

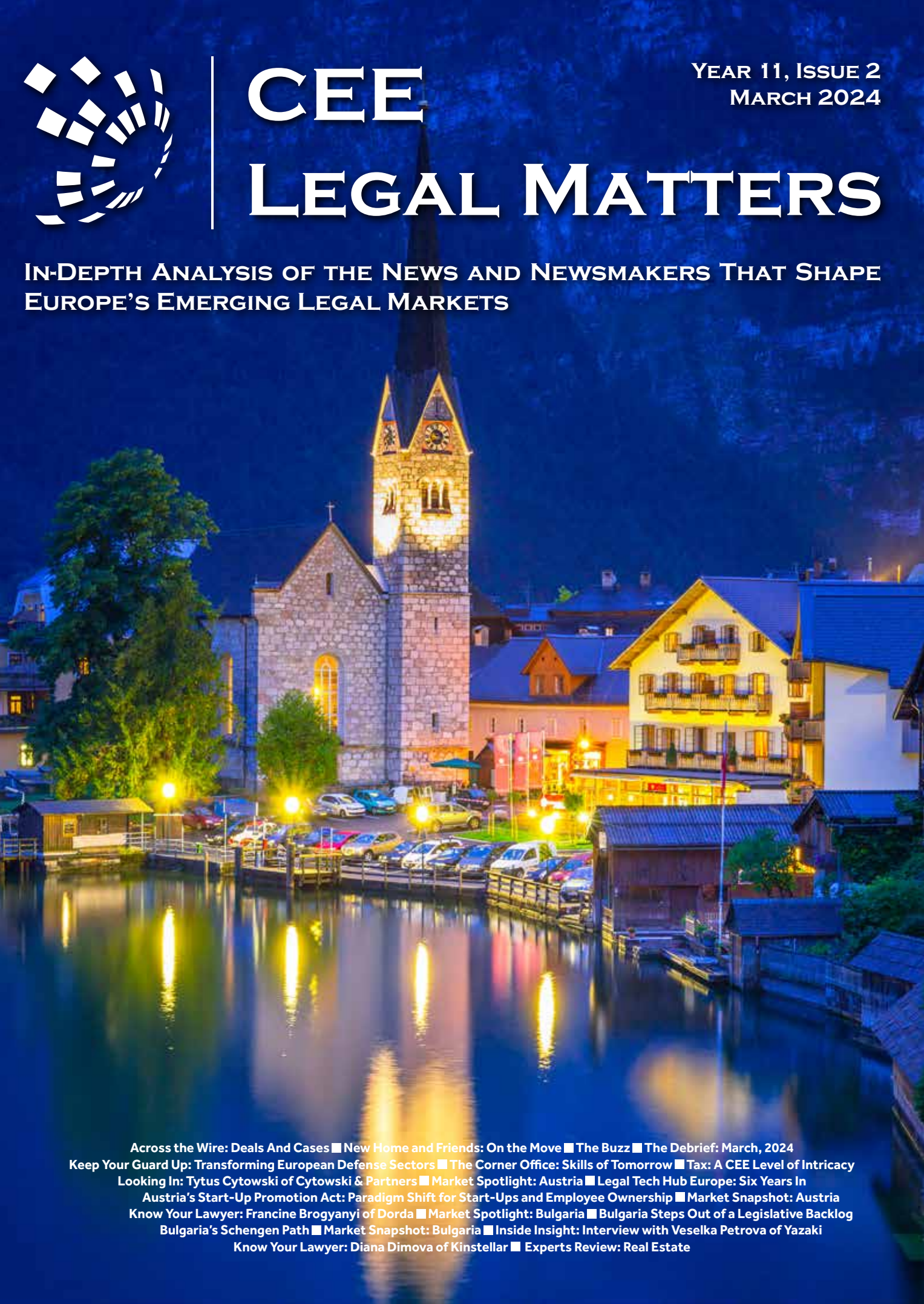


CEE

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MARCH 2024

LEGAL MATTERS

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



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EDITORIAL: THE ONE WITH THE STARBUCKS CUP

By Radu Cotarcea

No, this is not a story about some barista somewhere diligently misspelling my name (with my name, I gave up a long time on hoping for accuracy there). It's about an actual Starbucks cup that was casually dropped and left on the ground in front of my apartment building a little while back.

