equity fund KJK on its acquisition of a 50% stake in Estonian Tahe Outdoors OU.	N/A	Estonia
21-Jan	Ellex (Raidla)	Ellex Raidla advised Tahe Outdoors on its acquisition of BIC Sport.	N/A	Estonia
22-Jan	Cobalt	Cobalt Estonia advised French real estate fund Corum Origin on its acquisition of an industrial building that is fully leased to Harmet OU for 15 years under a sale and leaseback transaction.	N/A	Estonia
28-Jan	Cobalt	Cobalt advised the Jersey-based fund Scope Growth III L.P. on Estonian aspects of its acquisition of the lingerie brand Miss Mary of Sweden.	N/A	Estonia
11-Feb	Nove	Nove successfully represented Estonian bus transport service provider AS SEBE in a dispute regarding a public service contract worth more than 21 million euros.	EUR 21 million	Estonia
13-Feb	Cobalt	Cobalt advised the EIB on a EUR 12 million quasi-equity loan it provided to Estonian company Elcogen.	EUR 12 million	Estonia
12-Feb	Hasto & Co; TGS Baltic; Wesslau Soderqvist Advokatbyra	TGS Baltic advised Sweden's LMT Group AB on the acquisition of PLM Group companies in Latvia, Estonia, Sweden, Denmark, Finland, Norway, and Iceland. The LMT Group was also advised by Sweden's Wesslau Soderqvist Advokatbyra and Finland's Hasto & Co.	N/A	Estonia; Latvia
12-Feb	Glimstedt	Glimstedt advised international advisory real estate company Newsec on its investment in Lithuanian crowdfunding real estate platform Rontgen.	N/A	Estonia; Latvia; Lithuania

Date covered	Firms Involved	Deal/Litigation	Value	Country
8-Feb	Cobalt; TGS Baltic	Cobalt advised London-based Vink Group, Europe's largest semi-finished plastics distributor, on its acquisition of Baltic companies OU Proplastik, SIA Proplastik, and UAB Proplastik. TGS Baltic advised the Proplastik shareholders on the transaction.	N/A	Estonia; Latvia; Lithuania;
22-Jan	Glimstedt	Glimstedt advised APL Restaurants, a member of Estonia's Apollo Group, on its acquisition of Ozo Boulingas from the Akropolis Group.	N/A	Estonia; Lithuania
21-Jan	Kyriakides Georgopoulos; Watson Farley & Williams	Watson Farley & Williams advised the National Bank of Greece on a ten year non-recourse acquisition financing of EUR 357 million to a consortium of Snam, Enagas, and Fluxys to fund approximately 65% of the consideration for the consortium's acquisition of a 66% stake in Hellenic Gas Transmission System Operator S.A. Kyriakides Georgopoulos advised the consortium.	EUR 357 million	Greece
30-Jan	Ashurst; Bernitsas; Koutalidis; White & Case	White & Case and Greece's Koutalidas law firm advised Alpha Bank A.E. on its sale of a mixed pool of non-performing loans to Greek SMEs to a consortium of funds managed by affiliates of Apollo Global Management and the IFC, as well as its sale, together with Alpha Bank's wholly-owned group company Alpha Leasing S.A., of repossessed real estate assets in Greece. Ashurst and Bernitsas advised the buyers.	N/A	Greece
7-Feb	Drakopoulos	Drakopoulos is representing Hellenic Shipyards in ICC arbitration proceedings against the Hellenic Republic.	N/A	Greece
15-Jan	CMS; DLA Piper; Noerr	Noerr advised K&H Bank on the financing of the Wing Groups' acquisition of the "Siemens Offices" real estate complex in Budapest from Siemens. CMS advised Siemens on the acquisition itself, and DLA Piper advised Wing.	N/A	Hungary
25-Jan	Noerr	Noerr advised the EIB on financing provided to the Hungarian automotive technology company Almotive.	N/A	Hungary
25-Jan	Noerr	Noerr Budapest advised Hiventures on its investment in Oriana International, a Hungarian company providing low-code platform development and partnering in domestic and international sales.	N/A	Hungary
25-Jan	Deloitte Legal; Pontes	Deloitte Legal advised K&H Bank on long-term non-recourse project financing provided to Photon Energy Group for Photon Energy's 11.5 MWP proprietary PV power plant portfolio in Hungary. Pontes Budapest advised Photo Energy on the deal.	N/A	Hungary
30-Jan	Kapolyi Law Firm	The Kapolyi Law Firm assisted the CyBERG Corp. the owner of Budapest's Kajahu "social digital" restaurant chain, with its initial placement of shares on the Budapest Stock Exchange's BSE Xtend mid-market and their introduction to trading.	N/A	Hungary
30-Jan	Deloitte Legal	Deloitte Legal helped Germany's ABO Wind AG launch a 5.2 MW solar power plant to the south of Debrecen in Hungary.	N/A	Hungary
4-Feb	Noerr; Wolf Theiss	Noerr advised AEW Europe on the acquisition financing of the Luxus Aruhaz retail unit at Vorosmarty square in the heart of Budapest. The transaction was financed by UniCredit Bank AG Vienna, which was represented by Wolf Theiss.	N/A	Hungary
14-Feb	Kapolyi	Kapolyi advised AutoWallis Plc., a new company of the Wallis Group specializing on automotive investments, on its February 7, 2019 IPO and listing on the Budapest Stock Exchange.	N/A	Hungary
17-Jan	Ellex (Raidla); Grant Thornton	Ellex Raidla advised Ichiban OU on the sale of Auto Forte Tallinn OU, the retailer of Peugeot and Hyundai in Tallinn, to United Motors AS. Grant Thornton Baltic advised United Motors on the deal.	N/A	Latvia
18-Jan	Cobalt; Deloitte Legal; Sorainen; TGS Baltic	TGS Baltic advised Expobank CZ a.s. on the financing of the acquisition by Astor Group Latvia of the shares of SIA Polar Bek Daugava, owner of the Radisson Blu Daugava Hotel, from PBR Hotel.	N/A	Latvia
18-Jan	Cobalt; Ellex (Klavins)	Cobalt advised Corum Origin on the acquisition and leaseback transaction of the ELKO Group headquarters office and warehouse in Riga for EUR 14.6 million. Ellex Klavins advised ELKO Group on the sale.	EUR 14.6 million	Latvia
25-Jan	Ellex (Klavins); Primus Derling	Primus Derling advised the Lumi Retail Property Fund on its acquisition of the shares of SIA Anninmuizas Iela, owner of the Anninmuizasa retail shopping center in Riga, from Latvian investment fund Hipo Latvijas Nekustama Ipasuma Fonds I, which was advised by Ellex Klavins.	N/A	Latvia
25-Jan	Cobalt	Cobalt has assisted AS Eves Agro on its "inclusion" of SIA Palsa under a special Latvian process.	N/A	Latvia
28-Jan	Sorainen	Sorainen Latvia is providing legal assistance to Tiesu Namu Agentura in an open competition for the design, construction, and supervision of a new prison complex in the western Latvian city of Liepaja.	N/A	Latvia
30-Jan	Primus Derling	Primus Derling assisted ALD Automotive, SIA with the development of a new consumer car rental product.	N/A	Latvia
5-Feb	Primus Derling	Primus Derling helped Skoda Vagonka, the manufacturer of electric passenger trains, draft an application to challenge the decision of Latvia's Pasazieru Vilciens public transport service provider relating to its decision to award a tender to deliver passenger trains and related equipment to another bidder.	N/A	Latvia



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Date covered	Firms Involved	Deal/Litigation	Value	Country
5-Feb	TGS Baltic	TGS Baltic helped Poland's MCI.PrivateVentures Fundusz Inwestycyjny Zamknięty and sub-fund MCI.TechVentures 1.0 obtain the permission of Latvia's Competition Council for its acquisition of sole control over Morele.net.Sp. z.o.o.	N/A	Latvia
25-Jan	Sorainen	Sorainen assisted the Bridgestone producer of tires and other rubber products on the implementation of the GDPR in its group company in Latvia and its branch in Lithuania.	N/A	Latvia; Lithuania
14-Feb	Addlaw; Cobalt; Glimstedt	Glimstedt advised the Apollo Group on its acquisition of a network of KFC restaurants operating in Lithuania and Latvia from the Cibus Group. Cobalt and Addlaw advised the sellers.	N/A	Latvia; Lithuania
15-Jan	Glimstedt	Glimstedt advised Business Angels Fund I on the launch of Business Angels Fund II with UAB Investiciju Ir Verslo Garantijos.	N/A	Lithuania
17-Jan	Allen & Overy; Arendt & Medernach; Cobalt; Linklaters; Sorainen	Cobalt, working with Linklaters in Poland, Homburger in Switzerland, and Arendt & Medernach in Luxembourg, represented SEB Bank in allocating EUR 80 million financing for the development of Lithuania's joint-stock stevedoring company Klaipėdos Smelte. Allen & Overy advises Klaipėdos Smelte.	EUR 80 million	Lithuania
18-Jan	Donatas Venslavicius; Sorainen	Sorainen advised SBA group company Urban Inventors on the acquisition of a part of the former Kauno Grūdai site in Kaunas, Lithuania, from Omina Bona, Antra Kryptis, and Emea Rei Limited. Solo practitioner Donatas Venslavicius advised the sellers on the deal.	N/A	Lithuania
23-Jan	Cobalt; TGS Baltic	Cobalt advised Lithuanian invoice financing company UAB Debitum Fori on the sale of the company to Dutch factoring company Factris. TGS Baltic advised Factris on the acquisition.	N/A	Lithuania
24-Jan	TGS Baltic	TGS Baltic advised Akropolis Group, UAB in negotiations with UAB Mitnija on the renovation of the Akropolis shopping and entertainment center in Vilnius.	EUR 14 million	Lithuania
1-Feb	TGS Baltic	TGS Baltic advised UAB Eugesta on the acquisition of a majority interest in UAB Armavista.	N/A	Lithuania
6-Feb	Cobalt; Ellex (Valiunas)	"Cobalt advised Dasos Capital Oy on its acquisition of Euroforest's Lithuanian forest assets. Ellex advised Euroforest Lithuania on the sale.	N/A	Romania
"	N/A	Lithuania	EUR 3.6 million	Romania
6-Feb	CEE Attorneys; Cobalt	Cobalt advised UAB Cgates on its acquisition of telecommunications company Splus. CEE Attorneys advised the shareholders of Splus on the transaction.	N/A	Lithuania
8-Feb	Cobalt; Glimstedt	Glimstedt and Cobalt advised Resolution Holdings on its acquisition of real estate brokerage company UAB Luminor Bustas from Luminor bank and on its investment in UAB Trečia Diena.	N/A	Lithuania
11-Feb	CEE Attorneys	CEE Attorneys provided CARGGO with assistance in relocating more than 25 software developers and other tech employees from outside the EU in Lithuania.	N/A	Lithuania
11-Feb	Tvins	Tvins advised asset management company Mundus UAB on the setting up of MUNDUS Mezzanine I, a new closed-end investment fund.	N/A	Lithuania
11-Feb	Sorainen	Sorainen advised fund management on the structuring and incorporation of the Iron Wolf Capital Fund, a limited partnership in Lithuania. The expected size of the fund is over EUR 25 million.	EUR 25 million	Lithuania
15-Feb	Glimstedt	Glimstedt advised Investment and Business Guarantees, Ltd (Invega) and Startup Wise Guys, which the firm describes as "one of the most experienced startup accelerators in Europe," on the launch of two venture capital funds in Lithuania.	N/A	Lithuania
14-Feb	Alrud; CMS	CMS advised RESO-Garantia on its acquisition of ERGO Insurance, a Russian subsidiary of the ERGO Group, from ERGO International AG. Alrud advised ERGO International on the sale.	N/A	Macedonia; Russia
15-Feb	CMS; Jones Day; Schoenherr; Turcan Cazac	CMS and Turzan Cazac advised the OTP Bank Group on the acquisition of 87.85% of shares in Mobiasbanca from the Societe Generale group. Schoenherr, working with lead counsel Jones Day, advised Societe Generale on the sale.	N/A	Moldova
6-Feb	Allen & Overy; Cleary Gottlieb Steen & Hamilton; Karanovic & Partners; Kinstellar; Radonjic Associates; Shearman & Sterling	Kinstellar, Shearman & Sterling, and Radonjic Associates advised Masdar on its acquisition of a 49% share in Krnovo Green Energy from a subsidiary of Akuo Energy. Cleary Gottlieb Steen & Hamilton and Karanovic & Partners advised Akuo Energy, while Allen & Overy advised the lenders.	N/A	Montenegro
15-Jan	Gide Loyrette Nouel; Krassowski Law Firm	Gide advised Resource Partners on its acquisition of a 70 percent stake in Maczfit, a dietary catering home delivery company.	N/A	Poland
15-Jan	Gide Loyrette Nouel	Gide advised Benvic Europe SAS on the acquisition of Alfa PVC sp. z o.o., a manufacturer of granulated polyvinyl chloride blends.	N/A	Poland
15-Jan	Clifford Chance; Weil, Gotshal & Manges	Clifford Chance advised private equity firm Cinven on its acquisition of a minority stake in RTB House, a Warsaw-based global provider of innovative retargeting technology.	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
17-Jan	Clifford Chance; Dechert; Gide Loyrette Nouel; White & Case	Gide advised Enterprise Investors on the sale of Intive group companies involved in digital product development to Mid Europa Partners. White & Case, Clifford Chance, and Dechert advised Mid Europa Partners on the deal.	N/A	Poland
18-Jan	Dentons; Hogan Lovells	Dentons Warsaw advised Tristan Capital Partners and White Star Real Estate on a EUR 86 million acquisition for the portfolio of EPISO 4 opportunity fund of a portfolio of five warehouses located in Poland from Oz Real Estate. Hogan Lovells advised the sellers.	EUR 86 million	Poland
18-Jan	Cooley; Kubas Kos Galkowski; Morgan Lewis & Bockius; WKB Wiercinski Kwiecinski Baehr	WKB Wiercinski, Kwiecinski, Baehr, working with lead counsel Morgan, Lewis & Bockius, assisted ShopRunner, Inc. with its acquisition of the enterprise of Spring NYC, Inc. and its Polish subsidiary, Spring Poland Sp. z o.o. Cooley was global counsel to the sellers, with Kubas Kos Galkowski advising with regard to the Polish aspects of the transaction.	N/A	Poland
18-Jan	CMS; DLA Piper	DLA Piper advised Capital Park on obtaining a EUR 159.3 million loan from the European Investment Bank and Pekao SA for the implementation of the "ArtN" project. CMS advised the lenders.	EUR 159.3 million	Poland
22-Jan	Linklaters	Linklaters advised development company Skanska on the purchase of the remaining stake of shares in Business Link sp. o.o. from the Academic Entrepreneurship Incubator foundation, which runs a network of co-working and private rental offices in Poland.	N/A	Poland
22-Jan	CEE Attorneys	CEE Attorneys Poland persuaded the Polish Court of Appeals to significantly lower an award of damages made against client BBA Transport System in a case involving a breach of a non-competition clause.	N/A	Poland
23-Jan	Dentons; Hogan Lovells	Dentons Warsaw advised Santander Bank Polska S.A. on a EUR 42 million and PLN 60 million financing granted to Galtair, a special purpose vehicle controlled by ISOC Group, for the acquisition of Silesia Business Park C and D office buildings from Skanska. Hogan Lovells advised Galtair on the financing.	EUR 42 million and PLN 60 million	Poland
24-Jan	Baker McKenzie; Wolf Theiss	Wolf Theiss advised ALSO Holding AG on its agreement with MCI Euroventures, the majority shareholder of ABC Data S.A., to make a joint tender offer for all publicly-held shares of Warsaw Stock Exchange-listed ABC Data. Baker McKenzie advised MCI and ABC Data on the sale.	N/A	Poland
24-Jan	Gessel; Kasprzyk & Wojdan	Gessel advised Bank BGZ BNP Paribas on its acquisition of a minority stake in Dafo Plastics, a packaging producer from the Polish town of Nowy Targ. Kasprzyk & Wojdan advised Dafo Plastics on the deal.	N/A	Poland
25-Jan	Dentons; Weil, Gotshal & Manges	Dentons advised Orbis in connection with a tender offer issued by majority shareholder AccorHotels to purchase all outstanding shares in Orbis's share capital.	EUR 337 million	Poland
28-Jan	Zieba & Partners	Zieba & Partners advised Skanska Residential Development Poland on the acquisition of real estate properties in Warsaw and Krakow from unnamed private sellers for a combined PLN 70 million.	PLN 70 million	Poland
29-Jan	K&L Gates	K&L Gates advised Poland's Alfabeat venture capital fund in Poland on its investment in RoboCamp.	N/A	Poland
1-Feb	Dentons; DLA Piper	Dentons advised Hines Poland on the sale of the Graffit office building in Warsaw to Zeus Capital Management. DLA Piper advised the buyer on the deal.	N/A	Poland
1-Feb	K&L Gates	K&L Gates successfully represented Chinese construction company China Overseas Engineering Group Co., Ltd in a dispute with a subcontractor involving its commitment to supply acoustic screens for the A2 motorway between Warsaw and Lodz.	N/A	Poland
4-Feb	WKB Wiercinski Kwiecinski Baehr	On January 25, 2019, Poland's National Appeals Chamber dismissed an appeal of the results of the contest to develop the urban-architectural Music Centre and City Park concept in Krakow which was organized by the Malopolska Voivodeship and the Municipality of Krakow. The organizer of the contest was supported by WKB throughout the appeals procedure.	N/A	Poland
5-Feb	GFKK Grzybczyk Kaminski Gawlik	GFKK Grzybczyk Kaminski Gawlik provided pro bono assistance to the Mieczyslaw Karłowicz 1st and 2nd Degree State Music School in Katowice for the renovation of its concert hall in the school building. The main work contractor was Dombud S.A.	N/A	Poland
5-Feb	Clifford Chance; K&L Gates	Clifford Chance's Warsaw office represented Hoist Finance, a Swedish financial services company active in nine European countries, on its acquisition of non-performing loans from Polish company GetBack. K&L Gates advised GetBack on the sale.	N/A	Poland
6-Feb	Clifford Chance; Weil, Gotshal & Manges	Clifford Chance advised Mid Europa Partners and its recently-acquired portfolio company Hortex on the conditional agreement to purchase Jurajska from Bewa. Weil Gotshal & Manges advised Bewa on the transaction.	N/A	Poland
11-Feb	Greenberg Traurig	Greenberg Traurig represented CCC S.A. on the initiation of a business and capital cooperation with the HR Group.	N/A	Poland
13-Feb	Dentons	Dentons advised the LRC Group on its acquisition of 175 apartments and commercial spaces in a modern housing estate in Warsaw.	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
13-Feb	Jara Drapala & Partners	Jara Drapala & Partner persuaded the Court of Appeal in Warsaw to dismiss an appeal of a judgment by the Regional Court awarding compensation to IT company and firm client Exorigo-Upos sp. z o.o. for "stock exchange damage."	N/A	Poland
14-Feb	DLA Piper; Luther; Roedl & Partner	DLA Piper advised Eiffel Investment Group on the financing of photovoltaic systems in Poland built by Germany's SUNfarming Group. SUNfarming was advised by Roedl & Partner on Polish law matters and Luther Rechtsanwalts-gesellschaft on German law.	N/A	Poland
4-Feb	Deloitte Legal; Tuca Zbarcea & Asociatii	Tuca Zbarcea & Asociatii advised Interbrands on the sale of 60% of the company to Orbico, one of the largest distributors of consumer goods in Central and Eastern Europe. Deloitte Legal advised Orbico on the deal, which remains contingent on the approval of the Romanian competition council.	N/A	Poland; Romania
15-Jan	BPV Grigorescu; Jones Day	BPV Grigorescu, working alongside lead counsel Jones Day, advised Molex Electronic Technologies, LLC, on its acquisition of the Connected Vehicle Solutions (CVS) Division of Laird Limited.	N/A	Romania
16-Jan	Musat & Asociatii; Wolf Theiss	Musat & Asociatii advised Spectrum Brands Holdings on the USD 2 billion sale of its battery and lighting equipment divisions to Energizer Holding	USD 2 billion	Romania
18-Jan	Gordon Blair; Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica & Asociatii advised the owners of Net Brinel on the sale of 85% of the share capital to French Group SNEF, which was advised by Monaco's Gordon Blair law firm.	N/A	Romania
8-Feb	Stratulat Albuлесcu	Stratulat Albuлесcu advised GapMinder Venture Capital fund on its investment in tech start-up TypingDNA.	N/A	Romania
11-Feb	Nestor Nestor Diculescu Kingston Petersen	Nestor Nestor Diculescu Kingston Petersen assisted Smithfield Group in its acquisition of the Maier Com sausage factory in Arad County, Romania.	N/A	Romania
11-Feb	Suciu Popa	Suciu Popa successfully represented Hidroelectrica S.A in a class action lawsuit initiated by 3,000 employees concerning rights claimed under the collective bargaining agreement.	N/A	Romania
14-Feb	GKC Partners; Paksoy; White & Case	Paksoy advised the Ulusoy family on the sale of a majority stake in Ulusoy Elektrik to Eaton Capital Unlimited Company. White & Case and GKC Partners advised Eaton Capital on the acquisition.	N/A	Romania
14-Feb	Buzescu Ca	Buzescu Ca assisted Danfoss on the absorption by one of its Romanian subsidiaries of Sondex Romania as part of a global deal.	N/A	Romania
25-Jan	Allen & Overy; Zamfirescu Racoti & Partners	RTPR Allen & Overy in Bucharest and Allen & Overy in Bratislava advised a syndicate of banks in relation to a USD 68 million credit facility granted to Romania's Alro Slatina. Zamfirescu Racoti & Partners advised Alro on the deal.	USD 68 million	Romania; Slovakia
18-Jan	CMS	CMS Russia advised the shareholders of Western Siberian Commercial Bank on the sale of shares representing a total of 71.8% of the bank's share capital to VTB Bank.	N/A	Russia
22-Jan	Alliance Legal Consulting Group	The Alliance Legal Consulting Group persuaded the Kuntsevsky District Court of Moscow to dismiss a claim brought by Ruslan Kagarmenov for copyright infringement against firm client Alexander Revva regarding the song "Chika."	N/A	Russia
29-Jan	Kulkov, Kolotilov and Partners	A team from Moscow's Kulkov, Kolotilov and Partners successfully assisted RBC PJSC avoid what it calls "unjustified subsidiary responsibility" in a bankruptcy case in the Moscow Arbitration Court.	N/A	Russia
31-Jan	Ilyashev & Partners	Ilyashev & Partners convinced a Russian court to issue an enforcement order in a dispute between PJSC Alfa-Bank against businessman Kirill Podolsky, the former owner of the online agency Anywayanyday, for over USD 12 million.	USD 12 million	Russia
7-Feb	Bryan Cave Leighton Paisner; Clifford Chance	Clifford Chance advised IHI plc, owners of the Corinthia Hotels Group, on the acquisition of a property in Moscow, related to the recently announced Corinthia Hotel & Residences project. The Moscow office of Bryan Cave Leighton Paisner advised the seller, Cyprus's Barlands Holdings Limited.	N/A	Russia
12-Feb	Bryan Cave Leighton Paisner	Bryan Cave Leighton Paisner advised the Far East and Baikal Region Development Fund on a RUB 2 billion secured loan for the construction of a new terminal at Khabarovsk International Airport and related airport infrastructure.	RUB 2 billion	Russia
17-Jan	JPM Jankovic Popovic Mitic	JPM Jankovic Popovic Mitic advised the China Shandong International Economic and Technical Cooperation Corp. on its successful bid for the concession to charge a toll on the highway it is constructing in Bosnia's autonomous Republika Srpska announced by the region's government..	N/A	Serbia
4-Feb	Karanovic & Partners; Osborne Clarke	Karanovic & Partners supported Epic Games in its acquisition of 3Lateral, a developer of digital humans technology and creative content. Osborne Clarke advised 3Lateral on the matter.	N/A	Serbia
5-Feb	BDK Advokati; Samardzic, Oreski & Grbovic	BDK Advokati advised Dnata, a global corporation based in the United Arab Emirates, on the acquisition of all the shares in Serbian EAP Shared Services d.o.o. from Etihad Airport Services LLC. Samardzic, Oreski & Grbovic advised Etihad Airport Services on the deal.	N/A	Serbia
8-Feb	Subotic & Jevtic	Belgrade's Subotic & Jevtic law firm advised Lukoil Srbija a.d. on a capital increase amounting to approximately EUR 62 million.	EUR 62 million	Serbia