Right before you enter my building, you need to climb one solitary step before you walk for another meter or so to the door. The cup was, in my mind, clearly dropped while someone was trying to open the door coffee-in-hand. Looking at the splatter evidence, it fell right in front of the door and rolled over just to the edge of the step, with most of the coffee that was not expelled during the roll being spilled on the sidewalk below the step. It was early morning when I noticed it walking outside my building to take my mutt out for a walk, and it was a recent incident – coffee was still slowly dripping out of the freshly-dropped cup onto the walkway.

When I returned from my morning doggo walk, I couldn't help but notice that the sidewalk had been cleaned. Most of the spillage from the walkway was washed away. Alas, the cup was still there, dangling over the edge with a few drops of coffee having made it out of the cup and onto the pavement post-clean-up. I was amused by it at the time. The street cleaners clearly had passed through and decided “not my job to clean up the building's step” – particularly funny to me because the leftovers were now (re-)dirtying up the very pavement that was just cleaned. I took a long step over the puddle of coffee and progressed upstairs.

When I left for the office that morning, I was thoroughly entertained to notice that I didn't need to avoid a puddle anymore – the building cleaner had whipped the floor just outside of the door – but the cup of coffee was still there, just on the edge. “Heh,” I thought to myself, “I guess their mandate ends *within* the building, and they were just courteous to building residents to clear out the area just in front of the door.” The next day, once I knew both the street and building cleaners had had their rounds, the cup was still there, untouched.

With my educational roots in organizational behavior, I couldn't help but pay attention to this dynamic that, I assume, went unnoticed by most passing by. Within an organizational setting – a team, a company, or society – I still mentally break down input based on two axes. One is the straightforward one of “performance.” The other is that of “trust.” Generally, business endeavors are obsessed with the “performance” one: Did you hit your X quota? Did you bill X amount? Etc. “Trust” is a bit trickier. I always think of a pirate crew. “How much you pillaged” is an easy performance metric. “I may trust you with my life but do I trust you with my money or my wife?” – is how I differentiate the “performance” metric from the “trust” one. Within organizations, “performance” is also easily trackable because, as I mentioned, we, as a culture, are obsessed with it and have developed *a lot* of KPIs to measure it.



If you want to track down the one person on the high end of the “performance” axis within any organization, I recommend simply asking all: “Who's the asshole?” If, however, you want to track down the top, ahem, performer, on the “trust” axis, ask: “Who's always there?” We're so consumed with identifying the asshole because they impact the bottom line directly that we, all too often, forget to worry about the one always there. And the reality is, they are just as, if not more, important. They are the oil that keeps your organizational cogs rolling away – the silent heroes who allow for all the magic to happen for all the assholes to get away with, well, being assholes. They are the ones who'll step in on a call that's not theirs to take, who will support a client in a manner that is not covered by everyone's job description, and who will pick up a Starbucks cup of coffee if it's outside of their perimeter of responsibility just because, well, that cup belongs in a bin.

Arriving home from the office three days after the original spillage, the cup was still there. Before I entered the building, I casually toe-poked it onto the pavement. It was about time it was no longer stuck in no man's land. I could've picked it up and chucked it in the bin, of course, but it was not my job. ●

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GUEST EDITORIAL: STRENGTH THROUGH UNITY – ADDRESSING CEE REAL ESTATE CHALLENGES

By Tomasz Stasiak, Co-Managing Partner, Wolf Theiss Poland



In the nineties, young lawyers like me often felt annoyed by partners traveling thousands of kilometers to “new Europe” to explain to us basic concepts of real estate – back then it was a sign of a cultural gap between the leaders of globalization. What we – CEE real estate professionals – did not understand at the time was that while some concepts (e.g., triple net lease) had been known in “the west” for decades, others (such as W&I insurance) were new everywhere. It was not easy to distinguish between the consequences of real estate becoming a fascinating new global asset class and the oversimplified copying solutions between countries not always reaching the optimal solution for the clients. In today’s interconnected world, clients carrying out projects across continents more than ever, expect lawyers to speak one language, whichever part of the world they go to, and assume that new business concepts will be rolled out between jurisdictions in the most efficient way. Therefore, knowledge sharing and multijurisdictional discussions are becoming key to success in the world of the legal profession. However, it would be wrong to think that standardized documentation produced by AI will dominate our industry.