Date covered	Firms Involved	Deal/Litigation	Value	Country
15-Jan	Dentons; Kinstellar	Kinstellar advised a syndicate of international banks led by UniCredit Bank and including Tatra Banka, CSOB, and Hypo-Bank Burgenland on a EUR 175 million club loan provided to HB Reavis for the construction of Nivy Station in Bratislava. Dentons advised HB Reavis on the deal.	EUR 175 million	Slovakia
17-Jan	Kinstellar	Kinstellar Bratislava advised the Japanese multinational electronics company JVC Kenwood on its acquisition of shares in the Slovak technology company Streamstar.	N/A	Slovakia
23-Jan	Kinstellar; Krnac, Koncok & Partners	Kinstellar advised the Czech fund management company Redside on its EUR 90 million acquisition of Trecin Industrial Park from AU Optronics. Krnac, Koncok & Partners advised the sellers on the deal.	N/A	Slovakia
15-Feb	Glatzova & Co; Hengeller Mueller	The Bratislava office of Glatzova & Co, working with lead counsel Hengeller Mueller, provided legal advice on the Slovak part of the acquisition by Canadian information technology services provider Syntax and private investor Novacap of a stake in IT company Freudenberg.	EUR 300 million	Slovakia
18-Jan	Miro Senica and Attorneys; Rojs, Peljhan, Prelesnik & Partners	Law firm Miro Senica and Attorneys advised household appliance manufacturer Gorenje d.d., on its sale of Gorenje Surovina d.o.o., a waste management services provider in Slovenia, to Eko Surovina d.o.o., a member of the Rastoder Group. Rojs, Peljhan, Prelesnik & Partners advised the buyers on the deal.	N/A	Slovenia
21-Jan	Allen & Overy; Gedik Eraksoy; GKC Partners; White & Case	White & Case and GKC Partners advised Yapi Kredi Bank on its inaugural offering of USD 650 million Perpetual Fixed Rate Resettable Additional Tier 1 Notes. The global coordinators and joint bookrunners were advised by Allen & Overy and Gedik & Eraksoy.	USD 650 million	Turkey
13-Feb	ADMD Law Firm; Paksoy	Paksoy advised Mitsubishi Heavy Industries Thermal Systems on its acquisition of a stake in Form VRF Sistemleri San. ve Tic. A.S., its long-time distributor of air conditioning systems in Turkey. ADMD/Mavioglu & Alkan advised Form VRF Sistemleri on the sale.	N/A	Turkey
17-Jan	Sayenko Kharenko	Sayenko Kharenko acted as legal counsel to Henkell & Co. Sektellerei GmbH concerning the squeeze-out of minority shareholders from PrJSC Kyivsky Zavod Shampanskikh Vyn "Stolychniy."	N/A	Ukraine
18-Jan	Ilyashev & Partners	Ilyashev & Partners has been appointed Ukrainian legal advisor on regulatory issues concerning introduction by the International Air Transport Association of the EasyPay payment system.	N/A	Ukraine
22-Jan	Lavryovych & Partners	Lavryovych & Partners won a dispute with the Ministry of Finance of Ukraine in the Court of Appeals on behalf of the territorial community of the Boryspil district of the Kyiv region of Ukraine	N/A	Ukraine
25-Jan	Integrites	Integrites conducted what it describes as "comprehensive legal due diligence" for the Kyiv-based Business Retail Group.	N/A	Ukraine
29-Jan	Ilyashev & Partners	Ilyashev & Partners successfully protected the interests of Mozyrsalt OJSC, one of the largest producers of "salt extra" in the region, in an anti-dumping investigation on imports of white evaporated salt extra originating from Belarus into Ukraine.	N/A	Ukraine
1-Feb	Avellum	Avellum advised PrJSC Jacobs Douwe Egberts Ukraina on a minority squeeze-out procedure.	N/A	Ukraine
6-Feb	PwC Legal	PwC Legal Ukraine successfully represented Syngenta LLC, a multinational producer of agrochemicals and seeds, in its claim for a refund of an overpaid corporate profits tax from Ukraine's central tax authority.	N/A	Ukraine
8-Feb	Asters	Asters advised Emer Group Limited in connection with the recent sale of its 6.99% stake in JSC Farmak, the largest pharmaceutical producer in Ukraine.	N/A	Ukraine
11-Feb	Clifford Chance; Integrites; K&L Gates; Redcliffe Partners	Integrites and K&L Gates advised Norwegian utility-scale wind power developer NBT and Paris-based renewable energy independent power producer Total Eren on their entrance into a framework agreement with a syndicate of foreign lenders, including EBRD and the Nordic Environment Finance Corporation, for the construction of one of the largest wind farms in Europe. Redcliffe Partners and Clifford Chance advised the lenders and J.P. Morgan Securities Plc as debt coordinator.	EUR 380 million	Ukraine
11-Feb	Aequo; Willkie Farr & Gallagher	Aequo advised Dragon Capital Investments Limited and Dragon Capital New Ukraine Fund L.P. on the acquisition of a minority stake in Ciklum. AVentures Capital also participated in the investment round and acquired a minority stake in Ciklum. Willkie Farr & Gallagher reportedly advised Ciklum on the sale.	N/A	Ukraine
12-Feb	Interlegal	Interlegal successfully defended the interests of Thyssenkrupp Materials Trading GmbH as creditor in a debtor-creditor dispute in Ukraine.	N/A	Ukraine
13-Feb	Avellum; Clifford Chance; Sayenko Kharenko; White & Case	Sayenko Kharenko and Clifford Chance advised Deutsche Bank on a EUR 349.3 million facility extended to Ukraine under a World Bank guarantee. Avellum and White & Case advised the Ukrainian Ministry of Finance on the deal.	EUR 349.3 million	Ukraine
14-Feb	Clifford Chance; Pedersoli Studio Legale; Redcliffe Partners	Redcliffe Partners advised CVC Capital Partners on its acquisition of Recordati S.p.A. from the shareholders of FIMEI. Pedersoli Studio Legale advised FIMEI on the sale.	EUR 3 billion	Ukraine

Full information available at: www.ceelegalmatters.com

Period Covered: January 15, 2018 - February 15, 2019

ON THE MOVE: NEW HOMES AND FRIENDS

Revera Launches Italian Desk



The Revera law firm in Belarus has announced the establishment of an Italy Desk, which the firm reports will serve as “a platform for promoting interests of Belarusian companies and investors in Italy and promoting Italian business in Belarus.”

“Due to our collaboration with major Italian law firms,” a Revera press release asserts, “our Belarusian clients are offered high-quality legal services pertaining to business transactions, taxation, real estate purchase and other issues. The platform’s goal: strengthening the business cooperation of Belarusian and Italian companies within the general framework of economic relations between Italy and Belarus, Italy and the Eurasian Economic Union.”

By David Stuckey

KZP Splits Into Kochanski & Partners and Zieba & Partners



Kochanski Zieba & Partners has split into two firms, with Rafal Zieba, Adam Piwakowski, and Maciej Schmidt leaving KZP’s equity to form Zieba & Partners, leaving Piotr Kochanski and Rafal Rapala as equity partners of the renamed Kochanski & Partners.

According to Zieba & Partners, as part of the agreement among all the former KZP equity partners, Zieba & Partners retains KZP’s Krakow office, while Kochanski & Partners keeps the Warsaw office. Zieba & Partners has opened a new office in Warsaw, and it currently has 12 partners, 9 of which were partners at KZP.

By David Stuckey



Schoenherr Creates Technology & Digitalization Group



Schoenherr has established a dedicated and firm-wide Technology & Digitalization group, headed by Partner Thomas Kulnigg.

Kulnigg also heads up the start-up and venture capital service at Schoenherr, is a founding member of the European Think-BLOCKTank blockchain think tank, and is a jury member of the Legal Tech Hub Vienna.

Schoenherr reports that the focus of the Technology & Digitalization group will be “advising clients comprehensively on complex legal questions in technology & digitalization-driven matters, ... implementing a one-stop shop across CEE, and ... deploying lawyers that have an affinity for technology.”

“We will make our clients’ legal demands in tomorrow’s tech-

nologies happen – today!”, commented Kulnigg. “I look forward to further expanding our expertise in these fascinating, fast-moving industries.”

By David Stuckey

Schoenherr Warsaw Takes Disputes Team From Wolf Theiss



Schoenherr Warsaw has taken a team of three arbitration and litigation lawyers led by Partner Marcin Aslanowicz from Wolf Theiss.

Senior Associate Pawel Bukiel and Associate Ewa join Aslanowicz – Schoenherr’s new head of Dispute Resolution in Warsaw – moving from the one Austria-based regional firm to another.

Schoenherr Partner Christoph Lindinger, the head of the firm-wide Dispute Resolution practice, commented: “Dispute resolution is a very important pillar of our regional competence. With the newly established team in our Warsaw office we underline our capabilities as a one-stop-shop in high profile international disputes in CEE.”

Schoenherr Warsaw Managing Partner Pawel Halwa added: “I am thrilled to welcome Marcin, Pawel, and Ewa to our Warsaw office. I have known them for many years and I am convinced that they will be a great fit, equally in terms of their practice area, the client base they serve, and the culture and values that drive them.”

“I am absolutely delighted to join Schoenherr – a top tier law firm with an outstanding reputation,” said Marcin Aslanowicz. “Together we can build an even stronger dispute resolution practice, offering both international and Polish clients a unique combination of arbitration and litigation experience as well as in-depth knowledge of the market. We understand the clients’ business needs and are keen to deliver them the highest quality legal service.”

By David Stuckey

PARTNER APPOINTMENTS

Date Covered	Name	Practice(s)	Firm	Country
1-Feb	Christian Zwick	Corporate/M&A	Binder Groesswang	Austria
18-Jan	Nina Vjestica	Banking/Finance	Dimitrijevic & Partners	Bosnia and Herzegovina
29-Jan	Marija Zrno	Corporate and Competition	CMS	Croatia
16-Jan	Filip Cabart	Banking/Finance	Havel & Partners	Czech Republic
24-Jan	Petr Hrnčir	Corporate/M&A	Noerr	Czech Republic
25-Jan	Drahomir Tomasuk	TMT; Data Protection; Corporate/M&A; Banking/Finance	Kocian Solc Balastik	Czech Republic
17-Jan	Tamas Feher	Dispute Resolution	Jalsovsky law firm	Hungary
24-Jan	Viktor Fuzi	Employment and Litigation	Noerr	Hungary
17-Jan	Rokas Daugela	Tax	Cobalt	Lithuania
17-Jan	Mindaugas Bliuvas	Criminal Law	Cobalt	Lithuania
17-Jan	Eva Suduiko	Banking/Finance; Capital Markets; M&A	Cobalt	Lithuania
17-Jan	Arturas Kojala	Real Estate	Cobalt	Lithuania
23-Jan	Aleksandra Faderewska-Waszkiewicz	Tax	Laszczuk & Partners	Poland
23-Jan	Marek Korcz	Technologies and Data Protection	Laszczuk & Partners	Poland
23-Jan	Jan Rysinski	Dispute Resolution	Laszczuk & Partners	Poland
24-Jan	Slawomir Kowalski	Personal Data Protection	Maruta Wachta	Poland
30-Jan	Katarzyna Solarz	Corporate/M&A; Investment Funds	SSW Pragmatic Solutions	Poland
30-Jan	Marcin Cetnarowicz	Labor Law	SSW Pragmatic Solutions	Poland
15-Jan	Andreea Bende	IP	Nestor Nestor Diculescu Kingston Petersen	Romania
22-Jan	Paul Buta	Dispute Resolution; Competition Law; IP	Musat & Asociatii	Romania
22-Jan	Iulian Popescu	Public Acquisitions; PPP	Musat & Asociatii	Romania
22-Jan	Razvan Stoicescu	M&A; Banking/Finance	Musat & Asociatii	Romania
24-Jan	Cristina Frincu	Civil Law; Arbitration; Administrative Law	Stoica & Associates	Romania
24-Jan	Bogdan Popescu	Civil Law, Competition Law; State Aid	Stoica & Associates	Romania
24-Jan	Maria Aronikova	Litigation; Trademark; Copyright Protection	Gowling WLG	Russia
25-Jan	Alexei Zakharko	Corporate/M&A; Banking/Finance	Dentons	Russia
18-Jan	Ana Popovic	Labor Law	Zivkovic Samardzic	Serbia
18-Jan	Kruna Savovic	Media and IP Litigation	Zivkovic Samardzic	Serbia
16-Jan	Juraj Steinecker	Competition Law; M&A	Havel & Partners	Slovakia
16-Jan	Inci Akin	Labor Law; Consumer Law	Yazici Attorney Partnership	Turkey
16-Jan	Ayse Yazici Adanir	Corporate; Contract Law	Yazici Attorney Partnership	Turkey
16-Jan	Sener Ozkan	Labor Law & Consumer Law	Yazici Attorney Partnership	Turkey
16-Jan	Kerem Aric	Oil and Gas Law	Yazici Attorney Partnership	Turkey
25-Jan	Burcu Okyay	Litigation; Employment & Labor Law	Bener Law Office	Turkey

PARTNER APPOINTMENTS (CONT)

Date Covered	Name	Practice(s)	Firm	Country
12-Feb	Mert Karamustafaoglu	Competition & Compliance	Erdem & Erdem	Turkey
17-Jan	Maksym Nazarenko	Antitrust & Competition	Sayenko Kharenko	Ukraine
18-Jan	Vadim Medvedev	Tax Law	Avellum	Ukraine
24-Jan	Oleksandr Fefelov	Antitrust and Competition	Ilyashev & Partners	Ukraine
25-Jan	Viktoriya Fomenko	Tax & Customs	Integrites	Ukraine
7-Feb	Pavlo Byelousov	Dispute Resolution; Commercial Law	Aequo	Ukraine

PARTNER MOVES

Date Covered	Name	Practice(s)	Firm	Moving From	Country
4-Feb	Klaus Pfeiffer	Construction and Real Estate law	Weber & Co.	Dorda	Austria
25-Jan	Bojana Tkalcic-Dulic	Corporate/M&A	N/A	Tkalcic-Djulich, Prebanic & Jusufbasic-Goloman	Bosnia and Herzegovina
24-Jan	Jana Djambazova	Corporate/M&A	N/A	Spasov & Bratanov Partnership	Bulgaria
8-Feb	Gabor Gelencser	Corporate/M&A	Kinstellar	CMS	Hungary
24-Jan	Jolanta Liukaityte-Stoniene	Real Estate; Corporate/M&A	Ellex Valiunas	Glimstedt	Lithuania
15-Jan	Robert Dulewicz	Capital Markets	Gide Loyrette Nouel	Dentons	Poland
16-Jan	Agnieszka Ziolk	Banking & Finance	Deloitte Legal	CMS	Poland
6-Feb	Hanna Rubaszewska	Data Protection and Medical Law	BSJP Brockhuis Jurczak Prusak Sroka Nilsson	RCP Rubaszewscy & Partnerzy	Poland
6-Feb	Radoslaw Rubaszewski	Civil, Commercial, and Medical law	BSJP Brockhuis Jurczak Prusak Sroka Nilsson	N/A	Poland
11-Feb	Ronald Given	Corporate/M&A; Banking & Finance	N/A	Wolf Theiss	Poland
6-Feb	Octavian Popescu	Corporate/M&A; Commercial Litigation	Popescu & Asociatii	Musat & Asociatii	Romania
12-Feb	Ekaterina Smirnova	Competition and Antitrust	Ivanyan & Partners	Yakovlev & Partners	Russia
24-Jan	Jovana Tomic	Employment Law	CT Legal	Zivkovic Samardzic	Serbia
19-Feb	Marcin Aslamowicz	Dispute Resolution	Schoenherr	Wolf Theiss	Poland
8-Feb	Yaroslav Ognevnyuk	IP; Litigation; Brand Protection	Sayenko Kharenko	Doubinsky & Osharova	Ukraine

OTHER APPOINTMENTS

Date Covered	Name	Company/Firm	Appointed To	Country
12-Feb	Anouschka Zagorski	Freshfields	Head of English Law Finance	Austria
18-Jan	Yuliya Shved	Cobalt	Head of Tax and Banking & Finance	Belarus
22-Jan	Karol Laskowski	Dentons	Head of Intellectual Property, Technology, and Communication	Poland

Full information available at: www.ceelegalmatters.com

Period Covered: January 15, 2019 - February 19, 2019

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.



ROMANIA: JANUARY 24



“These are interesting and challenging times right now for the legal and business community,” says Suci Popa Managing Partner Luminita Popa, referring to changes introduced by the Romanian government at the end of 2018.

Among the most significant changes Popa highlights is Government Emergency Ordinance no. 114/29, which implements measures in the field of public investments and fiscal budgetary measures as well as amending normative acts and extending certain deadlines. According to Popa, the new piece of legislation affects the finance and energy sectors, which she calls among “the most important sectors of the economy” in Romania. She explains that, for energy companies, the measures are mainly split into two categories, with one affecting the liberalization of the gas and electricity market, forcing companies to sell at regulated prices or with price caps, and the other involving a new tax of about two percent of the previous year’s turnover for companies in the energy sector. “It is a significant figure,” Popa notes, pointing out that “we are talking about the energy sector, where turnover can be quite high.”

According to her, frustration has resulted not only from the changes, but also from the way they were introduced. “Frankly speaking, the amendments produced chaos,” Popa sighs. “They appeared without any prior consultation and were introduced in a short period of time.” This, she says, “creates significant disruption for the companies involved, and consequently for the lawyers, who are called to support their clients in addressing these measures.”

In addition, Popa explains, there are real questions about the constitutionality of the new ordinance. “As a piece of legislation covering a vast area, it interferes with EU laws already adopted by Romania,” she says. Currently a number of entities and experts are analyzing the law and assessing its impact, and affected parties are working to mitigate its consequences, facing what she describes as a potentially existential threat.

Popa explains that this is hardly the first time important laws have been adopted in Romania without allowing enough time for real review and comment. “The good thing is that, over time, the business community has endured, and the economy

has found its way to a good shape,” she says. “so we are not overly pessimistic, but we are concerned about the challenges which are coming from different areas of legislation at the same time.”

The upcoming presidential elections in Romania scheduled to take place towards the end of 2019 and the EU parliamentary elections scheduled for May 2019 might also present challenges to the business and legislative environments, Popa claims. “Presidential elections do not mean changes in the government, but are a good indication of the country’s direction,” she notes. “Yet political disputes have led to legislative and judiciary blockages and we are hoping that cooperation between the executive and presidential powers in Romania will be more consistent than it has been in the past year.” She reports that the current political environment is characterized by controversy and debate, contributing to a perception of lack of legal stability and predictability.

Otherwise, Romania’s legal community is busy, according to Popa. “The legal market is quite settled,” she says, and although there might be firms facing organic changes caused by reorganization of certain practice areas leading to a decrease of the number of lawyers needed for these areas, she is not expecting major changes in the legal market in 2019. In the meantime, the Romanian Bar Association is expecting elections within a year, which she describes as an opportunity for the legal community and its management bodies to discuss how “to grasp the needs of the legal profession.”

By Mayya Kelova

SLOVENIA: JANUARY 28



The recent buzz in Slovenia was all about the eagerly-awaited decision of the country’s Supreme Court regarding Swiss franc loans, says Miro Senica and Attorneys Partner Katarina Kresal. That decision – which has since been followed by a few more on the subject – was finally issued at the end of 2018.

“In the past many people took credits in Swiss francs,” she explained. “The following drastic shift in the value of the francs resulted in problems. People lost a lot of money and the cred-

its became unbearable, leading to lawsuits.”

There was some controversy about how to treat these cases, Kresal reported – whether the loan contracts should be nullified or respected. In its first decision, the Supreme Court declared that there would be no general rule, and that “these cases shall be treated one by one.” According to her, “the Court explained that the cases cannot all be put on the same footing, because the agreements are very different, so they have to go through the whole system of the legal review to be decided.” She expresses her opinion that “consumers should not lose everything and it is not fair for them to start paying a loan over again despite the banks’ obligation to explain and disclose every aspect of a loan – both positive and negative – to the consumer, which was also outlined by the Supreme court.”

Kresal notes that, as another problem, the requirements of the reformed Prevention of Money Laundering and Terrorist Financing Act adopted in 2016 are starting to be felt on the market. “When it comes to deadlines, requirements such as customer due diligence, reporting to the Office of Money Laundering Prevention or conducting risk assessments of companies involved can delay otherwise transparent transactions or even discourage clients from doing further business in Slovenia. These are the problems that all the EU countries are facing, but some countries went through them more smoothly,” she says.

Otherwise, things in Slovenia are proceeding normally, Kresal reports. “Slovenia is becoming a stable country,” she smiles. “Of course, there were years of financial crisis, but now it has stabilized with respect to political decision making, the growth of the economy, and the stability and predictability of the legal system.” According to her, this stability contributes to the calmness of the market and attracts foreign investment. “Now we see even local companies becoming bold, and it is very beneficial for the economy,” she says.

In the past few years, she adds, she has noticed growth in the real estate market and the hospitality industry. “It is still not as open as in some other countries and our market still tends to be a bit conservative in respect to selling companies and properties to foreigners, but this is significantly changing now,” she says. “The atmosphere in the market is positive.”

Finally, Kresal says, and after many years, Nova Ljubljanska Banka was finally privatized at the end of 2018. “This is very significant for Slovenia,” she reports, “because Nova Ljubljanska Banka is a systemically important bank. It has already shown positive effects on the stability of the market and the stability of the banking system.” According to Kresal, this will encourage new transactions, and it already signals that Slovenia is open for new investments.

By Mayya Kelova

Gugushev & Partners

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MOLDOVA: FEBRUARY 18



According to Oleg Efrim, the Managing Partner at Moldova's Efrim Rosca Asociatii law firm, the primary topic of interest at the moment in the Moldovan legal community is the country's newly modernized Civil Code, which will become effective on March 1, 2019. According to Efrim, the new Code will be a significant upgrade to the existing law, which entered into force in 2003 as the country's first following the fall of the Soviet Union. "It's a substantial amendment," Efrim reports, pointing out that the number of articles is increasing from the existing 1624 to 2671, and he says that "it is, indeed, a modernization of the Code."

In 2013 Efrim, as the Minister of Justice in Moldova at the time, initiated the four-year working group that put the new Code together. He concedes that it will be "a real challenge for the entire legal community in Moldova." Still, he insists, "the importance resides not only in the volume of the amendment, but in its quality," and he claims that "my opinion is that Moldova will have one of the most modern Civil Codes in Europe." According to him, in drafting of the law, the working group reviewed and drew from not only the judicial practices of the European Union and the EU directives of Consumer Law and Consumer Protection, but also to the Civil Codes of France, Germany, the Netherlands, and Italy. "After these past 15 years, experts and lawyers in Moldova had the opportunity to assess what we need conceptually, and the various amendments were approved in a conscientious manner, instead of just being taken at random from other jurisdictions."

"Some of the institutions are excellently regulated, from my point of view," Efrim says, "including, in particular, the freedom of contract area (which will now allow us to use the regulations and rules from other jurisdictions, which are commonly used for M&A transactions), and the means of obligation performance, and a new institution: Trusts." And he believes

the results will be immediate. "Without going into too much detail, these amendments will make our jurisdiction very attractive for foreign investment."

Ultimately, Efrim says, things are better in Moldova than they were five years ago – in part because of the actions taken back then. "One of these actions was the EU Association Agreement signing," he says, "which led to an increase in investment and business with EU countries."

By David Stuckey

UKRAINE: FEBRUARY 20



"Ukraine is a very vibrant place to be in, both for life and business," says Redcliffe Partners Managing Partner Olexiy Soshenko. "In particular, after the Revolution of Dignity in 2014, there have been many changes and reforms." He cites Ukraine's policies on energy self-sustainability, currency control, upcoming elections, and extension of the land sale moratorium as particularly deserving of attention.