These have been a challenging couple of years for the real estate industry and professional services providers. Nevertheless, within the obstacles lie opportunities waiting to be discovered. The times of quick flips are gone (at least for now), along with standard copy-paste documentation. Today’s clients expect a more personalized approach, one that comprehends not only the *industry* perspective but also their unique individual needs. This is especially true for non-industry investors or those arriving in CEE only now, thanks to the relocation of core institutional money. But even core funds – depending on where they are in the funding cycle or the situation of their sister business – show major variations in approach. Lawyers can once again be guides and value creators, just as they were twenty years ago.

And major challenges for the real estate sector have yet to arrive – three strategic ones featuring: the implementation of the *Energy Performance Building Directive IV*, rebuilding Ukraine with a huge demand for labor force, materials, money, and know-how, and the technical deterioration of post-Soviet residential

properties. Each of them calls for legal experts to demonstrate leadership.

The simple introduction of European energy efficiency standards by lawmakers is just half of the trick. Industry professionals must identify bottlenecks, including legal ones, and suggest changes to national laws. For example, should builders be more conscious of carbon emissions during the construction phase? Are they permitted to build with recycled materials? Do construction standards allow for the possibility of repurposing old office buildings into affordable housing without tearing them down to the ground? How to permit these without compromising residential construction standards? And how to keep costs under control, protect the environment and at the same time build enough shelters (taking the Finnish example)? In this context, is getting rid of underground pedestrian crossings a good idea for town planners (as we see in some capital cities in the region)? There are many fascinating puzzles that lawyers may be instrumental in solving.

The legal framework for rebuilding Ukraine is yet to come, but some jurisdictions (like Poland) are already offering some support for businesses interested in opportunities in Ukraine. As part of planning future initiatives even today, investors can already start recruiting among Ukrainians living in Romania, Poland, or elsewhere in CEE. Human capital built now and legal expertise derived from past experience will be crucial in navigating complex regulatory frameworks, facilitating investments, and ensuring compliance with international standards in the recovery and development of Ukraine.

Millions of individually-owned apartments are aging across CEE without a clear legal path for private owners to reach a consensus on their future (whether to sell, refurbish, or redevelop them). While the primary focus of governments has been on putting up new builds, the issue of renewing residential buildings slowly becomes a critical concern. Also due to ESG considerations in balancing the pros and cons of refurbishing versus replacing.

Given the novelty but also the region-wide scale of these challenges, cooperation and exchange of knowledge between lawyers in CEE is becoming increasingly important. Our motto is “One Region, One Firm,” specifically because we tackle them from a regional perspective – I am confident that both we and the market as a whole will live up to the challenge. ●

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ACROSS THE WIRE: DEALS AND CASES