"Ukraine is aiming at becoming energy self-sustainable," Soshenko says. "Hence, Ukraine is reforming its energy system to focus on renewable energy development," which he calls, "currently among the highest priorities in the country." Accordingly, he reports, in addition to the 2008 feed-in tariffs for renewable energy, which are higher than in other jurisdictions, in December 2018 the Ukrainian Parliament's Committee on Energy and Fuel Complex, Nuclear Policy, and Nuclear Safety approved key provisions of a draft law on renewable energy auctions. According to him, the new law, if adopted, is expected to lower tariffs for renewable energy and create an open market for electricity.

"There is a new global tendency to make tariffs lower, which puts a great deal of pressure on the state to reduce high payments," Soshenko says. "With a so-called 'green auction' for the electricity produced by alternative energy projects, com-

panies will be entitled to lower tariffs.” The auction system, which is expected to be launched in January 2020, will operate in parallel with feed-in tariffs for current projects, he says, and will last till end of 2029.

According to Soshenko, while renewable energy investments have been booming since 2018 in Ukraine, the new system will incentivize more foreign investments in the sector and lead to construction of more alternative energy power plants. Yet, he says, “it is just the beginning to attract investors, and once there is a critical mass of such projects, there is hope that the market will become self-sustaining.”

In the meantime, of course, the conventional oil and gas sector in Ukraine retains what Soshenko calls “strong potential,” and he reports that on December 18, 2018 the country’s government announced 12 tenders for oil and gas production-sharing agreements. Introduced as part of Ukraine’s strategy to become energy self-sufficient, the tenders also promote the EBRD’s objectives that were included in its Ukraine Country Strategy for 2018-2023. “We believe that this step will attract a number of foreign upstream oil and gas investors, given the value of attractive terms and conditions of the proposed production-sharing agreements,” he says. “Time is running out, however, and potential investors should hurry up in getting acquainted with the proposed tender information and the process.”

Continuing with the subject of attracting foreign investments, Soshenko reports that a new legislative framework for Ukrainian currency control came into effect on February 7, 2019. “The previous law, which was adopted when Ukraine became independent, was very old and outdated,” he explains. “The law had a notoriously strict currency control regime, which finally got canceled,” he adds, noting that it also required a license from the National Bank of Ukraine for many currency transactions. According to him, the new law reflects a new philosophy, allowing most currency transactions to be conducted without restrictions. “Some of the restrictions will remain in place,” he says, “but they will be gradually changed.”

“Previously, foreign investments or money lending in Ukraine were unnecessarily complicated,” Soshenko says. “Now, the expectation is that cross-border business in Ukraine will become easier and swifter, which will eventually attract foreign lenders and investors.” However, he underlines the National Bank of Ukraine’s concern with the outflow of foreign currency and cash from Ukraine. “That is why the current restrictions will be changed gradually,” he says. Yet he believes the outflow will be insignificant, and he points to other possible solutions to the problems, such as tax control, tax measures, and legislation being prepared pursuant to the OECD/G20 Inclusive Framework on BEPS to prevent offshoring.

Soshenko then switches to the topic of Ukraine’s upcoming

Presidential elections, scheduled for March 31, 2019, and Parliamentary elections, expected at the end of October, 2019. “All the politicians are getting excited and busy,” he says, adding that, “as in a true democratic country,” the results of both elections are still not clear. “It is interesting to observe the process,” he says, and he expresses an expectation that Ukraine will continue its current course of reforms. “I have no expectations for fundamental changes to the policies in Ukraine or the Ukrainian courts,” he says, claiming recent constitutional changes relating to the process of eventual EU and NATO accession confirm the irreversibility of the reforms. “No matter who comes to power among the most probable candidates, the course of rational policies will remain in place,” he concludes.

However, while the aspirations of Ukraine are clear, the country’s government does not always follow EU values, such as the February 2019 signing into law by President Petro Poroshenko and the Ukrainian parliament of an extension of the moratorium on the sale of agricultural land until 2020. The action was undertaken despite the Ukrainian Ministry of Economic Development and Trade’s request that the law be withdrawn on the grounds that it breached citizens’ property rights and the ECHR’s May 22, 2018 condemnation of the moratorium as a violation of human rights, obliging Ukraine to pass a more balanced law.

“If the law were canceled, it would be a great sign for investment into agricultural lands,” Soshenko believes, noting that he sees a direct connection between the moratorium’s extension and the upcoming election. “The parliament and the president were too cautious about it, fearing they would be accused of selling or diluting one of the richest resources of Ukraine,” he says. “Or maybe they just did not have enough courage or time and resources to deal with that, which is unfortunate.” In any event, he says, he hopes that upon the conclusion of the current extension, there will be enough movement and pressure, including from the IMF, to discourage any extension.

Finally, Soshenko says, Ukraine’s legal market itself is doing well. Although in the past year there were a few major consolidations, he does not think this represents a massive trend. Still, he refers to the rise of high-tech law firms, law firms separating from the legal departments of bigger companies, and major law firms becoming bigger and more specialized, as there has been none of the kind before. “The legal market has become more diverse,” he says. “On one hand, there is more competition, and on the other hand, with new technology and high-tech tools, the nature of clients is different, which triggers the creation of new law firms, which is positive for employees, clients, and the market itself.”

By Mayya Kelova



THE DOTY DETAILS: THE FINALISTS FOR THE CEE DEAL OF THE YEAR AWARDS



On March 28, 2019, partners from law firms across Europe will gather in Budapest for the Second Annual CEE Deal of the Year Awards Banquet: A night of entertainment, revelry, anticipation, and – for many – triumph.

As the centerpiece of the event, the CEE Deal of the Year Award – the DOTY – will be announced and given to the defining deals from 21 different CEE countries, as well as to the Baltic Deal of the Year, and, ultimately, to the one **CEE Deal of the Year**. Those award-winning deals are based on the votes of this year's Final Selection Committee, members of which evaluated submissions from shortlists that were themselves drawn from well over 200 submissions from law firms across Europe.

We would like to express our gratitude to the following members of the Final Selection Committee, and we look forward to seeing them, and everybody else, at the CEE DOTY Award Banquet in Budapest.

FINAL SELECTION COMMITTEE

- Christian Blatchford, General Counsel, Energo-Pro a.s., Czech Republic
- Alexandra Doytchinova, Managing Partner, Schoenherr Bulgaria
- Rene Frolov, Partner, Fort Legal, Estonia
- Ron Given, Co-Managing Partner, Wolf Theiss Poland
- Bora Kaya, Chief Legal Officer, GAMA Contracting Group, Turkey
- Polina Lyadnova, Partner, Cleary Gottlieb Steen & Hamilton, United Kingdom
- Hugh Owen, Owner, Go2Law, Slovakia
- Gelu Maravela, Managing Partner, Maravela & Asociatii, Romania
- Katarina Mihalikova, Partner, Majernik & Mihalikova, Slovakia
- Agnes Molnar, Senior Associate, Reed Smith, United Kingdom
- Jonathan Marks, Partner, Slaughter and May, United Kingdom
- Milan Samardzic, Partner, SOG/Samardzic, Oreski & Grbovic, Serbia
- Mykola Stetsenko, Co-Managing Partner, Avellum, Ukraine
- Pawel Szaja, Partner, Shearman & Sterling, United Kingdom
- Damir Topic, Senior Partner, Divjak Topic Bahtijarevic, Croatia

AUSTRIA:



- Advent Acquisition of GE's Distributed Power Business (Milbank, Tweed, Hadley & McCloy; Schoenherr; and Shearman & Sterling)
- OMV Bond Issue (Weber & Co. and White & Case)
- Starwood Capital Group Acquisition of Stake in CA Immo from Immofinanz (bpv Huegel and Schoenherr)
- Vonovia's Public Takeover of BUWOG (Freshfields Bruckhaus Deringer and Schoenherr)

BOSNIA & HERZEGOVINA:



- ArcelorMittal Zenica, Finnfund, KPA Unicon Oy, and City of Zenica Public-Private Partnership (CMS and Karanovic & Partners)
- Banja Luka - Prijedor Motorway Concession Project (Dimitrijevic & Partners, Hunton Andrews Kurth, and JPM|Jankovic Popovic Mitic)
- Virgin Pulse's Acquisition of Business and Assets of Pikel Interactive d.o.o. Tuzla (CMS and Karanovic & Partners)

BULGARIA:

- Bulgaria Blvd. 69 Corporate and Debt Restructuring (CMS and Deloitte Legal)
- OTP's Acquisition of Société Générale Expressbank and Subsidiaries (CMS, Jones Day, Kalo & Associates, and Schoenherr)
- PPF's Acquisition of Telenor's Telecom Business in Bulgaria, Serbia, Montenegro, and Hungary (Allen & Overy; BDK Advokati; Boyanov & Co.; Djingov, Gouginski, Kyutchukov & Velichkov; Karanovic & Partners; Latham & Watkins; Schoenherr; Szecskay Attorneys at Law; and White & Case)

CROATIA:

- Enterprise Investors' Acquisition of the Studenac Retail Chain (Savoric & Partners and Schoenherr)
- Meteor Group's Acquisition of Badel 1862 (Ostermann & Partners and Law Office Svilar)
- Sazka's Acquisition of Controlling Interest in Super Sport (Allen & Overy; Clifford Chance; Divjak, Topic & Bahtijarevic; Hondl, Konic, Simunovic, Batur; KPMG Legal; Karanovic & Partners; Tilosanec Law)

CZECH REPUBLIC:

- Advent's Acquisition of Zentiva from Sanofi (CMS, Freshfields Bruckhaus Deringer, Kirkland & Ellis, and Ropes & Gray)
- Avast Software IPO (Kinstellar, Latham & Watkins, and White & Case)
- R2G Rohan's Acquisition of First Quality Nonwovens Inc. and First Quality Nonwovens Co., Ltd. from First Quality Enterprises (Dentons, Wachtell, Lipton, Rosen & Katz; and White & Case)

ESTONIA:

- European Diversified Infrastructure Fund II's Acquisition of a Majority Stake in Utilitas (Cobalt and Triniti)
- Port of Tallinn IPO (Baker McKenzie; Cleary Gottlieb Steen & Hamilton; Cobalt; Sorainen)
- The Blackstone Group's Acquisition of a Majority Stake in Luminor (Allen & Overy; Cobalt; Ellex; Hamilton Advokatbyra)

HUNGARY:

- Hungary's Exchangeable Bond Repurchase and Redemption (DLA Piper; Kinstellar; and Linklaters)
- PPF's Acquisition of Telenor's Telecom Business in Bulgaria, Serbia, Montenegro, and Hungary (Allen & Overy; BDK Advokati; Boyanov & Co.; Djingov, Gouginski, Kyutchkov & Velichkov; Karanovic & Partners; Latham & Watkins; Schoenherr; Szeckay Attorneys at Law; and White & Case)
- Vodafone's Acquisition of Liberty Global's Operations in Germany, Hungary, the Czech Republic and Romania (CMS; Freshfields Bruckhaus Deringer; Lakatos, Koves & Partners; Ropes & Gray; Shearman & Sterling; Slaughter & May)

LATVIA:

- Bergs Timber's Acquisition of Norvik Timber Industries Companies in Latvia, Estonia, and the United Kingdom (Advokatfirman Vinge KB; Pennington Manches; TGS Baltic)
- European Investment Bank Financing to HansaMatrix (Cobalt and Eversheds Sutherland Bitans)
- IRI Investments's Acquisition of SIA IRI Forest Assets Latvia from Storebrand Livsforsikring AS, SPP Pension & Forsakring AB, NORSKOG, and Gundars Skudrins (Ellex and TGS Baltic)
- The Blackstone Group's Acquisition of a Majority Stake in Luminor (Allen & Overy; Cobalt; Ellex; and Hamilton Advokatbyra)

LITHUANIA:

- The Blackstone Group's Acquisition of a Majority Stake in Luminor (Allen & Overy; Cobalt; Ellex; and Hamilton Advokatbyra)
- UAB Kesko Senukai Digital's Acquisition of 1A (Motieka & Audzevicius; Kronbergs Cukste Levin; Skrastins & Dzenis; and Law Firm Tark)
- UAB Lietuvos Energija Green Bond Issue (Clifford Chance; Dentons; Ellex; and TGS Baltic)

POLAND:

- Polish Development Fund's Acquisition of PESA Bydgoszcz S.A. (Linklaters and Weil Gotshal & Manges)
- Revetas' Acquisition of TriGranit from TPG Real Estate (DLA Piper; Dentons; Glinska & Miskovic)
- Santander Bank Polska's EMTN Programme (Allen & Overy and Clifford Chance)

ROMANIA:

- Advent International's Acquisition of Zentiva from Sanofi (CMS; Freshfields Bruckhaus Deringer; Tuca, Zbarcea & Asociatii; and Weil, Gotshal & Manges)
- Black Sea Oil & Gas – Transgaz Gas Transmission Contract (Ijdelea Mihailescu)
- Black Sea Oil & Gas EPCIC Contract with GSP Offshore (Ijdelea Mihailescu and Stronachs)

RUSSIA:

- Anheuser-Busch InBev SA/NV Joint Venture with Anadolu Efes (Asters; Cleary Gottlieb Steen & Hamilton; ELIG Gurkaynak Attorneys-at-Law; Georgiades & Pelides; Herguner Bilgen Ozeke; Linklaters; Norton Rose Fulbright; and Sayenko Kharenko)
- Merger of CJSC Transmashholding and LocoTech-Service LLC (Allen & Overy; Bellpark Legal; Cleary Gottlieb Steen & Hamilton; Harneys; Herbert Smith Freehills; Michael Kyprianou; and Stübbe)
- Qatar Investment Authority's Acquisition of a Minority Stake in Rosneft from QIA-Glencore Consortium and Repayment of a Margin Loan to Intesa Sanpaolo S.p.A. (Cleary Gottlieb Steen & Hamilton; Latham & Watkins; Linklaters; and Wong Partnership)
- SOGAZ's Acquisition of VTB Insurance (Egorov Puginsky Afanasiev & Partners)

SERBIA:

- BC Partners' Acquisition of United Group (BDK Advokati; Kalo & Associates; Kirkland & Ellis; Linklaters; Paul Weiss; Polenak; Reed Smith; Rojs, Peljhan, Prelesnik & Partners; Schoenherr; Selih & Partners; and Tus Novokmet Smrcek)
- Belgrade Airport Privatization (Allen & Overy; Andric Law Office; BDK Advokati; CMS; Dentons; Orrick, Herrington & Sutcliffe; Vasiljevic Bogdanovic; and Zivkovic Samardzic)
- Zijin Mining Group's Acquisition of Majority Stake in RTB Bor (Karanovic & Partners and Marjanovic Law)

SLOVAKIA:

- Karlovarske Mineralni Vody's Acquisition of Pepsi-Cola's Operations in the Czech Republic, Slovakia, and Hungary from Mid-Europa (Baker McKenzie; Cechova & Partners; Kocian Solc Balastik; and Lakatos, Koves & Partners)
- Slovak Investment Holding Investment in GA Drilling (Allen & Overy and Taylor Wessing)
- Zapadoslovenska Energetika's acquisition of the Malzenice Power Plant from E.ON (Allen & Overy and Kinstellar)

SLOVENIA:

■ BC Partners' Acquisition of a Majority Stake in the United Group (BDK Advokati; Kalo & Associates; Kirkland & Ellis; Linklaters; Paul Weiss; Polenak; Rojs, Peljhan, Prelesnik & Partners; Schoenherr; Selih & Partners; and Tus Novokmet Smrcek)

■ Generali CEE Holding BV's Acquisition of Adriatic Slovenica Zavarovalna Druzba d.d. (Allen & Overy; Go2Law; Mayer Brown; Rojs, Peljhan, Prelesnik & Partners; Solo Practitioner Simon Gabrijeljic; and Ulcar & Partners)

■ Nova Ljubljanska Banka IPO (Clifford Chance and Shearman & Sterling)

TURKEY:

■ Alibaba's Acquisition of Trendyol.com from the DSM Group (Esin Attorney Partnership; Herguner Bilgen Ozeke; and Simpson Thacher & Bartlett)

■ Canakkale Motorway Project (Clifford Chance; Goksu Safi Isuk; Shearman & Sterling; and Verdi Law Firm)

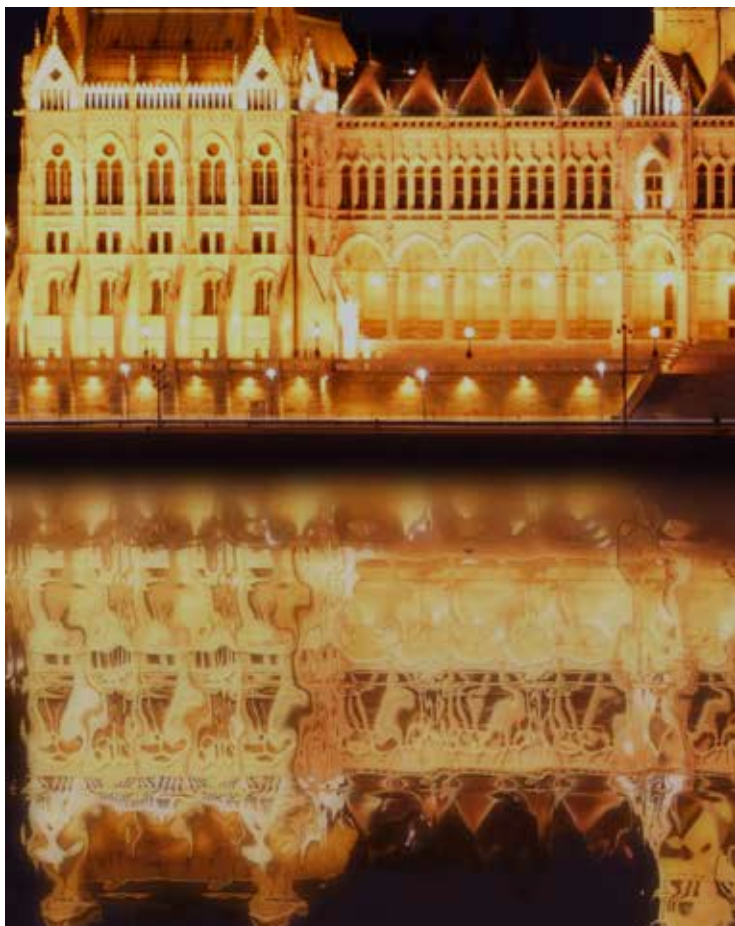
■ Turkiye Ziraat Bankasi's Global Mortgage Covered Bond Programme on the Irish Stock Exchange (DLA Piper; White & Case; and Yazici Legal)

UKRAINE:

■ Metinvest Refinancing (Allen & Overy; Avellum; Clifford Chance; Harneys; Linklaters; Redcliffe Partners; Sayenko Kharenko; and Walder Wyss)

■ SALIC's Acquisition of Mriya Agro Holding (Dickson Minto; Hogan Lovells; Redcliffe Partners; and Sayenko Kharenko)

■ Ukrzaliznytsia Collaboration Agreement with General Electric (Avellum; Asters; Sayenko Kharenko; White & Case)



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THE CORNER OFFICE: COMMONLY-LACKING SKILLS

In The Corner Office we ask Senior and Managing Partners across Central and Eastern Europe about their unique roles and responsibilities. The question this time around: “What is the one skill, ability, or characteristic that fresh law school graduates in your country most commonly lack?”



In over twenty years managing international law offices in Romania, the skill I have observed that is typically lacking in new law school graduates is the ability to write a clear and concise analytical memo. They tend to produce lengthy academic memos with long citations to various Romanian laws but with no clear application of these laws to the facts or issues facing the client. The advice also lacks a concise and commercially-oriented conclusion or solution for the clients. As I tell my lawyers, “the client is not interested in your encyclopedic knowledge of Romanian law or the minutiae and developments of the Civil Code since 1867. They simply want to know if they can do X legally in Romania; if so, how, if not, what Y alternatives would you propose?” Clients want solution-oriented and commercially-viable advice but new graduates think they want to see smart lawyers who know the law. To combat this, I try to train all our lawyers in the “IRAC” method of writing analytical memos, a method I learned myself as a first-year law student at UCLA. State the **Issue** and facts that needs to be analyzed for the client, research the relevant **Rule** or Regulation that should apply, **Apply** the Rule to issue and facts of the client’s situation, and then state your clear and concise **Conclusion**

Bryan Jardine, Partner, Wolf Theiss Romania



I believe that we are spoiled in Prague, because at least those graduates who apply to our firm usually have very good language skills and are interested in their jobs. One thing they are often lacking, perhaps, is the ability to work extremely precisely. There are regularly small mistakes in their texts. I always tell them that it is important not only to write and read the text on the screen, but to also print it and then to read it again. Our eyes tend to oversee typos on the screen. Believe me, those graduates who work with me usually improve this ability very soon. But as I said at the beginning, this is complaining on a high level.

Erwin Hanslik, Partner, Taylor Wessing Czech Republic



Law students are in many ways more qualified than ever. But if there is one area where graduates may need improvement, it is in the practical application of the law.

There are many things you must know to be a lawyer. But to be a good lawyer you must know how to apply the law in a way that best serves your clients. A graduate can have all the theoretical knowledge in the world, but he is still not qualified until he learns the skills necessary to apply these theories. Skills such as how to draft

contracts that fully protect clients; how to find clients in a competitive market; how to liaise with them; how to create business plans that ensure a firm's growth; how to manage a practice; how to be a team player; how to negotiate deals both great and small; and how to solve problems – and, more importantly, how to anticipate them.

Most graduates only begin learning these skills at their first job. Some students are lucky enough to work at law firms during the summer or to have part-time legal jobs while studying. A few law schools are adding practical skills and on-the-job training to their curricula. My advice to new graduates: learn the practical aspects of the profession as soon as possible. Your real education takes place in the conference room, not the classroom.

Erika Papp, Managing Partner, CMS Budapest



I think fresh law school students in Ukraine are very hardworking and super-fast-learning. However, the downside of this ability and the easy access to information today make them really impatient. Admittedly, career growth in the legal profession is speeding up, but a true top lawyer still requires time to mature, like good wine.

Mykola Stetsenko, Co-Managing Partner, Avellum



Fresh law school graduates obviously lack experience – both practical professional experience and basic life experience. This is natural and probably true in every country. Interestingly, in Ukraine the situation has its peculiarities. The still-dominant post-Soviet legal education provided by most universities in Ukraine is very academic. To make up for this shortcoming in their education, a majority of students seek part-time jobs during their final years in law school. When I graduated from law school at the age of 21, I already had two years of solid professional experience with one of the country's leading law firms and qualified as mid-level associate. Today, a number of private companies provide practical training for law students to prepare them for real jobs. Our law firm, for example, runs a summer school for law students, which serves as a good source of talent for our internship program. Proactive students who want to develop quickly will typically find a way to gain practical experience before they start full time jobs. Some of them even manage to turn their lack of experience into an advantage. Such people approach each new task with an open mind. They quickly absorb precedents and guidance prepared by the knowledge management team, while trying to improve processes by offering document

automation and other solutions. Our firm organizes ideation training to make people think outside of the box and encourage innovation. The only problem then is to convince the new generation of lawyers that they still need to be patient before they start running the most complex projects and become real partners in the legal business!

Vladimir Sayenko, Partner, Sayenko Kharenko



The skill of presenting their views succinctly.

With thousands of new lawyers graduating every year, my observation is that these young newcomers usually lack this one, important trait. They are smart, hard-working, very capable problem-solvers, but they are not known for their brevity or clarity.

Understandably, communicating complex legal concepts clearly and concisely is not easy. Having recently attempted to cut a three-page document down to one and a half, I can attest that this is not easily mastered. However, like all skills, being succinct is something that can be learned and trained.

For lawyers, this skill is of great importance because a client must be able to easily understand you in order to trust and respect your advice. If the client cannot understand you and the value you bring, then not only can you not be considered an expert in your field, but it's unlikely that they'll ask for your help again.

Presenting one's views succinctly is an art that, once learnt, will serve young lawyers and their clients well.

Rastko Petakovic, Managing Partner, Karanovic & Partners



In order to keep it short, I think some young lawyers lack that passion and commitment that was more common back in the days when I graduated. Times have changed, and so have generations. It depends on the individual, but it is, without a doubt, a matter of collective mentality as well. And if skills can be shaped through time, the passion and the commitment are characteristics that one should (ideally) possess to begin with. Of course, I am referring to the legal industry, but I am pretty sure it is reflected in other professions as well.