Date	Firms Involved	Deal/Litigation	Deal Value	Country
11-Jan	Binder Groesswang; Eisenberger & Herzog	Binder Groesswang advised Anadi Bank on transferring its Carinthian branches with around 42,000 retail customers, 250 SME customers, and a business volume of just under EUR 1.7 billion to Grawe Banking Group's Bank Burgenland. E+H advised Grawe.	N/A	Austria
11-Jan	Binder Groesswang; Denkmaier Hutterer Huettner Waldl	Binder Groesswang advised Bosch Power Tools on the acquisition of 49% of the shares in FerRobotics Compliant Robot Technology from Ronald Naderer and Berndorf. Denkmaier Hutterer Huettner Waldl reportedly advised the sellers.	N/A	Austria
18-Jan	Schoenherr	Schoenherr advised the HID Global Corporation on its acquisition of all shares in ZeroSSL.	N/A	Austria
6-Feb	Binder Groesswang; Bodmann; Fokus; Schoenherr	Binder Groesswang advised Lucky-Car on the acquisition of the Austrian business of ATU Auto-Teile-Unger. Schoenherr and Fokus advised ATU. Bodmann reportedly advised Lucky-Car as well.	N/A	Austria
7-Feb	Fieldfisher; Herbst Kinsky	Herbst Kinsky advised Maguar Capital Partners on its partnership with TimeTac. Fieldfisher reportedly advised TimeTac.	N/A	Austria
12-Feb	Herbst Kinsky	Herbst Kinsky advised European B2B software group Everfield on its acquisition of Austria's FENZ-Software.	N/A	Austria
15-Feb	DLA Piper	DLA Piper advised Porr AG on its EUR 135 million hybrid bond issuance.	EUR 135 million	Austria
13-Feb	Binder Groesswang; Dentons; Djingov, Gouginski, Kyutchukov & Velichkov; Schoenherr	Dentons, Binder Groesswang, and Djingov Gouginski Kyutchukov & Velichkov advised UniCredit Bulbank and the EBRD on the financing for Energy Development's construction and operation of a large-scale solar plant in north-eastern Bulgaria set to add 112.5 megawatts of solar power generation to the country's electricity system. Schoenherr reportedly advised Energy Development.	N/A	Austria; Bulgaria; Romania
15-Feb	Schoenherr	Schoenherr advised the TeraPlast Group on its acquisition of the Wolfgang Freiler Group from Austria's Uhl family.	N/A	Austria; Hungary; Romania
31-Jan	Sajic	Sajic successfully represented the interests of Daniel Bubalo before the Supreme Court of the Federation of Bosnia and Herzegovina in a real estate dispute.	N/A	Bosnia and Herzegovina
13-Feb	Gecic Law; Maric & Co.	Gecic Law and Maric & Co successfully represented the interests of the Arena Channels Group before the Competition Authority and courts of Bosnia and Herzegovina in an antitrust case.	N/A	Bosnia and Herzegovina; Serbia
9-Jan	CMS	CMS advised Rezolv Energy on the licensing of its 229-megawatt St. George photovoltaic project before the Bulgarian Energy and Water Regulatory Commission.	N/A	Bulgaria
22-Jan	Djingov, Gouginski, Kyutchukov & Velichkov	Djingov Gouginski Kyutchukov & Velichkov advised Nasekomo on the closing of its EUR 8 million Series A equity investment round led by Invenio Partners. DGKV also advised Invenio Partners on the deal.	EUR 8 million	Bulgaria
2-Feb	Eversheds Sutherland; Tsvetkova Bebov & Partners	Eversheds Sutherland Bulgarian member firm Tsvetkova Bebov & Partners acted as the single transaction counsel on TBI Bank's December 15, 2023, private placement of MREL notes maturing 2026, with a total value of EUR 10 million.	EUR 10 million	Bulgaria
6-Feb	Wolf Theiss	Wolf Theiss advised the Real Estate Development company on the development of the River Park Sofia project.	N/A	Bulgaria
8-Jan	CMS; Ivkovic & Kruc	CMS Bardek Lisac Musec Skoko and Partners advised Global Offshore Engineering Group owner Matko Zuanic on the full acquisition of Adria Winch, including the indirect acquisition of Dalstroj. Ivkovic & Kruc advised Adria Winch Group shareholders Marin Srzentic, Milivoj Peruzovic, and Ivo Jercic on the sale.	N/A	Croatia
12-Jan	Law Office Korotaj; Savoric & Partners	Savoric & Partners advised Studenac on its acquisition of La-Vor Trade. Law Office Korotaj advised sellers Igor Bodrozic and La-Vor Trade DOO on the deal.	N/A	Croatia
15-Jan	Divjak Topic Bahtjarevic & Krka; Savoric & Partners	Divjak Topic Bahtjarevic & Krka advised Plava Laguna on the sale of Bonavia – a four-star hotel in Rijeka – to Bonavia Rijeka. Savoric & Partners advised the buyers.	N/A	Croatia
17-Jan	Prajak & Svic; Savoric & Partners	Savoric & Partners advised TP Varazdin on the sale of 97 retail and wholesale stores, operating as Kitro, to Narodni Trgovacki Lanac. Prajak & Svic advised NTL.	N/A	Croatia
29-Jan	BDV Legal	Batarelo Dvojkovic Vuchetich advised the majority shareholder of Merit Media Int. on its shareholding consolidation.	N/A	Croatia
7-Feb	Vukmir & Associates	Vukmir & Associates advised ZB Invest on taking over the management and the merger of the UCITS funds from Allianz Invest.	N/A	Croatia
9-Jan	CMS; Weil, Gotshal & Manges	CMS advised Touzimsky Airlines on the sale of its shareholding in Kiwi.com to General Atlantic. Weil Gotshal & Manges reportedly advised General Atlantic.	N/A	Czech Republic
17-Jan	GT Legal; Kinstellar	Kinstellar advised the Genesis Private Equity Fund III on the sale of Sanborn to the Oriens industrial group. GT Legal advised Oriens.	N/A	Czech Republic

Date	Firms Involved	Deal/Litigation	Deal Value	Country
18-Jan	Clifford Chance; White & Case	Clifford Chance advised CTP on the EUR 100 million club financing of the Vinena campus in Brno with main arranger, agent, and security agent Komerčni Banka and second mandated lead arranger UniCredit Bank Czech Republic and Slovakia. White & Case advised the banks.	EUR 100 million	Czech Republic
18-Jan	BBH	BBH advised the Kaprain Group on its acquisition of Trelleborg Bohemia from Trelleborg.	N/A	Czech Republic
19-Jan	PRK Partners	PRK Partners advised the Thomayer University Hospital in Prague on the development of its gender equality plan.	N/A	Czech Republic
22-Jan	Kocian Solc Balastik	Kocian Solc Balastik advised the J&T Group on its sale of FVE Holding to the EPH Group.	N/A	Czech Republic
22-Jan	Kocian Solc Balastik	Kocian Solc Balastik advised real estate investment fund Nemomax on its first EU growth prospectus.	N/A	Czech Republic
24-Jan	PRK Partners	PRK Partners advised Affimed on its successful divestment of AbCheck to Flagship Pioneering company Ampersand Biomedicines.	N/A	Czech Republic
26-Jan	CEE Attorneys	CEE Attorneys advised Webscope shareholder Jan Vorcak on the sale of the company to the Mibcon Group.	N/A	Czech Republic
1-Feb	CEE Attorneys	CEE Attorneys advised the BPower Group on the sale of BPower to Bitzer.	N/A	Czech Republic
7-Feb	Clifford Chance; White & Case	Clifford Chance advised G City Europe Limited on the sale of the Arkady Pankrac shopping center to Trigea, a part of the Partners group. White & Case reportedly advised Trigea.	N/A	Czech Republic
7-Feb	Badokh; CMS	CMS advised Komerčni Banka on its financing for the acquisition of the Mercedes Benz Praha car dealerships. Badokh reportedly advised the borrower – the RCM Group.	N/A	Czech Republic
9-Feb	Dentons	Dentons helped Fulleren obtain the merger clearance from the Czech Republic's Office for the Protection of Competition for the acquisition of the Slavia Praha football club.	N/A	Czech Republic
14-Feb	Evan Law Firm; Kocian Solc Balastik	Kocian Solc Balastik advised the owners of Anesan on its sale to Penta Hospitals. The Evan law firm advised Penta Hospitals.	N/A	Czech Republic
15-Feb	Glatzova & Co	Glatzova & Co advised the shareholders of Jarident and Janouch Dental on the sale of the companies to the Nuent Group.	N/A	Czech Republic
18-Jan	Kinstellar; Linklaters; Uria Menendez	Kinstellar, working with Linklaters' Madrid office, advised a consortium of lenders on their EUR 800 million financing for AmRest. Uria Menendez reportedly advised AmRest.	EUR 800 million	Czech Republic; Hungary; Romania
12-Jan	Allen & Overy; Havel & Partners	Allen & Overy advised Grupa Maspex on its acquisition of Becherovka from Pernod Ricard. Havel & Partners advised Pernod Ricard.	N/A	Czech Republic; Poland
8-Feb	Act Legal; SSW Pragmatic Solutions	Act Legal advised Doosan Skoda Power on executing an EPC agreement with Orlen. SSW Pragmatic Solutions advised Orlen. The total value of the project exceeds EUR 125 million.	EUR 125 million	Czech Republic; Poland
9-Jan	CMS; Havel & Partners; White & Case	White & Case advised CVC Capital Partners on its acquisition of the Packeta Group, alongside co-investor Emma Capital. Havel & Partners advised JSK Investments and its shareholders, Simona and Jaromir Kijonka, on the sale of Packeta. CMS advised the Packeta Group.	N/A	Czech Republic; Poland; Romania; Slovakia