Alina Popescu, Founding Partner, Maravela | Asociatii

INSIDE INSIGHT: INTERVIEW WITH HRISTINA BURDASHEVA, CHIEF COUNSEL LEGAL AND COMPLIANCE FOR SOUTH CENTRAL EUROPE AT MONDELEZ INTERNATIONAL



Hristina Burdasheva is the Chief Counsel Legal and Compliance of Mondelez International for South Central Europe and Deputy Chairman of the Management Board of Mondelez Bugaria Holding. She is based in Bulgaria.

CEELM: You have spent your entire career in-house, with Rompetrol, Kraft Food, and now Mondelez International. Why did you decide to pursue that path instead of heading into private practice?

HRISTINA: It was indeed a very conscious choice and it took me a while before I started my in-house lawyer career. Being a business counsel covers all I am and what I want – having a higher purpose and cause, living with values and principles I truly share, raising myself professionally and personally surrounded by great professionals, being part of beloved corporate brands, in 150 countries around the world. There is no private practice that can give me access to the entire legal world at the tip of my fingers.

Today, I am working on projects with colleagues from North America, Africa, Latin America, and the Middle East, which gives me a perspective I truly cherish.

CEELM: Your role covers the South Central European hub (Romania, Bulgaria and East Adriatic Markets) for Mondelez International. Can you give us some insight into the different challenges presented by the various jurisdictions you cover for the company? In what ways are those jurisdictions different, for the purposes of your role?

HRISTINA: There are ten markets in the SCE hub – four of them are EU members and six are non-EU. We have nine languages and eight currencies. Sometimes it is difficult to define if we have more similarities rather than differences. This makes us deal with complexity every day. However, in Mondelez International we share the same values, like keep it simple and tell it like it is, regardless of where we are located, which helps us deliver the best possible legal service to the business



under difficult conditions. I am happy my team and I have developed a world-class partnership with the business and our trusted counsels make every challenging case an opportunity to grow.

CEELM: At Mondelez International you are in charge of both legal and compliance matters. Obviously, some companies prefer to separate those two roles. How do you divide your time between the two roles?

HRISTINA: In fact, these two roles are also separated within Mondelez International. Business Integrity – our compliance function – is chaired globally by the VP & Chief of Global Governance and Corporate Secretary, to whom the regional Business Integrity Officer reports. They are fully dedicated to creating the framework and dealing with all compliance matters at a regional level, supported in the country by the legal counsels and where appropriate by other functions in their daily activities.

Our company structure supports our business strategy and the way we are structured reflects both the importance of compliance and legal services. Time allocation is not how we define priorities.

CEELM: What is your typical day at work like?

HRISTINA: I find myself well-organized with a common corporate life challenge: to follow my daily agenda. It can be explained with two main factors playing a big role: Mondelez International is in the FMCG industry, where speed rules. The other driver of this dynamic is specific for our region – the political and economic environments of South Central European markets are intensively shifting paths, making it necessary to adapt quickly to new trends and legislative changes. I live a dynamic and challenging work life full with projects and issues, and I am surrounded by young and talented professionals. This makes me happy and keeps me motivated.

CEELM: What skills do you have, personally, that are most useful to you in your position?

HRISTINA: Managing diversity and dealing with ambiguity are critical when you have many stakeholders to deal with – geographically and covering different professional areas in the commercial units. In addition, I have found out that being authentic, giving all your energy to understanding others and their challenges is what makes us trustworthy and powerful.

CEELM: What would you describe as your biggest success or greatest achievement as a lawyer?

HRISTINA: I always strive for more. Therefore, I believe that my biggest success is ahead of me. My latest challenge was to lead the legal team in Mondelez Europe to design and implement the requirements of the GDPR. Our main objective was and still is to raise awareness and to train the entire organization to embrace data privacy in our daily life and operations.

CEELM: Tell us about the legal department at Mondelez International in its South Central European hub.

HRISTINA: The SCE Legal function is a boutique – but very impactful – team of great legal professionals, located in three countries: Romania, Serbia, and Bulgaria. I am amazed every day by the quality of this team, by their dedication, passion and creativity. It is a privilege to lead the South Central European Legal hub. Furthermore, we choose to partner with excellent outside counsels in the market where Mondelez International is not directly presented. The SCE Legal department is integrated with the Central Europe Legal family, where I report to the CE Chief Counsel.

CEELM: In an ideal world, what would you like to see changed, professionally, either in the context of the legal environment you work in, or internally in Mondelez International?

HRISTINA: In an ideal world, I would enjoy a legal environment where we are mature enough to trust self-regulation rather than restrictive regulations in all aspects.

CEELM: On a personal level, tell us a bit about yourself?

HRISTINA: It is a blessing to do what you like and to love your job. I do. I am extremely lucky with the most loving family and desire to explore and travel – to get together. I am truly committed to start skiing and mountain biking and enjoying more time with my gorgeous teen-aged son.

CEELM: And finally, on a lighter note: What do you think Bulgaria gets right that you would like the rest of the world to know more about?

HRISTINA: Hospitality. Tolerance. Adaptability. Authenticity. A unique language and culture.

Vaida Stockuinaite

MARKET SPOTLIGHT: TURKEY



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GUEST EDITORIAL: LAWYER'S ROLE IN THE CHANGING WORLD - A TURKISH PERSPECTIVE

The world, Turkey, and the legal profession are all in a constant state of change.

Globally, each day, there is a transformation – economically, politically, and financially. There are credit crunches, rises of radical movements, trade wars, collapses of nations, and changes in government systems. Globalization now means every jurisdiction is affected by developments in others and by relations between nations. Turkey, too, has seen its share of good times and bad times. Over recent years, it has seen floods of investment, then slowdowns; banking crises and then stability; changes in investment trends and hot sectors; political turbulence; and even a failed coup attempt and change in its governmental system. 2018 was not an easy year for Turkey, with a sharp depreciation in the Turkish lira and fears of more severe economic regression.

However, despite this turmoil, Turkey still strives to be the world's 12th biggest economy in 2019. It still has many big-scale infrastructure projects on its agenda, many reforms it has yet to accomplish, and still another election to go through.

The way we lawyers do business is also changing. If you go not too long back in time, you land in the days of the telex ... then the fax, then emails; now you see correspondence taking the shape of WhatsApp messages. Gone are the days of lengthy memos, citations from scholars or codes, and theoretical discussions. Gone are the days of reactive lawyering and risk spotting; these days clients want short responses, a proactive approach, and creative solutions. Gone are the days of in-house counsel whose work was really only to outsource work and coordinate outside counsel; now you see in-house teams acting like law firms, tackling issues on their own. Gone are the days of billable hours presented with no questions from clients; now the fees are expected to match the value added to the matter. Gone are the days of a few good law firms dominating the market; now there are many of them, both big and small, global and local. Gone are the days of only a few lawyers capable of cross-border work; now there is an army of law students graduating each year with ever-increasing skills.

The legal profession is also being disrupted by the introduction of artificial intelligence and other technol-

ogies being used not only in the legal sector but all fields affecting our lives. It is said that more than half of the professions of the near future have not yet even been invented. While this disruption has not been felt so severely yet in Turkey, its arrival and effect on us are not far off.



The one thing that does not change is change itself. Some say the legal profession will become extinct. Would change go so far? I doubt it. I believe that the legal profession is here to stay, but there is certainly a need to adapt. First, obtaining information is now easier than ever before. We need to be tech-savvy and understand, use, and make available the benefits of technology. We obviously have to accept that the luxury of spending hours on contracts and due diligence exercises will soon be a thing of the past. We need to polish our communication skills so that we understand the needs of our clients and manage their expectations. Lawyers with a deep knowledge of law, a broad perspective on transactions and issues, and the ability to think about business and not legal theory will survive. Clients are more and more looking for lawyers not only with knowledge, but with the ability to manage such knowledge and exercise good judgment. We will need to take a business perspective, think and be creative with our solutions, and come up with legally sound structures to address the ever-growing challenges of our clients.

We also need to be flexible in terms of being able to follow trends, adapt to different practice areas and sectors, and serve changing needs. Especially in Turkey, where things move fast, change occurs rapidly and there is always a need for law and lawyers to either cherish the good times or find cures for the bad times.

So irrespective of who tries to steal the show, I believe the lead role will always be the lawyer; but we have to adapt.

**Begum Durukan Ozaydin, Founding Partner,
Durukan + Partners**



LIKE FATHER, LIKE DAUGHTER: PASSING THE TORCH AT DIRI LAW

The Diri Law Firm was founded in Izmir in 1990 by Hayri Diri as an independent and full-service law firm. Thirtu years later, the firm continues to serve both international and Turkish clients across a variety of different industries and sectors. But the firm is now led Hayri Diri's daughter, Nazan Diri Bal, who has rebranded and expanded it. With Nazan Diri Bal in charge, it is full speed ahead at Diri Legal.

AWAY FROM THE SAFE HAVEN

"My father is a well-known professional, especially in Izmir," says Nazan Diri Bal about Hayri Diri, who continues to practice with the firm in western Anatolya. "He is a solution-oriented expert, and the team of the firm has built a strong reputation in Izmir since its establishment."

Growing up, both Diri Bal and her sister Hamide Handan Diri were asked to help with the family business. "We would go the office or to the courthouse to do something very simple," she says. "I think he wanted us to get familiar with the business and eventually enjoy it." Enjoy it she did, and she says she never considered going into a field other than law. "I am glad that it happened like that," she says, "because law graduates have many keys at hand, as they can do nearly everything. So it is a good option for a university education."

During her years at Istanbul Bilgi University, Diri Bal spent every summer back at her father's law firm in Izmir. Naturally, the plan was for her to rejoin the firm after graduating – but Diri encouraged his daughter to apply to other law firms for

an internship. "My father wanted me to leave my comfort zone," she laughs. "Because to be honest, I was a safety queen. He wanted me to really understand what the business world was, without being under the wings of my family."

Following her father's advice, Diri Bal ended up spending a summer under the supervision of prominent Turkish lawyer Mahmut Birsel in the Birsel Law Office's Izmir base. "It was a good firm and a good choice for me back then," Diri Bal says. Eventually, when the internship concluded in 2007, she moved back to Istanbul for her graduate studies, staying with Birsel in the firm's office in that city.

Diri Bal ultimately spent over 11 years with Birsel – for many years regarded as among the very best firms in Turkey –



learning both about the practice of law at the highest level and about the mechanics of a family firm. “Birsal was also a family business,” she says, “so in addition to the professional experience I gained there, I also developed a vision of how such a business may grow solidly.” In other words, she says, “I gained a strong understanding of the dos and don’ts in a family business.”

Finally, at the end of December 2017, Mahmut Birsal retired, closing the doors of the 94-year-old firm for the last time.

Diri Bal knew what she had to do. “I thought it was about time for me to take over the family business,” she says. “There was already a 30-year legacy and I did not want it simply to fade away. So I decided to get behind the wheel.”

AT THE HELM

The tradition of children taking over family businesses is strong in Turkey. “Turkish people have very close family ties and strong family values, which keep them together,” Diri Bal notes. “I think this is the reason why many Turkish businesses are family-owned.”

Still, she insists, for a family business to grow, substantial planning and a shared vision with the new generation is key. “Strong next-generation leadership is really important,” she says. “And I think a family-centric culture really helps families and the next generation to keep businesses running.”

And, once she took charge, Diri Bal thought it was important to provide the Diri Law Firm with a new image and plan. “We needed an indication of a change in vision, because there is a second generation behind the wheel now, so we had to do something new.” And that, she says, “included new team members, so that one could really feel the new generation’s touch.”

The process did not come without difficulty. “Since we were establishing something very new, it was not easy to rebuild the team, and the corporate identity, and all that,” she says. “But once we had a system up and running then there were no challenges.”

TURKISH WOMEN IN THEIR NEW ROLES

Diri Bal is part of a new generation of women successfully taking over the reins of Turkish firms started by their fathers or grandfathers, including, among others, Sefika Pekin (at Pekin & Bayar), Eda Cerrahoglu Balssen (at Cerrahoglu), and Selin Ozbek Cittone (at Ozbek).

“Strong next-generation leadership is really important. And I think a family-centric culture really helps families and the next generation to keep businesses running.”

Indeed, the Turkish tradition of family-run companies and law firms, according to Diri Bal, blends well with women’s emancipation in Turkey, and although in previous decades there were few women in leadership positions in the country, the picture is gradually changing. According to her, “in the past people thought that female-owned businesses were not a good idea, but fortunately many successful women succeeded in overcoming this myth.” As a result, she says, “the role of women in society has completely changed in Turkey.”

Besides, she says, “being a woman lawyer is not a new phenomenon in Turkey, as in Istanbul alone the ratio of women to men is about 50/50.” (Indeed, according to the 2017 CEE Legal Matters CEE by the Numbers report, 63.99% of associates and 37.79% partners at major commercial law firms in Turkey are women, compared to only 44.71% of associates and 17.31% of partners in Austria).

A CLEAR EYE ON THE HORIZON

Ultimately, Diri Bal says, the challenges of taking over at Diri Legal are significant – but, with the appropriate focus, manageable. “When you have a family business, you can’t forget that you have to share, you can’t keep everything to yourself, and you have to stay updated. Of course, you can stay in your shell, and if you choose to do that, then your business will only be as wide as your shell. But if you step outside your safety zone, your business will have a future. I think this is the key to running a successful family business.”

Mayya Kelova

MARKET SNAPSHOT: TURKEY



TURKEY'S NEW DIGITAL TAX ON ADVERTISING SERVICES

Background



Erdal Ekinci,
Partner,
Esin Attorney Partnership

The accelerating growth of the global digital economy has yielded new challenges for international taxation, an issue that has pervaded the agenda of the Organization for Economic Co-operation and Development (OECD) in recent years. Published in 2015, the OECD's Base Erosion and Profit Shifting (BEPS) Action

Plan 1 regarding the taxation of the digital economy primarily focused on the challenges arising from the distribution of the right of tax collection among the states from revenues derived

from cross-border activities.

In line with the BEPS developments, on September 7, 2016 Turkey adopted a legislative amendment authorizing the President to introduce a withholding tax liability for the delivery of goods and services carried out electronically on the parties to the transaction and those who act as intermediaries.

On December 19, 2018, the President used this newly granted authority to issue Presidential Decree No. 476 (the "Decree"), introducing a new withholding tax limited to advertising services provided online.

What the Decree Says

As of January 1, 2019, payments made to the providers of on-line advertising services or to those who act as intermediaries for the provision of this service will be subject to withholding tax at the following rates: 15% for payments made to Turkish resident individuals; 15% for payments made to non-res-



ident entities and individuals; and 0% for payments made to Turkish resident corporate income taxpayers.

The Revenue Administration recently published a draft communiqué explaining that if the real service provider is a non-resident entity and a Turkish resident taxpayer acts as an intermediary for the provision of the advertising services, the payments made to the Turkish resident taxpayer will be subject to 0% withholding tax. However, the Turkish resident taxpayer is required to apply a 15% withholding tax on payments transferred to the non-resident entity. The draft communiqué included a fictional example of a company named “GGL Ltd” resident in Ireland that provides advertising ser-



Ipek Beril Aygun,
Associate,
Esin Attorney Partnership

vices to a Turkish company, “C,” through an advertising agency, “Mr. E.”

What about Double Tax Treaties?

The Turkish Constitution and Corporate Income Tax Law clearly state that double tax treaties to which Turkey is a party override local tax legislation. The Turkish Revenue Administration has published numerous rulings and communiqués indicating that double tax treaty provisions are excluded, and several Turkish tax court decisions assert the treaty override.

According to the majority of the Double Tax Treaties, business profits derived by a non-resident entity can only be taxed in Turkey if the income is generated through a permanent establishment in Turkey. Under the permanent establishment provisions of double tax treaties and the OECD Model Tax Convention commentary notes, a digital platform or website do not *per se* constitute a permanent establishment in Turkey. Therefore, the revenue derived by non-resident entities through online advertising services provided to Turkish taxpayers should not be taxed in Turkey if the non-resident entity resides in a country with which Turkey has a double tax treaty.

However, the fictional example in the draft communiqué makes it evident that the Turkish tax authority disregards double tax treaties in the application of this withholding tax liability, and, at least at the moment, we expect the Turkish tax authority to adopt this approach in the final version of the communiqué.

We believe Turkey’s unilateral withholding tax measure is insufficient to tax the income derived by non-resident entities through their online advertising services, unless the relevant double tax treaties are amended.

Conclusion

Considering the Turkish tax authority’s increasing focus on electronic commerce activities, there is no doubt that the Turkish tax authority expects Turkish taxpayers who receive online advertising services from non-resident companies to declare and pay 15% withholding tax on their payments, despite the treaty override issue.

Therefore, depending on the party bearing the withholding tax burden and whether there is a local intermediary, different legal strategies may be developed on how to address this withholding tax issue, including litigation for the refund of the withholding tax and the inclusion of a mutual agreement procedure in the double tax treaties.

**By Erdal Ekinci, Partner, and Ipek Beril Aygun,
Associate, Esin Attorney Partnership**

LEGAL CONCEPTS OF RESTRUCTURING IN TURKEY

Introduction



Begum Durukan Ozaydin,
Partner,
Durukan + Partners

The slowdown in global growth and the Turkish economy as well as the depreciation in the Turkish lira in 2018 created financial instability and payment difficulties for companies, in particular regarding foreign currency debts.

Most companies hit technical bankruptcy thresholds and the previously-common postponement of bankruptcy, which saved companies from ultimately becoming bankrupt, was abolished in March 2018. So what legal concepts are left to companies needing to restructure their debts?

Restructuring Mechanisms Introduced in Turkish Legislation

1. Concordato

Amendments were made to the concordato regime in early 2018, and postponement of bankruptcy was abolished. Following these amendments, concordato became the most popular restructuring mechanism, and more than 1500 concordato applications were filed in 2018.

Concordato allows debtors who are in liquidity shortage to pay their debts by extending the due dates or reducing the debt amounts to evade a potential bankruptcy. This mechanism gives the debtor the opportunity to propose a project to restructure its debts to be approved by the court, and gives time to the debtor to realize this project by temporarily stopping possible enforcement proceedings by the creditors.

Debtors should apply to the court with a preliminary concordato proposal along with necessary documents to obtain a temporary period of three months to assess the project, which can be extended for a maximum period of an additional two months. At the end of this period, if the court is satisfied with the plan and reaches the conclusion that the concordato project will be successful, then the court can authorize a one-year fixed period (which can be extended for a maximum period of an additional six months) during which the concordato project should be negotiated with and approved by creditors. The approval of the project requires the vote of (i) half of the registered creditors and receivables or (ii) one fourth of the registered creditors and two thirds of the receivables. The concordato project should be approved by the court as well.

2. Amicable Restructuring

Amicable restructuring requires that some or all of the creditors who will be affected agree to an “out of court” debt restructuring plan. The affected creditors are defined as creditors whose receivables, rights, or interests will be restructured. If the out of court restructuring plan is approved by at least half of the creditors and the voting creditors holding at least two-thirds of the entire receivables, then the restructuring agreement is submitted to the court for approval. The ability to include various creditors and different auditing options during the restructuring provides flexibility to create an effective plan. Please note that any creditors who are outside the scope of the amicable restructuring are free to continue to exercise all of their creditor rights, except that if such an amicable restructuring qualifies as a default under the contracts executed between those creditors and the company, such default provisions are not applied.

3. Financial Restructuring under Banking Regulation and Supervision Authority Legislation

Regulations issued by Turkey’s Banking Regulation and Supervision Authority and the Restructuring Framework Agreement signed and put into force by the credit-finance organizations in September 2018 provide another extrajudicial mechanism for restructuring of those payment obligations to credit institutions which cannot be honored due to a temporary imbalance of income and expenses. Debtors who owe more than TRY 100 million to credit institutions will be eligible to benefit from this Agreement.

The restructuring methods which may be deployed are flexible and include extending maturity, providing additional facilities, refinancings, reduction or waiver of receivables, *etc.* Credit institutions may also demand that debtors take specific actions including capital increase, public offering, and discontinuation of activities which are not related to the debtor’s main activity.

If the restructuring agreement is signed by credit institutions consisting of a two-thirds majority of the total debts, then the restructuring agreement becomes binding on all other creditors. However, to be able to sign the restructuring agreement, creditors should expect that the debtors would regain the ability to repay the debts after the restructuring. The debtor and its shareholders are required to make certain undertakings and commitments to ensure that the such ability is preserved.

Conclusion

For companies in financial instability, multiple restructuring mechanisms are made available under Turkish law. In practice, companies may also simply negotiate the restructuring of their debts or finance documents with their creditors. Re-

structuring of debts is expected to be a fundamental highlight of 2019 as well.

**By Begum Durukan Ozaydin, Partner,
Durukan + Partners**

MANDATORY MEDIATION PROCESS FOR COMMERCIAL DISPUTES

Introduction



Onur Ergonen,
Partner,
Acer & Ergonen Law Firm

Turkey's *Law Regarding Procedures for Initiating Legal Proceedings for Monetary Claims Deriving from Subscription Agreements* numbered 7155 ("Law No. 7155"), which was published in the *Official Gazette* on December 19, 2018, has certainly opened a new period in Turkish Mediation Law. Law No. 7155 has introduced mandatory

mediation for commercial disputes into the Turkish Commercial Code and set the procedural rules for mandatory mediation under the Civil Mediation Law.

Mediation as a Cause of Action

The articles of Law No. 7155 related to mediation entered into force on January 1, 2019, and made mediation, as "*a cause of action*," mandatory for commercial disputes based on monetary claims or compensation claims, regardless of the value of the dispute in question. For such claims, the claimant now has to exhaust mediation proceedings before applying to the court. Failure to do so will result the court dismissing the lawsuit due to a lack of cause of action on procedural grounds without any review of the merits.

Applicability of Mandatory Mediation

Mediation proceedings are not mandatory for those commercial disputes already pending before the courts on January 1, 2019. There is no question that this is a very reasonable transitional provision; on the other hand, it does not sufficiently account for *counterclaims* that are made after January 1, 2019 to claims already pending before the courts on that day. The requirement to pursue mediation should theoretically apply to such counterclaims, even though the main claim itself falls out of the scope of the provision. However, courts are likely to exempt such counterclaims from the provision as well on the grounds of economy of procedure.

Furthermore, as mandatory mediation was introduced to the legal system to ease the burden of the courts, the require-

ment to pursue them does not apply to commercial disputes for which it is mandatory under a special law to pursue arbitration or another alternative dispute resolution method, or where there is an arbitration agreement executed by the parties. Needless to say, these all mainly serve the same purpose.



Asli Tezcan,
Counsel,
Acer & Ergonen Law Firm

Mandatory Mediation Proceedings

A mediator can be selected from registered mediators either by the relevant mediation bureau or the parties upon their mutual agreement. Mediation processes for commercial disputes must be finalized within six weeks of the date when the mediator is appointed, and they can only be extended by the mediator for an additional two weeks. During the mediation process, statutes of limitation periods do not lapse until the date the final minutes are issued by the mediator.

Results of Mediation Proceedings

Any settlement reached by parties at the end of mediation proceedings are considered final judgments, meaning that no lawsuit can be initiated on the matters upon which the parties have agreed. On the other hand, if the parties were not able to reach a settlement, they can now bring the commercial dispute to the court. In such cases, the certified mediation minutes regarding the disagreement of the parties are required to be submitted to the court by the party initiating the lawsuit. A failure to do so may lead the court to grant a definite period of one week for its submission.

Comments

Mandatory mediation, which was first introduced for employment disputes in Turkey, played a relatively major role in easing the burden of the courts and expediting the legal process. However, it can easily be argued that mandatory mediation cannot do the same for all commercial disputes as it does for employment disputes. Indeed, it is not realistic to expect to enjoy the same outcomes and benefits, considering the complex nature of commercial disputes, which mostly require an analytical approach. For less sophisticated commercial disputes, on the other hand, the requirement that mediation be attempted can significantly simplify the process for the parties as an effective alternative method of dispute resolution.

**By Onur Ergonen, Partner, and Asli Tezcan, Counsel,
Acer & Ergonen Law Firm**

INSIDE OUT: ENERGO-PRO BOND ISSUANCE

The Deal: In May, 2018, CEE Legal Matters reported that Linklaters, Kocian Solc Balastik, the BLC Law Office, Paksoy, and Tsvetkova Bebov Komarevski had provided advice on Czech, English, Georgian, Turkish, and Bulgarian law, respectively, to Energo-Pro a.s. on its EUR 250 million Eurobond issue in London. Allen & Overy, BGI Legal in Tbilisi, Boyanov & Co. in Bulgaria, and Turkey's Gedik & Eraksoy advised the joint bookrunners, BNP Paribas, Citigroup Global Markets Limited and J.P. Morgan Securities plc, and the Trustee, Citibank, N.A., London Branch.

We reached out to some of the firms involved for more information.

The Players:

- **Lead Counsel for Energo-Pro on English Matters:** Richard Levy, Partner, Linklaters
- **Counsel for Energo-Pro on Czech Matters:** Christian Blatchford, Part-

ner, Kocian Solc Balastik (now General Counsel, Energo-Pro a.s.)

- **Counsel for Energo-Pro on Bulgarian Matters:** Damyan Leshev, Managing Associate, Tsvetkova Bebov Komarevsky
- **Counsel for Energo-Pro on Turkish Matters:** Sera Somay, Partner, Paksoy
- **Counsel for Energo-Pro on Georgian Matters:** Giorgi Batlidze, Partner, BLC Law Office
- **Counsel for the Joint Bookrunners and Trustee on Bulgarian Matters:** Damian Simeonov, Partner, Boyanov & Co.

CEELM: How did you all become involved in this matter? Why and when (and by whom) were you selected as external counsel initially? Richard, since you were lead counsel to Energo-Pro, let's start with you.

Richard: We were approached by ENERGO-PRO as a result of an existing rela-

tionship between the company and one of our partners. We believe the strength of our international capital markets practice was a key factor in our selection in February 2018.

CEELM: Christian, you and Kocian Solc Balastic were counsel to Energo-Pro on Czech parts of the deal. How did you get involved?

Christian: I should say that, between doing this deal and now, I've joined Energo-Pro ("EPAS") as General Counsel, so I am answering mainly for myself and only unofficially for KSB.

KSB had been acting for EPAS and its group on transactional and other matters for a number of years prior to the bond issuance. Importantly, the firm acted on the debut bond issuance the year before. So, thankfully, the instruction was a natural one. KSB's involvement on the first deal began when EPAS asked me for recommendations for lead counsel in Lon-



don. I was in the car heading away for a short break at the time, but got onto it straight away.

CEELM: Giorgi, what about you and BLC in Georgia?

Giorgi: We have many years of experience cooperating with Energo-Pro a.s. and its Georgian subsidiaries. We have advised them on various transactional matters. It is also noteworthy that we undertook the role of the local counsel to Energo-Pro a.s. in relation to the previous Eurobonds transaction, which concluded in 2017.

The initial contact between us and Energo-Pro was established in late 2015 through the Czech law firm Kocian Solc Balastik. Since then we have been advising Energo-Pro a.s. and its Georgian subsidiaries on all major transactions and litigation. Therefore, it was quite natural to invite us to support the latest Eurobond offering transaction. No competitive se-

lection took place.

CEELM: Damyan, what about you and Tsvetkova Bebov Komarevsky?

Damyan: We have acted for the Energo-Pro Group on a number of capital markets projects since 2016. For example, we acted as issuer legal counsel to Energo-Pro Varna EAD, which is the group's Bulgarian holding company covering electricity distribution and supply business. In November 2016, Energo-Pro Varna issued EUR 130,000,000 notes, which is still the biggest ever domestic bond issue in Bulgaria. These notes were fully redeemed, after bondholder approval, with the use of part of the proceeds of the EUR 370,000,000 Energo-Pro a.s. Debut Eurobonds, issued in December 2017. We acted as issuer and guarantor (Energo-Pro Varna) Bulgarian legal counsel to Energo-Pro a.s. concerning these debut Eurobonds.

With the above background in mind, we

were approached again by Energo-Pro a.s. to act as their local counsel on Bulgarian legal matters in respect of the EUR 250,000,000 notes as well.

CEELM: What about you and Paksoy, Sera?

Sera: We were contacted by Kocian Solc Balastik. Our contact person was Christian Blatchford, a partner at the firm.

CEELM: Damian, what about you and Boyanov & Co.? How did you get involved with the joint bookrunners?

Damian: In 2016 we acted as special Bulgarian counsel to the Lead Manager under the largest corporate bond issue (EUR 130 million) in Bulgaria with issuer the Bulgarian subsidiary of Energo-Pro, Energo-Pro Varna EAD. On this deal we were approached by Allen & Overy, as Boyanov & Co. is their local relationship law firm for Bulgaria.

CEELM: What, exactly, was the *initial*



Richard Levy



Christian Blatchford



Damyan Leshev



Sera Somay

mandate when you were each retained for this project?

Richard: Our initial mandate was to act as English law counsel for Energo-Pro in relation to: (i) a Regulation S issue of new bonds (this would be the second standalone issuance for Energo-Pro, having issued their debut standalone bonds previously in 2017); and (ii) an accession of 1 new guarantor to the existing bonds issued in 2017.

Christian: As local counsel our role was pretty standard: comments on the prospectus and transaction documents from a local law perspective (particularly on tax), providing capacity legal opinions and generally helping lead counsel as best we could.

Giorgi: In the very beginning, we were asked to assist Linklaters on any legal issue related to the activities of the Georgian subsidiaries. Our focus was on two key tasks: to support the process of drafting the relevant sections of the prospectus (listing particulars), and to coordinate collection of necessary corporate authorizations, and issuing a legal opinion.

Damyan: We were instructed to advise on all relevant Bulgarian legal aspects of the transaction, including on the local requirements related to the provision of upstream guarantees by the Energo-Pro Group local subsidiaries, to assist with the drafting of the relevant sections of the listing particulars, to provide legal opinion, to draft corporate approvals. Bulgaria is a key country in which the group operates, hence of significant relevance in structuring the bond transactions by the ultimate holding company as well.

Sera: We were mandated to provide Turkish law advice to Energo-Pro in connection with issuance of EUR 250,000,000 notes guaranteed by Energo-Pro Georgia JSC, Energo-Pro Georgia Generation JSC, Energo-Pro Varna EAD, and Resadiye Hamzali Elektrik Uretim San. ve Tic. A.S., and in connection with the accession of the Turkish guarantor to the trust deed and to the paying agency

agreement.

Damian: We were asked to act as special Bulgarian counsel to the Joint Bookrunners, BNP Paribas, Citigroup Global Markets Limited and J.P. Morgan Securities plc, and to the Trustee under the Notes, Citibank, N.A., London Branch, as, based on our participation in the 2016 Bond Issue of the Bulgarian subsidiary, we were familiar with its corporate status.

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

Richard: In addition to me, the members of the core team were Cecil Quillen (Partner), Rory Renshaw (Managing Associate), and Sirae Chen (Associate). Cecil and I led the team, supported by Rory and Sirae.

Christian: Martin Krejci was a great help, since he is KSB's most experienced DCM partner. Helena Navratilova did a lot of work on the tax side. Associates Ondrej Mikula (who has since left the firm) and Josef Kriz provided fantastic support, as ever.

Giorgi: Our team consisted of three of four members, led by me. Other members included Tamta Ivanishvili (legal director of BLC), Rusa Tchkuaseli (Senior Associate in charge of capital markets and banking & finance) and Giorgi Kila-sonia (Associate for capital markets and banking & finance). My task was to assign sub-tasks to the team and to coordinate the drafting process and content of legal documents drafted by our team. In addition, I was extensively involved in drafting sections related to the energy legal framework, which was crucial considering that Energo-Pro's Georgian subsidiaries are operating a regulated business in the field of energy generation and distribution. Tamta Ivanishvili concentrated on drafting country risks and other section of the prospectus (listing particulars). Rusa Tchkuaseli's role involved the review and coordination of transaction specific agreements, like the agency agreement, trust deed, and management letters, *etc.*

Giorgi Kilasonia supported the process, with a main focus on corporate documents and necessary consents to be obtained in Georgia. Apart from the above, Tamta Ivanishvili, Rusa Tchkuaseli, and I interchangeably participated in all conference calls related to the transaction.

Damyan: I led our team. The partner in charge was Nikolay Bebov, Managing Partner of the firm and head of our Financial Services Law Group. Aleksandar Aleksandrov, the firm's Energy Law Head, took a specialist role in drafting/reviewing relevant sections of the listing particulars, describing Bulgaria's energy regulatory and legal environment.

Sera: I led and monitored our team on the project. Beril Paksoy worked on guarantee-related matters, handled daily communication with all parties, drafted corporate documents to be adopted by the Turkish guarantor, and worked on all Turkish law matters related to the project. Pinar Tuzun worked on listing particulars from the Turkish law perspective, and Sansal Erbacioğlu worked on tax issues in relation to the guarantee provided by the Turkish guarantor.

Damian: The members of the Boyanov & Co. team involved in the project were me, a partner and Co-Head of the Banking & Finance Practice Group, Georgi Drenski, Senior Associate in the Banking & Finance Practice Group, and Ivailo Angelov, a Senior Associate in the Tax Department. As I have vast experience in finance transaction, I led the team, which was also supported by Partner Alexander Chatalbashev, whose areas of expertise involve Energy and Natural Resources.

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

Richard: This was the second guaranteed issuance of standalone bonds denominated in euro by Energo-Pro. The deal largely followed the structure of the Issuer's debut issuance in 2017. Lin-

klaters drafted the disclosure document, co-ordinated with the Irish listing agent in relation to the listing of the bonds on Euronext Dublin, and assisted the Issuer in negotiating the transaction documents for the issuance of the bonds.

Christian: The 2018 deal was designed to mirror the 2017 deal as much as possible, to avoid reinventing the wheel. A&O for the banks and Linklaters, as EPAS's lead counsel, were in the driving seat on the documentation. I would leave it to them to comment on this point.

Damyan: The EUR 250,000,000 Energo-Pro a.s. notes were designed as a top-up bond issue aiming at refinancing the existing indebtedness of the local subsidiaries of Energo-Pro Group in Georgia, Turkey, and Bulgaria, among others. We participated in the structuring of the refinancing of the existing loan facilities granted to the Bulgarian subsidiaries of Energo-Pro Group and advised on the Bulgarian law aspects of the provision of upstream guarantee by Energo-Pro Varna EAD as a security under the notes.

Sera: Resadiye Hamzali Elektrik Uretim San. ve Tic. A.S (the Turkish Guarantor) acceded to the trust deed and agency agreement as a guarantor for the existing notes due on 2022 and entered into a subscription agreement as a guarantor for the new notes to be issued by Energo-Pro in the amount of EUR 250,000,000 and due 2024. We advised on preparation of listing particulars from a Turkish law perspective for the issuance of new notes, reviewed and revised all agreements from the Turkish law perspective, and helped the Turkish company provide corporate documents and authorizations for the execution of these agreements.

Damian: The Transaction Documents (*i.e.*, the Preliminary Listing Particulars, Subscription Agreement, Paying Agency Agreement, and Trust Deed), were governed by English law. We assisted in their drafting from a Bulgarian law point of view insofar as one of Energo-Pro's material subsidiaries in Bulgaria acted as a Guarantor for the bonds. We reviewed,

commented on (including suggested amendments to), and confirmed in our opinion the correctness in all material aspects of the statements set out in the following chapters of the Listing Particulars (insofar as those statements purported to constitute summaries of Bulgarian law, or matters governed by Bulgarian law, and subject to assumption and qualifications as set forth in the opinion): the chapter entitled "Legal Information in Respect of the Issuer and the Guarantors"; the chapter "Regulation," under the caption "Regulation in Bulgaria"; in the chapter entitled "Taxation," under the caption "Bulgarian tax considerations"; the chapter entitled "Subscription and Sale," under the caption "Bulgaria".

CEELM: What's the current status of the deal?

Richard: Energo-Pro successfully issued its EUR250,000,000 4.50 percent Guaranteed Notes due 2024 on May 4, 2018. The bonds are admitted to trading on the Global Exchange Market of Euronext Dublin.

Christian: Completed, with all bonds subscribed for, listed and trading on the Irish Stock Exchange.

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

Richard: Nothing in particular.

Christian: There was a bit of difficulty matching the reality of freely-traded listed bonds with the rigidity of Czech tax law. I think in the end, though, that the tax experts did a good job in listening to each other and finding a way through. There was also some delay in closing due to market volatility. We had the thing ready to go but had to sit back and wait for the choppy waters to calm. On a personal note, I was on my back for a week with the flu during the crucial stage of the transaction, which was far from the perceived romance of "big law."

Giorgi: Structuring of the transaction was smooth and straight-forward from a legal perspective. The only challenge we



Giorgi Batlidze



Damian Simeonov

were facing was the delay of listing due to unfavorable market developments. Listing was initially planned for March 2018, and after several delays, we closed the deal in May 2018. Transactions of this type requires the coordination of multiple parties, counsels, and consultants. All documents in multiple jurisdictions must be executed and aligned for the listing date. Delays and postponements obviously mean that the entire team needs to reduce activities and revive several times, which is not easy to coordinate.

Damyan: Like any other transaction involving several jurisdictions, the most challenging part for all counsels in relation to the EUR 250,000,000 Energo-Pro Eurobonds was to synchronize efforts in order to achieve consistent approach in meeting the local rules and regulations to which Energo-Pro Group is exposed in all countries where it is present.

Sera: The requests for fast turnaround to emails was sometimes challenging due to heavy email traffic but I would not say I

was frustrated by any part of this deal.

Damian: There were many jurisdictions involved: Issuer – Czech Republic; Guarantors – Bulgaria, Georgia, and Turkey. In addition, the coordination of the Listing Particulars’ Section “Regulation in Bulgaria” referring to the Bulgarian energy sector [was challenging] because of the many acts of secondary legislation applicable.

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

Richard: Execution of the transaction went smoothly.

Giorgi: As already mentioned, this was a repeat deal, so it was generally pretty easy.

Damyan: As the transaction was a top-up exercise in addition to the EUR 370,000,000 Energo-Pro Eurobonds issued in December 2017, the process of preparing the transaction documents went relatively smoothly. Still, as with any international transaction, there were challenges in setting the final terms and conditions of the notes. The relationship of the new issuer vis-à-vis the previous issues made relevant a careful joint review of both issues as well as of the relevant facilities to be refinanced.

Sera: All teams were in sync which helped us with the process and we managed to close the deal in a short period of time as aimed.

Damian: Our common work and discussions with the legal advisers to the Joint Bookrunners and the Trustee as to English law, Allen & Overy LLP, UK, was very smooth as usual.

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

Christian: There was a change to the deal mid-way through, but that remains confidential.

Giorgi: The initial mandate did not

change and we completed all tasks as assigned from the outset.

Damian: Yes, the final result matched our initial mandate.

CEELM: What specific individuals directed your team’s work, and how did you interact with them?

Richard: Martin Rejna was our main contact at Energo-Pro.

Christian: Martin Rejna, EPAS’s DCM expert, was of course central to the team’s efforts. But, as usual, everyone pitched in, providing their particular viewpoints and getting the job done.

Giorgi: We received initial instruction from Christian Blatchford at KSB. As the transaction progressed key individual we interacted with was partner of the issuer’s lead counsel – Richard Levy (Linklaters London). All issues related to jurisdiction were agreed directly with the local counsel of banks – Unana Gogokhia, from BGI Legal. Besides, we had close coordination with the management of the Georgian subsidiaries: Nino Dadunashvili (CFO) and Nikoloz Giligashvili (General Counsel). All communication was done directly either through email or phone.

Damyan: We coordinated each day with Mr. Petr Milev, Senior Advisor, and Mr. Martin Rejna, Executive Director Strategic Development of Energo-Pro a.s., to discuss the entire process of structuring of the Bulgarian part of the transaction. Our key contact at the English counsel to the issuer, Linklaters, was Richard Levy, Partner, and Sirae Chen, Associate.

Sera: We worked with Linklaters’ London office very closely on this deal and communicated with them very often. We were especially in contact with Rory Renshaw and Sirae Chen from Linklaters’ team. We were also in communication with the strategic development executive of Energo-Pro and the in-house lawyer of the Turkish guarantor in order to assist them on gathering the required corporate documents and authorizations.

Damian: We interacted mainly with Anne Low (Senior Associate), Annabel Balance (Associate) and Michael Hossack (Associate) from Allen & Overy's London office.

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

Richard: The working relationship was professional and effective. The transaction was conducted mostly over email, with regular calls as well. Negotiation of the documents took place over a course of approximately six weeks.

Christian: Things worked well on our side. Linklaters did a very smooth job. Local counsel in Bulgaria (TBK), Georgia (BLC), and Turkey (Paksoy) were also really good. As ever, the test is getting the job done with minimal fuss. To be very frank, one or two of the bank's lawyers got up my nose, but not everyone you meet in the law is a nice person.

Giorgi: We had an excellent working relationship with all counsels involved in the transaction both on the issuer's or the banks' side. Taking into account the cross-border character of the transaction all communication was done through emails and phone calls. We did not participate in any in-person meetings.

Damyan: In the course of the work we had weekly calls with Energo-Pro, the underwriters, other issuer counsels (Linklaters as English law counsel, Kocian Solc Balastik as Czech law counsel, BLC Law Office as Georgian law counsel, and Paksoy as Turkish law counsel) and with banks' counsels (Allen & Overy's London office, as English law counsel, Allen & Overy's Prague office, as Czech law counsel, BGI Legal, as Georgian law counsel, Boyanov & Co., as Bulgarian law counsel, and Gedik & Eraksoy, as Turkish law counsel). These weekly calls were very strict and to the point and were always directed towards resolving any potential showstoppers for the successful issuance of the notes.

Our counterpart at Boyanov & Co. (the banks' Bulgarian counsel) acted in a pragmatic and focused manner and, moreover, as we know each other from previous transactions, this was of relevance towards achieving the objectives of our respective roles in an efficient manner.

Sera: Communication between the parties generally took place via emails and we did not attend any physical meeting with other firms in this deal. We exchanged emails with A&O's London team with regards to our Turkish law comments to the listing particulars and English law-governed agreements to which the Turkish guarantor became a party. Additionally, we had phone calls and exchanged emails with A&O Turkey (Gedik & Eraksoy) for the documents required from the Turkish guarantor. Our communication and work with A&O Turkey was smooth and we managed to agree on the content of Turkish law corporate documents and authorizations in couple of emails. It was a fast deal which closed within a month of our mandate.

Damian: Our work was carried out through an exchange of documents and comments on them via email, as well as phone calls (the phone calls took not more than 1/10 of our time on the project). The project documentation was completed very fast (in a couple of weeks) but the launch of the new issue was delayed approximately a month after because of business discussions among the parties.

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

Richard: This deal reflects international debt investors' interest in the region generally, and Energo-Pro in particular.

Christian: There are not too many Czech players on the international capital markets (although, of course, AVAST did a huge IPO last year), so it was nice to be involved in a sizeable deal for a Czech issuer. EPAS's assets are mainly in emerging markets in the Black Sea and Caucasus Region, and so the reasonable size

and pricing of this deal was good news in that regard.

Giorgi: There are not many Eurobonds offerings involving Georgian issuers. Therefore, we believe that merely the fact that the Georgian companies demonstrated the ability to comply with all requirements of Eurobonds offering makes this transaction extremely significant. Another aspect to emphasize here is the status and importance of Energo-Pro's Georgian subsidiaries for the Georgian electricity market. Energo-Pro Georgia JSC is the largest electricity distributor in Georgia, whereas Energo-Pro Georgia Generation JSC is the leading company operating significant part of power plants existing in Georgia.

Damyan: Energo-Pro is one of the most significant foreign investors in Bulgaria's energy sector. The issuance of the notes provided sufficient funds to Energo-Pro Group across its markets of operation, including to continue its investment program in Bulgaria, which has a very positive effect on the Bulgarian economy and will boost the local energy sector to introduce higher international standards in the production and trading with electricity. Further, the transaction is one of only very few international bond transactions involving businesses in Bulgaria in 2018, signifying nonetheless that Bulgarian companies are very successful in international issuances.

Sera: It is not common to have Turkish subsidiaries of issuers become guarantors under their notes. It was important for us to be part of this structure and assist the Turkish guarantor throughout the process.

Damian: The deal did not have a significant direct effect on Bulgaria as the issuer was the mother company in the Czech Republic. Much more important was the 2016 Bond Issue of Energo-Pro Varna EAD, where we acted as counsel to the Lead Manager.

David Stuckey



EXPAT ON THE MARKET: INTERVIEW WITH JOE CLINTON OF ALLEN & OVERY

Joe Clinton is a Partner at Allen & Overy in Istanbul, where he advises sponsors, borrowers, and lenders on a range of transactions, including project development and financing as well as real estate, leveraged and structured financing transactions, and general lending, with particular emphasis in the Middle East and Eastern European energy and infrastructure sectors.

CEELM: Run us through your background, and how you ended up in your current role with Allen & Overy.

Joe: I joined A&O as a trainee in London, qualifying into the Projects team in 2005. After a few years in London I moved out to our Moscow office for a two-year secondment. At the time the market in Moscow was growing quickly, but then the financial crisis happened. Although the Russian economy was badly affected, I managed to keep myself busy working on some projects in the Middle East. When the secondment finished, I relocated to Dubai as I had done a lot of work with the office there.

I was in Dubai when we were planning to open in Istanbul. The firm wanted someone with a Projects background who could operate in an emerging market and was willing to move. I was asked if I wanted to go out and help establish the office, which was a really exciting opportunity. I have been in Istanbul for over six years now.

CEELM: Was it always your goal to work abroad?

Joe: Yes, the opportunity to do part of my training contract in an overseas office was one of the reasons I joined A&O. I spent a very enjoyable six months as a trainee in Tokyo. However, I hadn't necessarily envisaged I would then spend over ten years (and counting) abroad in three different overseas offices after I qualified! I enjoy the personal challenge that comes with living in a different culture as well as the variety of work.

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

Joe: I qualified into the Projects team in London and therefore project finance has always been the core of my practice – particularly large-scale energy projects. However, one of the nice things about being in a smaller office in an emerging market is the variety of the work and the need to turn your hand to different

things. My practice therefore covers the full range of banking work, from bilateral corporate loans to various types of structured lending. I think the most important way to build a practice is to do a good job on-deal. Particularly in this region, you frequently come across the same people – whether as clients or across the table – and you will find your reputation very quickly precedes you, whether good or bad.

CEELM: How would clients describe your style?

Joe: I like to think of myself as pragmatic. Particularly in project finance there is a shared objective in getting the relevant infrastructure built, and therefore it lends itself to a more consensual than adversarial approach to negotiations. I think clients quickly get frustrated by lawyers who try to score points unnecessarily in a negotiation and therefore it is important to identify the material points that are worth fighting for and to try to be sensible about the rest.



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

Joe: One obvious idiosyncrasy is the value that people put on relationships when doing business – more so than many other jurisdictions I have worked in. It is generalizing, but often I feel like having a strong contract is less important than the relationship with the counterparty. The legal system in Turkey has been through some considerable changes itself recently with the constitution moving from a parliamentary system to an executive presidency where the president can issue decrees. I think we are still to see how that will work in the long-term and so Turkey itself is still trying to work out how different its own legal system is now.

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

Joe: Turks pride themselves, rightly, on

their hospitality, and Istanbul is surprisingly friendly for a megacity. People are always willing to help, especially for foreigners, which cannot always be said of London. They are also very willing to try to communicate with foreigners who speak terrible Turkish!

My wife and I have two small children, both born in Istanbul, and the other thing we have noticed is just how family-friendly everyone is. You have to be ready for complete strangers to pinch their cheeks and possibly walk them around a restaurant for a bit, but at least it gives you a chance to finish your meal!

CEELM: What particular value do you think a senior expatriate lawyer in your

role adds – both to a firm and to its clients?

Joe: For the firm, having a senior expat in Istanbul reaffirms our commitment to the market and ensures that the firm as a whole is focussing on the opportunities in Turkey. We have a small team of English lawyers on the ground in Istanbul which allows us to execute deals from the office. I think clients really appreciate this – they are getting people who really know and understand the market who are also available to go round for a face-to-face meeting on short notice. They know it is a market that we are taking seriously.

CEELM: Do you have any plans to move back to the UK at some point?

Joe: No, not currently. My family moved to Jersey when I was eight and are still there, so they are not on mainland UK, and despite meeting my wife in a bar in Camden she is Canadian – so there is no family pull on either side to go back. While we won't be in Turkey forever, we are pretty open-minded about what the future might bring. For the time being, however, the whole family is very happy in Istanbul.

CEELM: What's your favorite place to take visitors in Istanbul?

Joe: Of the usual tourist sights the one that our visitors usually find the most impressive is the Basilica Cisterns as no one really knows what to expect from an ancient underground cistern. They always come out raving about it. Off the beaten track, we like to take them to an area called Rumeli Hisari which is further up the Bosphorus than the usual tourist areas. There is a simple restaurant which does an amazing Turkish breakfast that we like to take people to. Next to it is the remains of a 15th century castle that makes for an interesting visit and then it is a nice walk down the Bosphorus from there.

David Stuckey

MARKET SPOTLIGHT: BULGARIA

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A MODERATE SUCCESS: CAUTIOUS GROWTH IN THE LAND OF ROSES

Bulgaria, it seems, is in good shape. Fueled by a buoyant tech sector, the country's economy is registering impressive growth, incomes are rising, and unemployment is down. Still, with corruption still a problem and the prospect of a global slowdown around the corner, few are willing to bet on the good times sticking around long. As always, in the Land of Roses, the thorns are not far away.



LIFTING OFF FROM THE AIRPORT

The ongoing privatization of the Sofia International Airport is the primary subject *du jour* for Bulgaria's leading commercial lawyers. Valued by many experts as worth well over EUR 3.5 billion over 35 years, the concession should result in a long-overdue upgrade to one of Europe's most outdated and least attractive airports.

The airport is, obviously, the gateway into the country for an ever-increasing number of investors and tourists, as the arrivals – which exceeded six million for the first time in 2016 – continue to grow. It is thus both politically and symbolically important, as well as being a source of significant income to the Bulgarian state and to the firms advising various bidders. As a result, the announcement of the successful bid – the initial February 4, 2019 deadline for submitting bids was, at the urging of the IFC, pushed back to April 3d – remains highly anticipated.

“There is huge interest in the airport concession,” reports Pavel Hristov, Managing Partner of Sofia's Hristov & Partners. “Especially in light of the successful concession of the Belgrade airport in Serbia in 2018 [which went to French infrastructure group Vinci for EUR 1.5 billion and 25 years], it seems like investors are looking for similar opportunities.” Indeed, referring to “all-year round tourism and the previously-successful concessions of the two airports by the seaside,” Hristov believes that the potential for the airport concession in Bulgaria's capital is even greater than it was last year in its Serbian counterpart.

Optimism is, happily, not emanating solely from the airport. Diana Dimova, the Managing Partner of Kinstellar's Sofia office, agrees that “these are very interesting times because of the privatization process,” which she describes as “the biggest project the country has seen in recent years,” but she insists that her confidence extends beyond that particular project. According to Dimova, she and her colleagues at Kinstellar Sofia “had a great



Borislav Boyanov

2018, and 2019 will be even better.” She points in particular to “the many transactions in the real estate, TMT, financial services, and manufacturing sectors.”

Separating spin from the truth in this context is as difficult as separating toadstools from mushrooms, but many lawyers appear to share Dimova’s confidence. “I’m positive on the market generally,” says Richard Clegg, the Managing Partner at Wolf Theiss Sofia. “There’s lots of development in the tech sector, and lots of institutional and alternative funds coming in, particularly at the early venture capital end.” He continues, smiling. “There are lots of larger international tech companies coming, providing a lot of outsourcing and back office work. That’s good for wage growth and career prospects. It’s a very exciting tech ecosystem in Bulgaria, and a reason for young people to stay in the country.”

Indeed, if there’s one thing everyone agrees on, it’s that Bulgaria’s tech sector is doing extremely well. Borislav Boyanov, the Managing Partner at Boyanov & Co., claims the tech sector is especially advanced in the country, describing it as a good ten years ahead of many of its CEE peers, and he describes the FinTech sector in particular as “the most advanced in the region.”

And Pavel Hristov says, “IT is booming in Bulgaria and it has excellent potential, because the most important resource – human capital, in the form of capable engineers and developers – are here in the market.” Indeed, he says, “they are still here despite the brain drain, because they are a particular breed, looking for quality of life.”

But technology is not the only source of growth. Hristov says that he is “hearing from Turkish law firms that they are hearing more and more interest from Turkish companies to invest here, and Richard Clegg reports that investors wanting to avoid problems in both Turkey and Greece are increasingly looking at their shared neighbor to the north. In addition, he says, “in some ways, Trump’s position

“In some ways, Trump’s position on global trade has had a positive impact for Eastern Europe – threats of a trade war between Asia and the United States have made companies look again at the comparative security, low-cost, and ease of business in Eastern Europe.”

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Boyanov, however, is less convinced. Although he agrees that “from Greece we have investors, particularly in the southwest part of the country,” he is less optimistic about business coming from Turkey. “We expected that on joining the EU lots of Turkish investors would come,” he says, shaking his head. “A few did, but not many. Not many.”

Either way, Pavel Hristov is enthusiastic about the commitment of Bulgaria’s government to investing in the country and supporting business. “The government has been running the show for ten years now and has a clear focus on EU-funds-related investments,” he says. “We were underdeveloped in infrastructure for many years, and although it’s still not enough, we have made huge investments in roads, rails, concessions and also logistically in some of the industrial centers.” As a result, he says, the current government is “pro-business for sure.”

Indeed, Hristov notes that the concessions offered for the airport and recently for the ports “helps business and we can now export easier.” For him, the next step is to ensure a “consistent and uniform application of the rules.” He explains: “We have good quality laws and



Damian Simeonov



Diana Dimova



Pavel Hristov

most are completely aligned with EU legislation. This gives an opportunity to all business from the EU to come here and feel comfortable. The next step is that we need to enforce these rules consistently. Not just in the courts, but also by enforcement bodies, municipalities, and so on.” Simply put, he says, “the state, after investing in infrastructure, needs to invest in the people to develop the capacity of enforcement – so that the investors feel more secure here.”

Boyanov too believes that providing foreign investors with increased transparency, predictability, and confidence in the security of their investments is key. “The main problem is a non-functioning judiciary. This provides no reliability for investors. This is the most important part. Of course, there are other reasons, but that’s the main one. Courts are used as political tools to protect certain interests and individuals.”

THE FUTURE: WHISTLING PAST THE GRAVEYARD?

Nobody believes the current good times (whether extremely or only sort-of) will last forever, but there seems to be little anxiety that the well will dry anytime soon. “A recession is probable, given the economic cycle,” says Wolf Theiss’s Richard Clegg. “But Bulgaria is still growing from a comparatively low base and I don’t expect a significant slow-down in the next two years.” He cites his firm’s recent advice to the Soravia Group on a financial lease of some three million square meters of land on the site of the former Kremikovtzi steel mill to the south of Sofia as a source of optimism, noting that “the development plan is to build for large logistics, commercial, and infrastructure companies, which would provide a significant employment boost.”

Kinstellar’s Dimova says “when you hear the government boasting of lower unemployment, greater investments, and salaries and incomes going up, you have to believe it – the economy is growing.” And like Clegg, she cites a major deal her

firm worked on in 2018 – the acquisition of Old Mutual Property and its Bulgarian partner AG Capital of Megapark, a 75,000-square-meter office building in Sofia, which she describes as “the largest office acquisition in Bulgaria since 2008” – as underscoring her confidence.

And Borislav Boyanov believes that, even if the anticipated slowdown in the global economy does occur, Bulgaria is unlikely to be immediately affected. “Usually the crisis comes a year or two later here,” he says. Still, he’s alert to the likelihood it *will* come, in some form or another. “Nobody knows what form it will take, exactly, and when,” he says. “Maybe this year, maybe next year. Everybody says the next crisis that’s coming will be different – but nobody knows *how*. But *something’s* coming.”

More critical, for him, at least in the short-term, are the country’s internal problems. “There’s political tension,” he says. “Too much is going on in a bad direction here. Many foreign investors have left the country.” He notes that in the past decade the country has slipped from 6th or 7th in FDI per capita to 58th, and that, over the past two decades, the population in the country has shrunk by 30%.

Damiam Simeonov, at Boyanov & Co., expresses disappointment that Bulgaria has failed to take better advantage of the opportunities it has had in recent years. Still, his colleague Boyanov is quick to insist that he and his colleagues “remain optimists, as the civil society and the new generation of business people are growing and becoming stronger.”

THE ONLY THING CONSTANT IS ... NO CHANGE

Bulgaria’s legal marketplace is characterized by a remarkable stability, with the same four or five firms remaining atop it for many years, and few successful mergers or split-offs of note. Richard Clegg, commenting from his position at regional Wolf Theiss, says the current situation can not last forever. “There will be a generational change at the largest Bulgarian



Richard Clegg

law firms over the next few years,” he says, “which will present an opportunity for the next generation of leaders, but also a challenge as firms make that transition.”

According to Clegg, “despite general optimism, the legal market is challenging as work-quality, technology, and sophistication demands increase together with a pressure for fees to decrease.” He notes that “like other sectors, the best talent is in demand,” which means “there is a great opportunity at the moment for entrepreneurial mid-level lawyers to spin-out and do good work.”

Borislav Boyanov, whose Boyanov & Co is among the long-time kings of the market, expresses weariness at the continued pressure on fees in the country, which he says are already the lowest in CEE. Lawyers aren’t the only one affected, he says, describing it as also “not good for clients.”

And Pavel Hristov expresses some frustration that several of the biggest deals in the private sector in Bulgaria last year had only limited local Bulgarian elements. He points to the acquisition by OTP Bank of Societe Generale’s Albanian and Bulgarian subsidiaries as being “initiated, done, and completed outside of Bulgaria mostly,” and says “only a few law firms had a chance to participate on that.”

Hristov adds that “the silver lining is the Sofia airport concession.”

David Stuckey

MARKET SNAPSHOT: BULGARIA

ENERGY SECTOR IN THE SPOTLIGHT

Legislation and Strategic Changes in the Bulgarian Energy Sector



Kostadin Sirleshtov,
Partner,
CMS

Several amendments were made to Bulgaria's energy laws in 2018 facilitating the further liberalization of the energy market. Renewable energy producers exceeding 4 MW installed capacity that enjoyed offtake of their energy at Feed-In Tariff (FiT) were introduced to a different support scheme: Contracts for Premium (CfP), which became effective on January 1, 2019. Under CfP, renewables sell their electricity to the free market – either to the Independent Bulgarian Energy Exchange (IBEX) or to their balancing group coordinators.

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Latest Changes to the Bulgarian Energy Strategy to 2020

Bulgaria's Parliament included the construction of the Balkan Gas Hub as a priority project in the National Energy Strategy Until 2020 by amendments and supplements introduced in

late 2018. The amendments were necessitated by the changing gas flows in South-Eastern Europe and the desire to preserve and develop Bulgaria's role as a leading transit center in the region.

LARGE-SCALE ENERGY PROJECTS

Nuclear Energy in Focus

The re-start of the Belene Nuclear Power Plant (the "Belene NPP") was announced in late 2018, and Bulgaria's Government has approved the draft framework for the selection process of a strategic investor for the power plant. It is anticipated that the investor selection process will start sometime in February 2019 and will take up to 12 months. According to the Energy Minister, investors willing to acquire a minority share or industrial consumers interested in power supply will also be given the opportunity to take part in the procedure. The terms of disposal will include a blocking quota for the state and participation of local companies in the construction. According to the Bulgarian Government, companies from China, Korea, and France have demonstrated interest in the Belene NPP.

Balkan Gas Hub Project

The ambitious Balkan Gas Hub project, which is a Project



of Common Interest for the EU, involves expanding the country's gas transit network and using part of the Trans-Balkan Pipeline, currently delivering Russian gas to the Balkans through Ukraine, in reverse mode to transport gas volumes from the second string of TurkStream to Serbia and on to Central Europe.

In January 2019, Bulgartransgaz EAD registered a subsidiary company, Gas Hub Balkan EAD, to construct a long-awaited gas distribution center on the territory of Bulgaria. This distribution center has all the potential to become a major contributor to energy security in South-Eastern Europe, due to the country's advantageous geographic location. The new subsidiary company is designed to create a gas-trading platform – a gas exchange with an additional segment for bilateral trade – but it will be mostly involved in developing the hub.

Green Light for the Interconnector Greece-Bulgaria

On November 8, 2018, after declaring them in line with EU state aid rules, the European Commission gave the green light to Bulgarian and Greek plans to support the construction and operation of a 182km cross-border gas interconnector between Komotini in Greece and Stara Zagora in Bulgaria. The interconnector will contribute to the objectives of security of supply, diversification of energy sources, and increased

competition in EU energy markets. The project, which was originally scheduled for completion by 2020, will have a key year in 2019, involving EPC contractor selection and the commencement of construction.

Start of the Sofia EfW Project

The Bulgarian Government approved the installation of RDF technology in the Sofia Thermal Power Plant in November 2018 after debate lasting over several years. The RDF installation is the last stage of the largest waste treatment system for Bulgaria. It will produce electrical and thermal energy for use by the Sofia District Heating company.

Offshore Exploration in the Black Sea

In late 2018 Bulgaria's Government approved the transfer of 30% of the exploration rights on offshore Block 1-14 Khan Kubrat from the current sole holder, Shell, to the local branch of Woodside Energy.



Elena Yotova-Yordanova,
Associate,
CMS

The third deep-water exploration well in Bulgarian offshore block, 1-21 Han Asparuh in the Black Sea, which is being carried out by Total E&P Bulgaria (40% for Total, and 30% for each OMV and Repsol), started in December 2018.

The launch of the tender procedure for oil and gas exploration in the Tervel offshore block is expected to take place in 2019, thus completing the tendering of the three major offshore blocks in Bulgaria.

By Kostadin Sirleshtov, Partner, and Elena Yotova-Yordanova, Associate, CMS Bulgaria

DATA PRIVACY, CYBERSECURITY, AND ANTI-MONEY LAUNDERING IN THE SPOTLIGHT



Nevena Radlova,
Head of IP and Competition,
CMS

2018 was an eventful year from a compliance perspective, with data privacy, cybersecurity, and anti-money laundering among the key areas. Like other countries in the EU, Bulgaria has made steps to harmonize its legislation and follow the major legal trends in Europe.

Some of the new provisions extend the protections for vulnerable consumers; others concern companies' overall approaches to risk management. Along with the positive aspects of increased focus and protection, businesses faced and continue to face many challenges in adapting to the new legal requirements.

GDPR Enforcement

2018 will definitely be remembered by compliance officers as the year in which Regulation 2016/679 (the GDPR) became operational.

Starting from 2016, when no one paid much attention to the GDPR, then in 2017 and in the first quarter of 2018, businesses in Bulgaria struggled to properly understand the new rules, identify their gaps, and comply with the GDPR. A February 2018 survey conducted of its members by the Bulgarian Chamber of Commerce and Industry showed that four months before the GDPR's May 25, 2018 applicability date only 14% of the businesses were even somewhat ready to meet its requirements.

Most of the companies reported that the *principle of accountability* was one of the biggest challenges. This principle required that a large amount of policies be prepared and implemented, data subjects be notified, and projects be planned from a GDPR perspective, all of which involved significant costs. Another challenge was the IT angle of each GDPR project. The requirements for "appropriate technical and organizational measures" involved improving mechanisms for physical, technical, and software protection, and data breach registration, reporting, and remedial actions.

Today, GDPR awareness among business has risen, but many companies still have a long way to go to ensure compliance.

On January 24, 2019, the Bulgarian parliament voted to amend and supplement the Personal Data Protection Act to transpose and localize, where possible, the GDPR rules. It is yet to be seen how the sub-legislative acts and the practice will shape the implementation of the new rules in Bulgaria.

The New Cybersecurity Act

On November 13, 2018, the Bulgarian Cybersecurity Act (CSA) entered into force to implement the NIS Directive (EU Directive 2016/1148).

The new requirements apply to the administrative authorities and providers of public services online; operators of essential services that rely heavily on network and information systems in key sectors such as energy, water, transport, banking, and healthcare; and digital service operators such as e-commerce

platforms, online search engines, and cloud computing services.

The CSA imposes new cybersecurity standards on those affected businesses that use network and information systems in their activity and where a cyber incident may significantly affect the provision of their services. As with the GDPR, compliance is time- and resource-consuming, as affected entities must deploy state-of-the-art technologies, policies, and processes in order to mitigate the risk of incidents and to be able to report them.

The full implementation of the CSA by authorities and businesses is pending the adoption of sub-legislative acts to further detail the requirements.

New Anti-Money Laundering Approach

In March 2018, the Bulgarian parliament adopted a new AML Act which transposes the EU's 4th AMLD and introduces some major changes, including a new risk-based approach, enhanced customer due diligence, establishment of ultimate beneficial owner register, definition of politically exposed persons, *etc.* This was followed by a new AML Regulation at the end of 2018 providing further guidance and specifics.

Bulgaria is also in the process of performing the comprehensive national risk assessment envisaged by the 4th AMLD to identify the AML/CFT risks at a national level, which will be used as a basis for risk assessments for the different sectors and individually for the obliged entities.

There are 35 categories of obliged entities, including private businesses, authorities, and political parties, that are required to apply the AML measures, which include customer due diligence (including the identification of clients, beneficial owners, and origins of funds), the collection of data and documents, assessment of money laundering risks, and reporting obligations with regard to any doubtful transactions and customers.

Obliged entities under the AML Act will need to register their ultimate beneficial owners before the end of May 2019 in the Bulgarian Commercial Register and Register of NPLE.

**By Nevena Radlova, Head of IP and Competition,
and Tatyana Yosifova, Junior Associate, CMS Sofia**

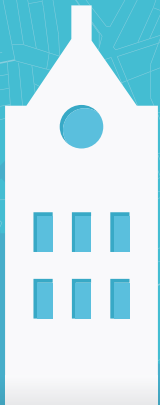
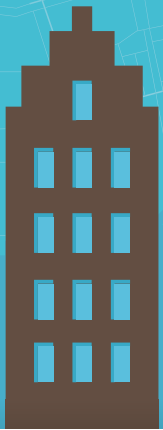


Tatyana Yosifova,
Junior Associate,
CMS



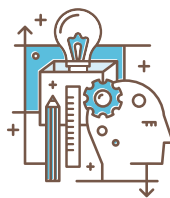
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BYE TO BRITAIN: SCHOENHERR SOFIA DRAWS BULGARIAN LAWYERS HOME



Unimpressed by Picadilly Circus and Trafalgar Square, Stela Pavlova and Katerina Kaloyanova have, in recent years, left positions with high-powered international law firms in London to return to their native Bulgaria and join Schoenherr's office in Sofia. Both insist the trade-offs were less dramatic than many assume ... and both credit Schoenherr Bulgaria's Managing Partner Alexandra Doytchinova with making them feel right at home.

STELA PAVLOVA

After obtaining her Master's from the University of Oxford in 2013, Stela Pavlova completed Linklaters' Legal Practice Course and worked under a training contract at Linklaters in London from 2015-2017, meanwhile also qualifying as a solicitor in the UK. "I think my plan was to return to Bulgaria at some point," she says, "but I didn't have a clear plan when. The idea was to gain as much experience as possible, then to return."

Pavlova reports that the deals she worked on in London were "complex and interesting" but ironically, she insists that that very complexity limited her professional growth. "To be honest, it's the partners and the managing associates that do the challenging work, because those deals are so big. The junior associates and trainees don't get as much client contact, and don't get to do as much deal-structuring work." Accordingly, she says, "from a timing perspective it's easier to progress in a career in Bulgaria than in the UK, where the career path of a solicitor is sort of set in stone."

And she says the opportunity to work in a smaller office, and on a more intimate team, was attractive as well. "In London, we worked on larger transactions with really large teams, sometimes of 15 people or more. I wanted to work on smaller teams, to get more client contact and experience, become more closely involved, and get more responsibility, sooner."

In addition, she says, the differences in remuneration are less significant than many believe. "Definitely, the money is better in London," she says, "but the expenses are higher as well."

Having decided to return to Bulgaria, Pavlova says, she applied to and interviewed with a number of firms, but she says that a meeting with the Schoenherr Managing Partner gave her all the information she needed. "The interview itself was really helpful, because it gave me a real sense of who Alexandra was, and I

felt a massive difference between here and the other firms. In my particular case, in comparison to the partners from other firms, who tried to show off the achievements of their firms, Alexandra took an interest in me and my achievements and asked me what *my* plans were. That impressed me quite a bit. Once I came here I knew it was right."

"From a timing perspective it's easier to progress in a career in Bulgaria than in the UK, where the career path of a solicitor is sort of set in stone."

And she insists that, back in Sofia, she's able to get the kind of challenging work she wanted. At Schoenherr Sofia, she says, "most of the M&A work we do is new for the market, and requires new ways of structuring deals to meet our clients' needs. In Bulgaria there are lots of bespoke transactions, with sophisticated and intellectual clients." Thus, she insists, "it's not true that the deals here are less interesting."

All that, plus an attractive and welcoming atmosphere. "The culture of this particular firm is amazing, friendly, and supportive, which makes a lot of difference," she says, "because I have friends at other firms in Sofia – purely Bulgarian/local firms – and they do not always have the same laid-back culture, and rarely have the same trainings and events where you get to know your colleagues better, and so on."

KATERINA KALOYANOVA

Unlike Pavlova, Kaloyanova started her career in Bulgaria, working at a local firm before moving to London in 2006. After concluding her studies at the BBP Law School in London in 2008, she discovered she had four months to fill before her training contract with Hogan Lovells

**Alexandra Doytchinova****Katerina Kaloyanova****Stela Pavlova**

began. "I emailed a friend who was working at Schoenherr," she recalls, "to ask if they would take me for four months or so, because I didn't have anything to do. She told me to write to Alexandra and I did, and I asked if she would take me for four months, and she said yes. I was very happy, because – this was in 2008 – at that time, not many Bulgarian law firms would do something like that, because they would think 'oh, we don't want to invest for four months, and then you leave.'



Joint UNCITRAL-LAC Conference on Dispute Settlement Ljubljana, 9 April 2019

We are delighted to invite you to Ljubljana for the **Joint UNCITRAL-LAC Conference on Dispute Settlement**. The conference is organized jointly by UNCITRAL and the Ljubljana Arbitration Centre (LAC) and will take place at the Slovenian Chamber of Commerce and Industry on Tuesday, **9 April 2019**.

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WHEN:

9 April 2019

WHERE:

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

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Alexandra was very open-minded, to take me for just four months.”

She acclimated quickly, and when the time came to move to London, Kaloyanova recalls, she left Schoenherr with some reluctance. “I was so sorry that I had to go back to England after the four months because I became such good friends with so many people. The atmosphere was so nice, we had so many events outside of the office, that it was amazing.”

Still, moving to the UK was the right thing to do, Kaloyanova believes. “I didn’t feel I could learn as much as I wanted in Bulgaria. Especially because I wanted to focus on M&A work, and I wasn’t in the right environment in Bulgaria, so I decided to go to London, which is the hub for that kind of work. In London, the experience you can get is brilliant – I would say exceptional. I also spent six months in a secondment with SAB Miller – a client of Hogan Lovells – where I was able to see a transaction all the way from beginning to end.”

Still, she says, “if I had stayed in the UK I would – as Stella said – have gone through this career path very slowly, like an associate doing not such interesting work, then an associate doing slightly more interesting work, and so on.”

Happily, upon returning to Bulgaria, she discovered that her experience was even more useful than she had expected. “In two years I managed to learn so much that when I came back here I started working directly on projects like organizing due diligence work and managing transactions – I would say more senior work, rather than junior work.” And she notes that very few lawyers in the country have that kind of training and experience. “There aren’t very many UK-qualified lawyers in Bulgaria, so it gives us some kind of advantage. We’re able to do some English law transactions, and we can pass on our knowledge to other lawyers at the firm, and the clients – especially English-speaking clients – are very happy, because we talk the same and use the same

“In my particular case, in comparison to the partners from other firms, who tried to show off the achievements of their firms, Alexandra took an interest in me and my achievements and asked me what my plans were. That impressed me quite a bit. Once I came here I knew it was right”

concepts and understand the language.”

Of course, Kaloyanova also recognizes the other, more familiar benefits of working in CEE. “It’s not just the work and the quality of work we do here – we have all we could have in the UK as lawyers – but we also have a work-life balance. The lifestyle here is very different than it is for lawyers in the UK. We have lives outside the office.” And, like Pavlova, she insists the financial trade-off is less severe than traditionally assumed. “I would say the standard of living is much higher here. Because the UK has become so expensive that you must be a top lawyer to afford a good standard of living in the UK.”

Nonetheless, she says, “if it wasn’t Schoenherr, I don’t know if I would have come back.” And, like Pavlova, Kaloyanova credits her enthusiasm for the firm to one person above all others. “I liked particularly Alexandra’s open-mindedness,” she says, smiling. “The freedom she gives people, my colleagues, is amazing. I think you can give as much freedom to people as you have yourself.”

ALEXANDRA DOYTCHINOVA

For her part, Doytchinova waves away the compliments, insisting that hiring the two lawyers was a no-brainer. About hiring Kaloyanova for a short four-month period, she says, “this was at the time

when work was pouring in, and we were happy for *any* quality support.” More importantly, she says, “we knew she was going away to get very good training, so this allowed us to get to know her and to decide if we’d want her if she came back. And even if she *didn’t* come back we knew we’d stay in contact and cooperate. So it was worth it anyway. You have to invest in people to get a return. You always have to do it.”

“To hire someone who is trained in the UK, in the UK system, with the big London firms – the additional training and know-how they gained is hardly comparable on the market,” Doytchinova says. “It gives us a huge advantage on the local market in terms of M&A transactions, to actually perform up to international standards, and not just to claim that in pitches.”

“You have to invest in people to get a return. You always have to do it”

Although Doytchinova notes that her office does not offer English-law advice, she insists that the two associates provide significant value in other ways. “A huge value is their education and the training they received on the ground,” she says, as well as “the culture and working attitudes they bring.” According to her, “It’s otherwise difficult to get on this market. They manage to be efficient at the very highest standards. Clients appreciate that.”

THE RIGHT CHOICE

Both Kaloyanova and Pavlova are asked if they made the right choice in returning to Bulgaria, and in joining Schoenherr. “Absolutely,” they both laugh, in unison. Pavlova gets the last word: “I’m a British citizen, and even that doesn’t make me think about going back to England. I’m quite happy where I am.”

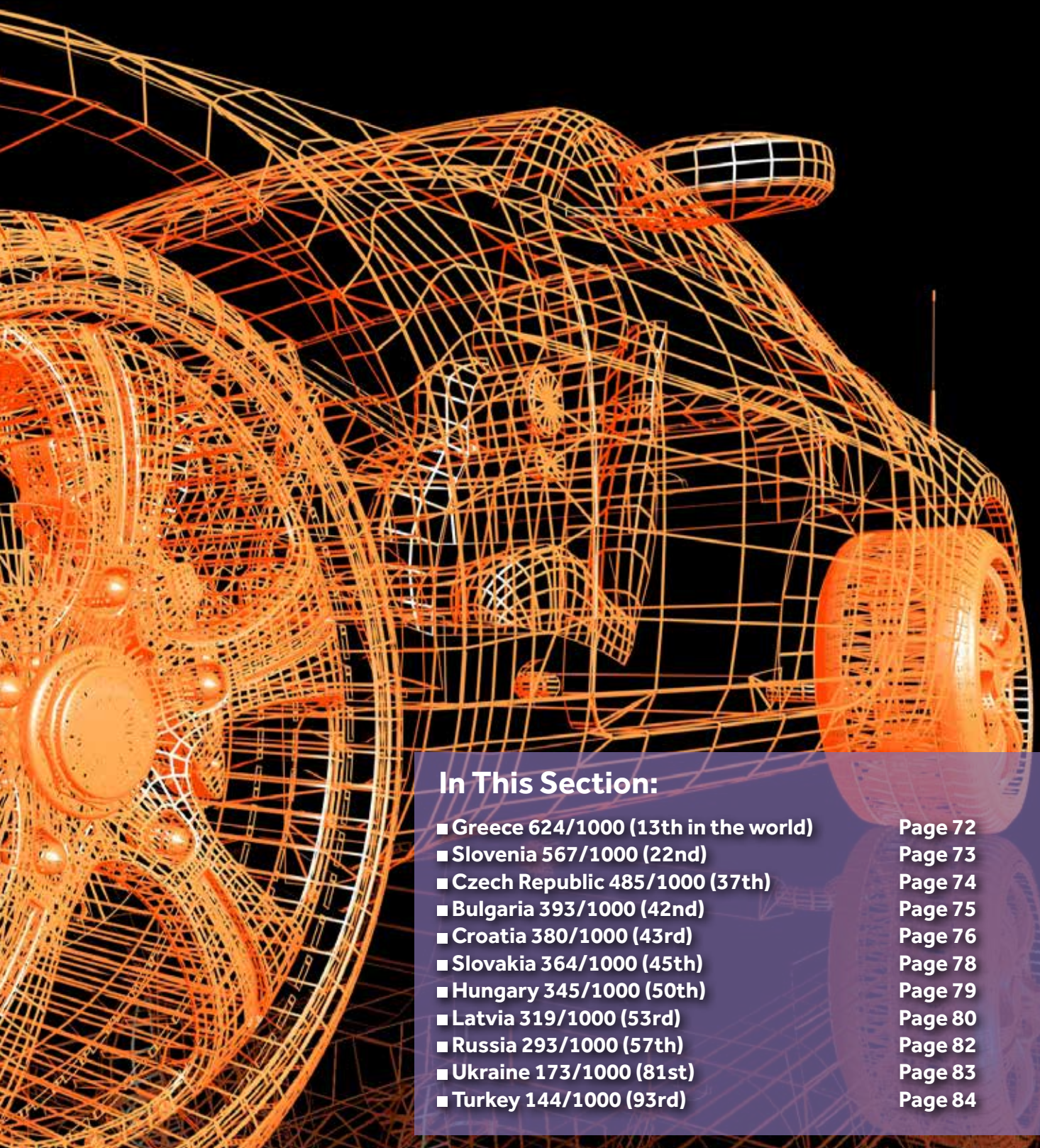
David Stuckey

EXPERTS REVIEW: AUTOMOTIVE AND MANUFACTURING

The focus of the Experts Review feature in this issue is on the related subjects of Automotive and Manufacturing, and the articles are presented according to the ratio of cars to people in each country, as obtained from the www.nationmaster.com website on February 21, 2019.

Accordingly, the first article comes from Greece, where there are 624 cars for every 1000 people, and the article from Turkey, where there are only 144 cars for every 1000 people, comes last. (Albania would be last, with only 124 cars per 1000 people – the lowest percentage in CEE – but there is no article from the country this time around).

For comparison, the car-crazy United States has 797 automobiles per 1000 people, behind only Monaco with 899 per 1000 and tiny San Marino, with an amazing 1263 cars per every 1000 people.

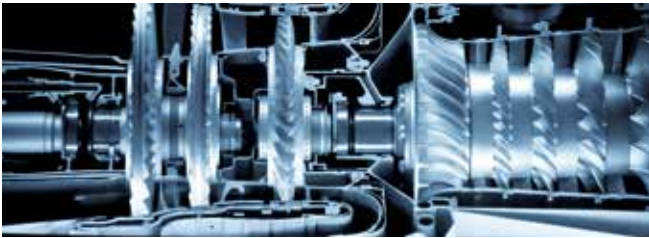


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GREECE

A Blueprint for the Domestic and International Legal Future of the Automotive Industry: What to Expect in the Post Combustion Engine Era



Panagiotis Drakopoulos

The latest buzzwords in the automotive and manufacturing industry, “autonomous driving” and “connected mobility,” serve as foretokens of a new “mobility services” era. The industry is affected by current ecological, environmental, and digital standards, and the mobility habits, trends, and demand are gradually dis-

banding from conventional practices. New indicators are affecting business models in this important industry, including those of parts-suppliers and distributors, by calling for new regulations and consumer expectations.

Many industry players are transforming from classic automotive original equipment managers into tech and energy companies, placing emphasis on software, Internet of Things, big data, electric mobility, and smart cities. For their part, consumers are transforming from car owners into car users, zooming in the experience of mobility itself, and favoring ride hailing services and in-car infotainment.

In the midst of this overwhelming transformation, the Greek automotive industry remains stagnant, trapped in a constant consolidation and debt restructuring process. Car ownership has declined, the passenger car market remains underdeveloped, and the regulatory regime framing the industry is insufficient and outdated. However, Greece will eventually have to keep pace with market developments at least at a European level – and the country is particularly eager to evolve its car market towards the new global era of autonomy and connectivity.

Key words like “electrified,” “autonomous,” “shared,” and “connected” reveal a shifting industry landscape, which will lead to a complicated regulatory environment. Experts anticipate that autonomous driving will require comprehensive real-time generated data collected both from the vehicles themselves and from various traffic participants. Although the flow of such data will be of utmost importance to the operation of the new mobility scheme, it will soon create a messy situation, requiring

a re-enforced legislative and regulatory framework.

The excessive need for real-world data promotes data protection and system security as the key regulatory pillars of the future automotive industry. The massive volume of data feed and data processing when navigating the new world of connected cars needs to be deployed in the context of a far-reaching legislative environment that will ensure auto-safety and cybersecurity against the complexity and cost pressure of the variant state-of-the-art digital demands. In this respect, Greece should follow the lead of other advanced European countries which have already established standards in the form of IT Safety Acts and security regulations. It is commonly accepted that the new regulatory framework should be technically drafted, cybersecurity-and-telematics oriented, and data protection-and-safety focussed, and that it should provide the highest level of security against unauthorized use through encryption and software managing practices.

In addition to data protection and e-security, the market expects legal challenges to multiply in the imminent future. On the good news side, new key cooperation models should emerge as tech companies join forces with traditional manufacturers in sector mergers that skyrocket the M&A and investment activity in the industry. Of



Mariliza Kyparissi

course, any such extensive merger movement could trigger a series of snags, especially taking into account the recent cartel claims and the enhanced scrutiny of the European Commission on the automotive sector. An additional problem is linked to the new commercial and intellectual property law issues that could potentially arise from the use of standardized technologies to achieve connectivity. Licensing processes, patent registration, and litigation, as well as the calculation of royalties are among the primary domestic challenges, especially given Greece’s high level of bureaucracy. At the same time – though perhaps at a less exponential rate – the regulator’s eye is likely to be drawn to the potential pitfalls that lie in the area of customs law, and he is likely to regulate the duties imposed on the imports of driverless cars by addressing all labor and employment issues that could be caused by automated processes.

The prospects and potential of the automotive industry in the future are, beyond question, colossal; while carmakers are looking at all possible future trends, the new era of auto manufacturing will bring together emerging and diverging markets, which need to start evolving within the borders of a solid yet expanding regulatory framework. It remains to be seen whether Greece will be able to stand its ground and be actively present and regulatory-ready in these new times for the automotive industry.

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

SLOVENIA

Investing in the Slovenian Automotive Production Industry



Igor Angelovski

If you are a company conducting business in the automotive industry with intentions of expanding on the European market, where do you look? The answer may be the Central European country of Slovenia.

Slovenia has, over its relatively short existence, established itself as a country where several companies produce and manufacture high-quality products for the automotive industry. According to the “Invest in Slovenia” website, Slovenia has highly qualified people working in the auto industry, with over 14,000 direct positions in some 270 automotive companies. Slovenia has nearly 12,000 students in secondary schools for automotive and mechanical engineering, some 3,300 students enrolled in undergraduate courses in mechanical engineering, and more than 2,000 registered researchers. Slovenian companies have achieved compliance with EU green and safety requirements and international supply industry leaders. German carmakers Audi, BMW, Daimler, and VW, as well as MAN and Ford in Germany, account for some 40% of car component exports from Slovenia, followed by France, Italy, Austria, the UK, and the USA. Slovenian companies are suppliers to the assembly lines of Renault, PSA, Brosse, Lombardini, Landini, Fiat, and Magna Steyr. Slovenia has innovation centers, institutes for materials and technologies, and knowledge academies which help Slovenian companies to evaluate the technical feasibility of new ideas and technologies. It is also worth noting that Hidria (a company involved in the supply and development of a variety of subsystems and components) constructed its third R&D facility in Slovenia, co-financed by the European Regional Development Fund.

While investment in Slovenia may in some aspects be more expensive than in other Eastern European countries, some investors have already decided to acquire medium-sized and smaller Slovenian manufacturers. For instance, in 2016 Kety Group S.A., one of the leading European suppliers of high-quality advanced aluminum products, acquired AHA Emmi Ltd (now Aluminum

Kety Emmi Ltd). Emmi is a modern Slovenian aluminum company that is involved with the automotive industry, manufacturing and supplying car body parts, which utilize aluminum’s light weight to achieve reduced fuel consumption. Another example is the 2015 acquisition by the US-based Weiler Abrasives Group of Swatycomet Ltd (now Weiler Abrasives Ltd), a Slovenian company developing high quality artificial abrasives and technical fabrics regularly used in the automotive industry for brushing car chassis castings. This was a strategic acquisition, with the Weiler Group looking to expand to European markets, as part of their plan to become a global leader on the abrasives market. There are also other acquisitions that have taken place (e.g., the acquisition of the company Cimoss by the Italian company Palladia Finanziarie), as well as potential acquisitions which we can assume are taking place based on publicly available information (e.g., TAB, which produces batteries and accumulators).

At the same time, Slovenian legislation promotes and encourages foreign investments through the Investment Promotion Act that was adopted and enacted in 2018, offering investors investment incentives in the form of subsidies, loans, and guarantees, and, by way of ensuring the purchase of real estate by a self-governing local community, at a price below market value. This, in turn, aids Slovenia’s attempts to become an attractive destination for so-called “greenfield” investors. For these kinds of investments, Slovenia could become even more popular, as it offers a pool of highly knowledgeable individuals able to provide specific know-how and skills, coupled with an environment that actively supports foreign investors. According to data from the Slovenian SPIRIT Public Agency and UNTCAD, such foreign companies grow faster than their average Slovenian counterparts.

Given all this, it is worth noting the investment of Magna Steyr AG, which raised some legal questions (the assessment of which extends beyond the scope of this article), but which is nonetheless an example of a “greenfield” investment in Slovenia. Magna Steyr – part of the Magna Group, a leading global and EU automotive supplier – decided to build a car body paint shop in Slovenia’s Hoce-Slivnica municipality. According to the report of the that municipality, Magna received a total of EUR 18.61 million of state subsidies as an investment incentive under the previously-mentioned Investment Promotion Act.

In conclusion, Slovenia can be one of the preferred destinations for investors in the automotive manufacturing market, whether they choose to acquire one of the country’s medium-sized or smaller companies or make a “greenfield” investment. While it is true, for the time being, that Slovenia’s full potential in attracting foreign investors is not yet realized, some are already reaping the benefits of investing in Slovenia, with newcomers expected in the future.

*Igor Angelovski, Partner/Independent Attorney at Law
in cooperation with Karanovic & Partners*

CZECH REPUBLIC

Legal Aspects of Autonomous Driving in the Czech Republic - A Comparison



Thomas Rechberger

After the first industrial revolution, which involved the discovery and use of steam power, the second, which involved the discovery and use of electricity, and the third, which involved the use of electronics and information and communication technologies such as computers, the fourth industrial revolution has

now dawned. This one involves the digitization and interconnection of computers, machines, and people. Examples of this new development are cyber-physical systems: Computer-monitored-and-controlled mechanisms, such as vehicle assistance systems, that support drivers in driving or completely replace them altogether (this is known as “Smart Mobility”), thanks to communication and interaction with other vehicles or stationary devices in the vicinity.

First Reactions of Czech, German, and Austrian and Legislators to This New Trend

In Germany, the legislator introduced a wider concept of “vehicle driver” into the country’s Road Traffic Act in 2017. Under this Act, a driver is also a person who activates an automated steering function and uses it to drive the vehicle, even if that person does not control the vehicle with his own hands. While the driver may divert his attention from surrounding traffic when a highly-automated driving function is activated, the driver must remain vigilant so that he can assume direct control at any time. The driver must immediately take control of the vehicle if the automated system prompts him or if the driver recognizes or should recognize that the prerequisites for using the driving function have ceased to be met. German law distinguishes between the liability of the driver and of the vehicle operator (owner). The driver, unlike the operator (owner) (who is strictly liable), is not liable if he proves that he has not caused the damage by his fault (negligence or intention) – e.g., if he took control of the vehicle in time.

In Austria, the relevant regulation is even more concise. The Automated Driving Regulation, which currently regulates only the testing of autonomous minibuses, assistance systems on motorways, and military vehicles, was issued in 2016. This regulation emphasizes that although the driver may transfer certain driving tasks to autonomous systems, he still remains responsible for so doing, and in the event of a crisis situation, he must immediately take them back.

While the German and Austrian legislators have already dealt with the question of liability of automated assistance systems, in the Czech Republic only a German-legislation-inspired working group proposal for an amendment to the Road Traffic Act has been prepared. Currently, the liability of autonomous vehicles in the Czech Republic must be deduced from existing liability rules, especially from the special rules of liability for traffic damage.

On the basis of these special rules, the transport operator and vehicle operator (owner) pay damages caused by the “*special nature of the operation*” of the transport or the operation of a vehicle. There is no relief from liability, however, if the damage was caused by circumstances that originated in the vehicle’s operation (e.g. if damage has arisen due to the poor technical condition of the vehicle or due to failure of the driver). The possibility of waiving liability remains only if the damage was caused by circumstances in which no other ordinary traffic participant could have prevented the damage, despite making every effort that could reasonably have been required (e.g. as a result of *force majeure*, such as a natural disaster).

In connection with autonomous vehicles, it is worth discussing whether or not the element of a certain “autonomy” of a vehicle driving system should be included in the above-mentioned concept of the “special nature of the operation.” This new aspect of the special operational nature of the transport could be taken into account when assessing the possibility of the operator’s liberation in the way that the damage caused by an autonomous vehicle has its origin in the operation and the operator cannot be relieved of his liability.

The liability of the transport and vehicle operator must be distinguished from that of the driver, who is liable under the general rules on tort liability; i.e. fault-based liability.

Although in the medium term, the necessary legal framework to cope with the challenges of digitization in the automotive sector exists in the Czech Republic, it remains necessary to supplement and ultimately complete this legal framework with life experience through legal practice. Lawyers need to be aware of the possibilities and potentials available in the field, and to apply the law accordingly in cooperation with the authorities and courts.

Thomas Rechberger, Partner, Taylor Wessing Czech Republic

BULGARIA

Bulgaria Builds "Career" in Supporting the Automotive Industry



Stefana Tsekova

Last year was a good one for the automotive industry in Bulgaria. According to information from the Automotive Cluster Bulgaria, a total of 12 projects worth more than EUR 500 million were in the process of implementation in late 2018 and early 2019. These projects are from companies like ETEM, Visteon, Leoni, Voss Automotive, Sensata, and Bosch; *i.e.* first-, second- and third-tier suppliers whose business is not solely tied to the automotive industry. According to the Cluster, the sector already covers more than 220 enterprises with a turnover of EUR 5 billion, which represents approximately 10% of Bulgaria's GDP.

"The automotive industry is a priority high-tech sector for attracting foreign investments in Bulgaria," said Deputy Minister of Economy Lachezar Borisov. According to him, 21 investment certificates were issued under the Bulgarian Investment Promotion Act; the total amount of the investments exceeded BGN 1 billion and resulted in 13,000 new jobs. Investors appreciate the country's macroeconomic and financial stability, the low tax rates and tax incentives introduced in municipalities with high unemployment rates, and the lowest operating costs in the EU. Although an unfortunate amount of bureaucracy, insufficient infrastructure, and an imbalance between demand and supply on the labor market are often cited as the main challenges for the automotive industry, the state is working hard to remedy these negative aspects.

Positive Steps

First, in early 2018 and after eight months of tough work by experts in the Ministry of Health and the Ministry of Economy, the Bulgarian Parliament passed a legislative amendment that allowed the use of products containing 1,4-butanediol (BD) and Y-Butyrolactone (GBL) for industrial purposes after a notification to the Ministry of Economy.

BD and GBL are chemicals related to Gamma Hydroxybutyrate (also known as "liquid ecstasy"), but they are often used as industrial solvents for the synthesis of polymers and plastics needed for the automotive industry. Prior to the amendment, the use of products containing BD and GBL for industrial purposes was classified as a crime. This put several investments in the automotive industry in Bulgaria at risk, but the government managed to solve the problem with surprising efficiency, demonstrating its interest in developing this industry.

Second, in October 2018 the Bulgarian Parliament amended the Vocational Education Act to set forth the conditions for updating curricula to ensure the compliance of vocational education with the needs of business. The amendment introduces requirements for employers who can apply the dual educational system. It aims to provide conditions for quality education and workplace training with employers directly involved in the learning process.



Elena Todorova

According to the statistics of the Ministry of Education, about 10,263 young people between ninth and twelfth grades are currently being educated or trained in the field of automotive transport. This will ensure fresh labor forces for the sector.

Finally, following a global trend, Bulgaria took its first steps towards promoting the use of electric vehicles ("EVs"). The Ordinance for Planning and Designing the Communication and Transport Systems of Urbanized Areas (a secondary legislative act) requires a certain number of parking spaces for EVs. At least one in every ten parking spaces in newly constructed public service buildings with more than ten parking spaces should be equipped with a high-power charging point for EVs, while the rest can be furnished with normal power charging points. Additionally, in some of the biggest municipalities in Bulgaria, including Sofia, EVs that are fully electric can park free of charge in public zones otherwise determined for paid parking.

What to Expect in 2019?

The EU plans to allocate funds to Member States wishing to work on projects related to the production of electric vehicle batteries. The largest European program for research and innovation – Horizon 2020 – offers EUR 200 million for projects related to battery production. There will also be EUR 800 million for demonstration facilities. Regions wishing to develop the battery industry can apply for financing of EUR 22 billion.

So far there is no major project to produce batteries for EVs in Bulgaria. Considering the available funding, local market observers expect that such a project may occur in 2019.

According to the Cluster, the growing share of high-tech companies testifies that Bulgaria is moving in the right direction in attracting automotive investments. The trend for increasing both investments and the number of employees will continue in 2019, allowing Bulgaria to move closer to the psychological limit of 300 automotive suppliers.

Stefana Tsekova, Partner, and Elena Todorova, Attorney at Law, Schoenherr Sofia

CROATIA

Automotive Industry Cross-Overs



Marija Musec

On the eve of a widely-expected global economic downturn, the Croatian economy finally emerged from “junk” investment status, and rating agencies now rank it as “investment” tier. Formal confirmation of this new status is expected to come in the course of spring 2019 – when the first signs

of a slowdown in the local economy are already signalled. The country’s GDP is growing shyly but persistently and after five years of membership in the EU there is a visible uplift in the trade balance with export of goods and services (predominantly with other EU-member countries) as the main driver.

Not everything is bright, of course. On the dark side, the importance of tourism to the country’s economy, at approximately 20% of GDP, is simply too high, making the economy too dependent on just one sector – a sector that is extremely vulnerable to the smallest uncertainty and global or regional turmoil. Also, at six years, Croatia took longer to recover from the 2008 financial crisis than any other country, and, with the lingering effects of the war in the 1990s, it continues to lag behind the economies of its neighbors in the CEE region.

The political situation provides an additional layer of complexity. Two years ago, for the first time in its short life, the country experienced the fall of the government ... twice, in less than one year. Since then, a fragile coalition of the right-wing party (with everyone who was ready to join the bandwagon) is running the country, but without the power necessary to make the most important cuts and changes. Instead, necessary reform only happens when the water is so high that there is no other way to circumvent the problem (as in the case of the recent reform to the national pension scheme). Now, the state also has to somehow resolve the situation with two of the country’s largest

shipyards, where the state budget is exposed to almost EUR 600 million in direct losses (a result of state guarantees for ships under construction), and potentially much more should the restructuring fail completely.

In this constellation, private business is, surprisingly, resilient, particularly in respect to anything related to tourism (i.e., M&A, investments, and construction). Infrastructure development is also active, particularly on the completion of objects designed to facilitate this sector, such as the completion of the highway from the north to the south of the Croatian coast, modernization of airports and railways, and so on. The next challenge will involve the sale of Croatia Airlines, the national airline, which is once again for sale, and the state is currently in the process of selecting advisers to work with.

But infrastructure development is growing outside the tourism sector as well. Rising tensions between the East and the West have revived plans for an LNG terminal on the northern Adriatic coast; although there are plenty of supply channels for gas and oil in the region, the LNG terminal would represent a strategic backup in case all northern and southern streams are cut. Unsurprisingly, interest in and competition for the project is expected to be between US and Western Europe oil and gas companies.

This year should also see the long-awaited settlement between the Croatian state and the Hungarian oil company MOL, which have a long history of antipathy as two main shareholders of INA, Croatia’s multi-national oil company. The antagonism, which escalated over the years to multiple arbitrations and constant clashes on all levels, is supposed to end with the buy-back by the state of INA’s shares and their subsequent sale to a new strategic partner. The size of the deal promises an interesting transaction, which should attract the interest of the biggest international players.

Finally, 2019 should also reveal the destiny of what was once the largest private Croatian company: Agrokor. By virtue of the special law enacted for the purpose of Agorkor’s salvation, this regional retailing heavyweight is expected to be mutually controlled by two Russian banks and a US fund. The question is whether or not this “brotherhood” of the East and the West can work in the matter at hand; in other words, what comes first, politics or business? Nevertheless, Agorkor’s demise spurred some positive trends, including the rise of shareholder activism, increased sophistication in corporate governance, and a widespread awareness that private companies cannot, on the long run, be treated as simple cash-cows for their owners.

So, 2019 will, again, be an interesting year, and one in which a cold breeze of global recession might start blowing over the fragile recovery of the Croatian economy.

Marija Musec, Partner, CMS Zagreb



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SLOVAKIA

Labor Law Changes Affect Automotive Industry in Slovakia



Two new regulations with significant effects on the automotive sector were introduced on January 1, 2019, in Slovakia.

Mandatory Recreation Allowance - All Employers Forced to Boost Tourism in Slovakia



Radovan Pala

The first of these two regulations provides that, upon request, employers in Slovakia with more than 49 employees must provide their employees with a recreation allowance amounting to 55% of recreation-related eligible costs (up to EUR 275 annually), to be spent for vacation at a hospitality facility situated in Slovakia. While

this allowance is income-tax-free for the employees, it remains a tax-deductible expense for employers. Adopted with a view to boosting local tourism – in itself a legitimate and laudable aim – this regulatory measure has attracted widespread criticism, as it not only increases costs, but also dictates how the private sector should remunerate its workforce, thus providing a “hidden” cross-subsidization for the Slovak hospitality industry to the detriment of middle/big sized employers – including, of course, all key players within the automotive sector.

Employers can handle all the administrative work themselves and directly reimburse employees after receiving the relevant invoices. Alternatively, they may cooperate with an external “voucher” provider that will sell them recreation vouchers for a commission not exceeding 3% of the voucher’s nominal value. Recreation vouchers as electronic payment tools can then be used in accommodation facilities that cooperate with a provider of recreation vouchers. The latter appears to be the preferred option, especially in the case of large automotive employers, due to its smoothness. Market signals already show that voucher companies are asking a commission of between 8-12%, which is why many recreation facilities might not be willing to cooperate with them. As a consequence, if employees receive recreation vouchers, their choice of recreation facilities will be limited. It is

not yet clear whether an employer can impose a voucher system on its employees and refuse to reimburse employees who decide not to use vouchers and instead stay in accommodations which are not part of the voucher network. This will be a crucial issue, particularly for large employers such as the four key automotive producers in the country (VW, Peugeot, KIA, JLR). Should they go for a voucher system, it will significantly boost the voucher companies’ business.



Radoslava Lichnovska

As a “bonus measure” that is only applied to employers with more than 49 employees, this regulation may be seen as discriminatory. It shows that the state is automatically assuming that such employers can more easily afford to incur the additional cost of the recreation allowance. In addition, the government is restricting private employers’ freedom by telling them how to remunerate their employees beyond minimum wage requirements. Several employers have already indicated that the mandatory recreation allowance will force them to cut other employee bonuses, and trade unions have signalled that recreation vouchers are standing in the way of negotiating wage increases in collective agreements for 2019.

Solution for the Lack of a Local Workforce?

With a shortage of workers in the automotive sector and the unemployment rate hitting a record low, the government has understood that the time has come to speed up the process for providing temporary residence permits for employment purposes to non-EU nationals. Accordingly, under the second of the two new regulations, instead of a 90-day period, the Foreign Police must now decide on applications within a period of 30 days from the date they receive confirmation from the Labor Office that a vacant position can be filled by a third-country national. However, this shorter period applies only where the vacant position belongs to a listed category of positions with a shortage of workforce and where the employer is located in a region where the average unemployment rate is lower than 5%.

It seems that many automotive employers will benefit from the relaxation of immigration laws, as positions in the sector suffer from a workforce shortage. However, the precondition of being located in an area with a low unemployment rate might severely limit its utilization. Specifically, automotive employers located in regions other than Western Slovakia may not be able to benefit from the new regulation. In addition, the regulation also sets a limit on the maximum share of third-country nationals compared to the employer’s total headcount. Overall, the amendment brings a cautious facilitation with restrictions, and based on the latest economic data, it may have come too late.

Radovan Pala, Partner, and
Radoslava Lichnovska, Senior Associate, Taylor Wessing

HUNGARY

Current Challenges for the Automotive Industry in Transition



Martin Wodraschke

The automotive industry is facing several changes that will shape the future of mobility and production. The car of the future will be electric, connected, and automated, and it will provide benefits for individual consumers and society as a whole. One major message of the recent *Automotive in Transition Conference* in Budapest was that the

automation revolution is bringing challenges, but it is also bringing new opportunities for Hungary to emerge stronger from the transition process.

What will the future bring? Cars will be equipped with both internal and external sensors which will collect an immense amount of data. To be able to enjoy the full service of a connected car, we will have to disclose all this data, which raises questions about what data should be stored, where and who should store it, and how and in what context it should be used? Some original equipment managers (OEMs) use proprietary platform solutions where all data is stored in one place, and it belongs to the OEM. Alternatively, neutral platform solutions want to make data available to every interested party. The HERE network uses a hybrid-type platform, which is only open to members of a specific network.

As for the future of autonomous cars, if AI is to be used in a driving system, it has to be as good as a human driver or even surpass a human's capabilities. How can we make sure that AI will always act in full compliance and make decisions in line with our ethical values? The EU Commission recently published a draft "Ethics Guidelines for Trustworthy AI" in support of human-centric AI. This policy paper should give AI developers a practical list of considerations in regard to important ethical decisions. But according to the Commission, ethics is not

enough. The High-Level Expert Group stresses the importance of trustworthiness and technical robustness.

Another important question is: who is liable if something goes wrong? In this context, regulators and stakeholders must carefully consider and discuss the liability regime for AI systems so that society can take full advantage of AI's innovative benefits. This applies to the use of AI in self-driving cars, but also for the use of AI – or robots – in manufacturing.

Regarding highly or fully automated cars, the legal situation seems to be clear in those countries in the EU governed by the concept of keeper liability. In general, product liability rules give the person who suffers damage a claim against the manufacturer. For cars, keeper liability grants risk coverage in addition to the product liability regime and makes the keeper liable for damages caused by the car even if he is not in fault or acted negligently. The driver of the car has no liability if the driving system is driving as long as he fulfils all obligations to take over control if the system asks him to do so. According to the amended regulations of the Vienna Convention on Road Traffic, which has been ratified by Hungary and the majority of the EU member states, there must be a driver in a car, but he can be replaced by a driving system as long as he is able to regain control. Currently, there is an amendment to the Convention being discussed which could pave the way for driverless cars on our streets in the future.

But what about AI used in robots in a plant where there is no registered keeper? Who is liable if robots cause damage? In general, our liability regime is structured in a way that any action can always be attributed to a human being. Machines have always been seen as tools of their manufacturers. However, robots might not be considered tools of the producer anymore if AI makes decision based on learned behaviour, which cannot be foreseen by the manufacturer and cannot be fully explained afterwards. Tort law rules require that there be an actor who causes damage, but who exactly is "acting" in the case of AI? The user of the robot? The owner? The producer? The programmer? The system itself? Is it justified to make a manufacturer ultimately responsible for systems based on the product liability regime? If the number of autonomous decision-making systems increase in the future and tort law rules give no valid results, strict product liability rules would apply, which would lead to a massive liability shift towards the producer that could be an obstacle to innovations entering the market. Therefore, the EU commission is currently reviewing product liability law and the liability regime. A study will be published in the middle of 2019 with proposals to create harmonized liability rules. Creating legal certainty around liability issues within the EU will also strengthen Hungary's position as a global AI development center.

Martin Wodraschke, Co-Head of Auto-Tech Group, CMS

LATVIA

VW Distributors vs. Competition Council



Debora Pavila

There is ongoing litigation between the Moller Mobility group companies in Latvia (importers and dealers of VW cars in the country) and Latvia's Competition Council involving a EUR 7.4 million fine imposed on the companies for an alleged cartel agreement. This is the highest fine ever imposed in Latvia for breach of competition law on one group of companies.

Following a whistleblower's report by a former dealer who had been excluded from the dealers' network for breaching the dealer's agreement, the Competition Council built its case on e-mail correspondence between the group and independent VW dealers aimed at reserving participation rights in an upcoming public tender for one of the dealers. The Competition Council took the view that this e-mail correspondence constituted a cartel agreement, *i.e.*, an agreement the very object of which is to restrict competition in the relevant market.

In December 2018 the Administrative Regional Court repealed the Competition Council's decision, finding among other things that the e-mail communication between the group and independent VW dealers could not be regarded as a cartel agreement because it was limited to one brand and VW still faced fierce competition from other brands. The court ruled that the Competition Council had to prove the negative effects of such an agreement instead of presuming them. The Competition Council has appealed the case to the Supreme Court.

Antitrust Damages

Neither the Trucks cartel case nor the VW diesel emissions case have generated any antitrust damages actions in Latvia. With regard to the Trucks cartel, this is despite the fact that, when implementing the EU Competition Damages Directive, the legislator established a presumption that cartels cause a 10 percent price mark-up unless proven otherwise. Most likely the ice would start moving if the legislator also allowed for class actions in antitrust damages claims.

So far there has been only one successful antitrust damages case in Latvia: In November 2018 a final court judgment entered into force awarding damages worth EUR 1.35 million from the Riga Freeport Authority for having abused its dominant position for more than seven years. The litigation took nine years, which is another reason why lawyers do not get many antitrust damages engagements.

Used Car E-Commerce



Katrine Plavina

Latvia's State Revenue Service and Road Traffic Safety Directorate have been working together for several years to suppress the shadow economy in sales of used cars. The Automotive Association, which represents importers and dealers of new cars, is assisting the state institutions with a campaign aimed at educating consumers about the risks of fraud, the lack of any guarantees, and the seller's liability when buying used cars from natural persons. A by-product of this co-operation is a regulatory requirement permitting the commercial sale of cars only through a "brick and mortar" car park. This requirement effectively constitutes a barrier to the online sale of used cars, since e-commerce platforms are still obliged to hand over the cars at a physical "store" – a requirement contrary to the very business rationale of e-commerce. This rule is probably incompatible with the EU's Digital Single Market Strategy, since the objectives of preventing tax evasion and ensuring consumer protection can be attained by less restrictive means, as it is in other EU Member States.

GDPR

Most consumers opt for consumer financing of their cars. Latvian laws require any such deal to be based on an assessment of a consumer's creditworthiness. That puts car dealers in an unusual role from the perspective of protecting personal data, now governed by the GDPR. Dealers are subcontractors of consumer finance companies as opposed to the traditional role of customer's representative. Dealers must now follow financiers' rules for protecting personal data in lease applications, agreements, and maybe even during negotiations with several financiers. They also must invest in IT security and reign-in aggressive sales techniques.

Whistleblowers' Law

On May 1st, 2019, the Whistleblowers' Law will come into force to protect persons who report information on a wrongdoing such as corruption, sexual harassment, tax evasion, breach of competition law, and so on, obtained in a work-related context. Car dealers and other companies employing more than 50 persons will be obliged to have internal procedures in place to handle whistleblower reports. However, there is a good chance that the law will only work on paper, as there are no sanctions prescribed for failure to comply with its requirements.

Debora Pavila, Partner, and
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RUSSIA

The Automotive Industry in Russia



History and Status



Thomas Heidemann

In recent years, Russia has experienced intense development in its automotive industry. After the dissolution of the Soviet Union and the subsequent deep economic crisis, it quickly became apparent that the Russia's automotive industry was unable to meet the needs of the newly developing automotive market in Russia.

National producers lost market share to foreign manufacturers despite high import custom rates. Russian consumers were not willing to buy technically outdated national products and were looking for foreign brands.

In this situation, the Russian government made the decision to incentivize foreign manufacturers to localize production in Russia by granting customs and VAT incentives in exchange for localization commitments. This legislation, known as "industrial assembly," has led to a localization success story in the automotive industry in Russia: a significant number of the major international manufacturers as well as many suppliers to the international OEMs are today producing in Russia.

The boom years came to an end with the financial crisis in 2008, followed by the Russian economic crisis that began in 2014. Russia has reacted with various supporting programs to subsidize local producers. The industry crisis hit bottom in 2016 and is now back to growth from a relatively low level.

Nevertheless, it has become obvious that the system of industrial assembly based on customs advantages is no longer workable for the future as it is non-compliant with the WTO standards Russia is obliged to adhere to. In joining the WTO in 2012, Russia negotiated a long transition period for its customs incentive regime that protects localized manufacturers. This transition period expired in July 2018, however, and Russia still has to find an incentive scheme to replace the industrial assembly regime.

Governmental Policies and Current Developments

The Russian government has outlined its ideas for future development in its strategic plan for developing the automotive

industry in Russia by 2025. The main focus is on introducing innovative technologies and incentivizing export.

The instrument of choice to replace the industrial assembly regime seems to be the so-called "special investment contract" (SPIC). A SPIC can be entered into between an investor and the Russian administration in order to set the specific conditions of an investment. As SPIC regulations are expected to be significantly amended, the administration introduced a memorandum on SPIC and refused to sign new SPIC arrangements in the first half of 2018. Later, as it became clear that amending SPIC regulations would take more time, new SPIC arrangements were offered to investors. In the automotive sector, a significant number of new SPIC arrangements have been entered into. In general, OEM's are committing to certain investments by setting up new production facilities or modernizing existing production lines.

New SPIC regulations will come into place starting in 2020. New rules will presumably require tender procedures for entrance into SPICs. In addition, produced goods will be required to be suitable for competition in the world market or be unique in the Russian market. The main criteria will no longer simply be the creation of industrial products (of any kind), but the creation of new technologies in Russia

All incentives being discussed are subject to certain localization requirements. Under the industrial assembly regime, regulation No. 719 set out the specific percentages of the level of localization of production that are required. Now this regime will be replaced by a system establishing scores for certain localization measures and requiring a certain level of scores to recognize the produced cars as Russian. The scoring system is still under discussion, however, and it is not clear if it will come into force in its current version.

Export incentivation mainly takes the form of reimbursements of transportation costs to local manufacturers. Discussions are under way to tighten the support and not provide manufacturers with lower localization rates access to such state subsidies, but no clear picture can be drawn at the moment. In addition, it appears that the Russian export initiative is not supported by other member countries of the Eurasian Economic Union, as they also would prefer localized production in their respective countries.

Outlook

The automotive industry in Russia is back to growth after long years of recession. Nevertheless, due to the country's accession to the WTO, Russia is forced to replace its existing incentive scheme with new schemes. This replacement is proving to be difficult and it is still unclear which solution will be finally adopted. The current recourse to SPIC arrangements is not necessarily the final solution.

Thomas Heidemann, Partner, CMS Russia

UKRAINE

What is Ukraine Doing to Go Green?



Olga Belyakova

Switching to electric vehicles has become a trend, in Ukraine as across the world. Few are aware that, according to 2017 InsideEVs (the global platform that analyzes electric vehicle markets) Ukraine is among the top ten countries with the highest rate of electric vehicle sales.

The Ukrainian government sees electric vehicles (EVs) as an opportunity for the country to become a major car manufacturer, identify a new source of highly-qualified workplaces and new export earnings, and wean itself from expensive imported petrol.

Sales of EVs in Ukraine

Two basic problems – price and infrastructure – are believed to stand in the way of making EVs a mass-market success, as EVs are commonly one and a half or even double the cost of a petrol version of the same car, and the charging infrastructure is not yet sufficiently developed in many places.

To mitigate the current disadvantages and encourage more people to buy electric cars, Ukraine, like many countries around the world, is experimenting with different incentives and restrictions. First, in 2015, Ukraine exempted all imported cars with electric motors from the country's 10% import duty. This assisted drivers in making the move toward EVs, and the country's EV fleet doubled each year from 2016-2018.

As a next step, in 2017, the Ukrainian Parliament adopted a set of additional incentive measures, including exemption from VAT (20%) and the excise tax (depending on type of vehicle: EUR 100 per vehicle or EUR 1 per 1kwh of motor capacity) on the import of EVs throughout 2018 – which was recently extended to 2022. The only duty left is a Pension Fund contribution (depending on the value of the vehicle: 3-5% of its value), which is also expected to be cancelled soon (the relevant draft law is already registered with the Parliament). These incentives match the practice of the world's leaders, like Norway, making EVs in Ukraine increasingly affordable and compatible with their traditional counterparts.

The Ministry of Infrastructure of Ukraine reported that Ukrainians imported and registered more than 7,100 electric vehicles between January and November 2018, up almost 150 percent from a year earlier. In total, at the end of 2018, about 11,000 EVs were registered in Ukraine. The Ukrainian government also

supports green initiatives (e.g., in 2017, Mitsubishi supplied the National Police of Ukraine with 635 units of the Outlander PHEV).



Mykola Heletiy

Investment Opportunities in Producing EVs and Spare Parts in Ukraine

In 2016, a Ukrainian-developed electric car prototype named Synchronous, which was designed to serve as an eco-friendly taxi or hotel shuttle, was presented in Monaco. This and some other Ukrainian projects are all niche initiatives of enthusiasts. To become a mass EV producer, Ukraine needs global market players to come.

Thus, in 2018, the Ukrainian government announced a 15-year strategy for electric car production in Ukraine and registered two related draft laws in the Parliament. The drafts suggest, among other things, a VAT exception for the import of spare parts and excise tax exemption for import of car bodies until December 31, 2028, if they are imported exclusively for producing cars with electric motors in the territory of Ukraine. Both draft laws have yet to go through the challenging parliamentary process, and the date of their adoption is hard to predict.

Meanwhile, Ukraine, being close to the EU, has already become an attractive location for large foreign spare part producers like Leoni, Yazaki, and Bader. These new legislative initiatives give the country even more opportunities to become a regional hub for EVs and spare part production.

Infrastructure

The charging infrastructure is key to the growth of the EV market. Ukraine's network of charging stations is constantly growing, especially in shopping malls, restaurants, and cafes.

Until recently one of the largest obstacles to the development of charging infrastructure business was a lack of legal certainty. Those who install charging stations had doubts as to whether they could take payment for this, as under Ukrainian law, electric energy can be sold only by companies with a license to do so (commonly big national energy companies, like Kyivenergo).

In 2018, the Ukrainian energy regulator finally clarified that the sale of electric energy at charging points does not require a license. The approach corresponds to EU best practices on that matter (Directive 2014/94/EU), which makes Ukraine even more attractive both in terms of the development of energy-selling business and the use of electric cars.

Olga Belyakova, Partner, and Mykola Heletiy, Associate, CMS Kyiv

TURKEY

Manufacturing in Turkey



Selim Keki

For a long time, Turkey has been a significant manufacturing hub for supplying the European market, and its significance has become even greater since joining the customs union with the European Union. Following a significant fall in the value of the Turkish lira in 2018, manufacturing costs in Turkey are now lower. As setting up manufacturing operations in a new country often entails a number of pitfalls and requires local insight from specialists of various fields, here is a short guide for Turkey.

Corporate Vehicles

The most common company forms in Turkey are joint stock companies and limited liability companies. The two are usually compared from the perspectives of director/manager liability, shareholder liability, and tax liability upon transfer of shares.

While joint stock companies are governed by a board of directors, limited liability companies are governed by one or more managers, who can also form a board. In limited liability companies, at least one of the shareholders must also be a manager fully authorized to represent the company. The liability of both directors and managers is fault-based for financial losses suffered due to mismanagement. Directors and managers may also both be held liable for unpaid public debts of the company or criminal acts committed by the company, among other things.

Shareholder liability in joint stock companies is limited to the share capital, whereas in limited liability companies shareholders are liable for the company's public debts (e.g., taxes and social security payables).

Finally, in terms of tax liability due to capital gains arising from transfer of shares, there is none for joint stock companies if the shares were held for at least two years, as opposed to limited liability companies, where a share transfer is fully taxable.

Real Estate and Construction

Companies incorporated in Turkey are generally free to acquire title and rights *in rem* over real estate assets in Turkey, albeit subject to a governorship clearance confirming that the property in question is not located within a military zone.

There are a wide variety of construction agreement forms and precedents available in Turkey. The level of detail and sophistication of an agreement used in a deal depends on the transaction size and the profile of the transacting parties, and ranges

from short and simple contracts to FIDIC standard forms.

Utilities

Companies which consume electricity over a certain threshold are allowed to purchase electricity from any supplier of their choosing. This frees these companies up to negotiate their own terms for their energy needs. Others are required to purchase electricity from the authorized electricity company in the region. Plants may install their own renewable energy or cogeneration facilities and sell any unused energy output.

Employment

There is a statutory minimum wage in place. For 2019, the gross minimum wage is TL 2,558.40 (approximately EUR 420 as of writing). Employers also pay statutory social security premiums by withholding the employees' shares and adding to that the employer's share.

A trade union can acquire access to a workplace and become entitled to enter into collective bargaining agreements with the employer: (a) if 1% of the employees working in the line of work of the trade union are union members; (b) if more than half of the employees working at a workplace are members of the trade union; or (c) in case of an enterprise consisting of more than one workplace, if 40% of the employees working at the enterprise (*i.e.*, 40% of the total number of employees in all work places of the company) are members of the relevant trade union.

Suppliers

Under Turkish law, there are certain rules and regulations protecting small-scaled suppliers against bigger enterprises. These include, *inter alia*: (i) a restriction regarding the maximum amount of payment term that may be imposed on a supplier, (ii) bigger enterprises automatically defaulting without the supplier having to serve a default notice, and (iii) bigger enterprises being required to pay suppliers special statutory interest at a higher rate than the standard commercial interest rate.

A number of commonly-used collateral types are also used for protection against commercial and insolvency-related risks of suppliers. Bank guarantee letters are the best for protection, but small-scaled enterprises in particular may sometimes have difficulties obtaining them, and even if they can, they are usually too costly. Other than that, mortgages, movable pledges, share pledges, bonds, cheques, personal sureties, and third party guarantees are the most common examples of provided securities. Cheques are a good means of security as they lead to blacklisting by the banks if they bounce. Mortgages take too much time to perfect, and it is not possible to enforce any agreed private sale mechanisms for movable and/or share pledges.

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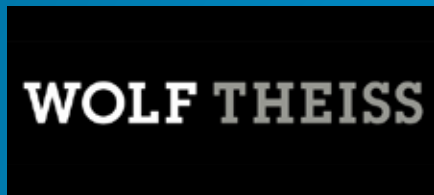
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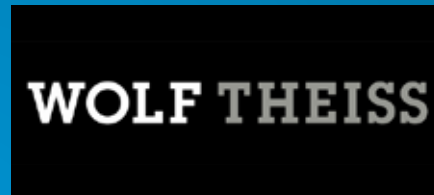
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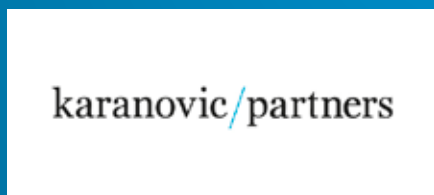
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