29-Jan	Eversheds Sutherland	Eversheds Sutherland advised the shareholders of SWS on the full sale of the company – including subsidiaries Entec Solutions and SWS International in Slovakia – to Also Holding.	N/A	Czech Republic; Slovakia
8-Jan	Lextal	Lextal advised Solbritt on its reorganization and restructuring plan.	N/A	Estonia
29-Jan	TGS Baltic	TGS Baltic advised the SmartCap Estonian state fund on its investment in the EUR 4 million seed round of local deep-tech start-up Up Catalyst. German climate technology fund Extantia led the round which included existing investors Sunly, Little Green Fund, Scottish Baltic Invest, and UniTartu Ventures.	N/A	Estonia
2-Feb	Rask	Rask advised Estonia-based fintech start-up Balance on raising a EUR 300,000 investment in a round featuring Specialist VC.	EUR 300,000	Estonia
12-Feb	Ellex (Raidla); Pohla & Hallmagi	Pohla & Hallmagi advised the KindlustusEst insurance broker on the sale of its commercial client portfolio to the Estonian office of global insurance broker Howden. Ellex advised Howden.	N/A	Estonia
9-Jan	Cobalt; TGS Baltic	Cobalt advised Warmeston on its EUR 32 million acquisition of the Broceni cogeneration plant and pellet factory in Latvia from Enefit Green. TGS Baltic advised Enefit Green.	EUR 32 million	Estonia; Latvia
8-Feb	Sorainen; Walless	Walless advised the Med Grupe shareholders on the sale of their pan-Baltic dental equipment distribution business to Straumann. Sorainen reportedly advised the Straumann Group.	N/A	Estonia; Latvia; Lithuania
11-Jan	Fortsakis, Diakopoulos & Associates; Kyriakides Georgopoulos	Fortsakis Diakopoulos & Associates advised the Hellenic Republic Asset Development Fund on the sale of a 67% stake in the Heraklion Port Authority to a consortium consisting of Grimaldi Euromed and Minoan Lines. Kyriakides Georgopoulos advised the Grimaldi Group.	N/A	Greece
22-Jan	Zepos & Yannopoulos	Zepos & Yannopoulos advised Greenvolt on its acquisition of a 200-megawatt solar project in Farsala, Greece, from the Archirodon Group.	N/A	Greece
24-Jan	Bernitsas	Bernitsas advised Piraeus Financial Holdings on a liability management exercise concerning EUR 400 million in Tier 2 notes due June 26, 2029, and new EUR 500 million issuance of Tier 2 notes.	EUR 500 million	Greece
24-Jan	Papapolitis & Papapolitis	Papapolitis & Papapolitis advised London & Regional Properties on the sale of Rhodes Bay Hotel & SPA and Elite Suites Rhodes Bay to the H Hotels Collection.	N/A	Greece
24-Jan	Kyriakides Georgopoulos	Kyriakides Georgopoulos advised BlueFuel on the acquisition of a biogas production unit with an installed capacity of 950 kilowatts – for which a 750-kilowatt expansion is planned – based in the Region of Central Macedonia.	N/A	Greece
8-Feb	Bernitsas	Bernitsas advised Eurobank Ergasias Services and Holdings on its EUR 300 million issuance of Subordinated Tier II instruments due April 25, 2034.	EUR 300 million	Greece

Date	Firms Involved	Deal/Litigation	Deal Value	Country
8-Feb	Rymarz Zdort Maruta; Souriadakis Tsibris	Rymarz Zdort Maruta advised Bounty Brands Europe Limited on the sale of Stella Pack Europe to Sarantis Polska. Souriadakis Tsibris advised the Sarantis Group. Forum 87 also sold its stake in Stella Pack Europe, making Sarantis Polska Stella Pack's new sole owner.	N/A	Greece; Poland
24-Jan	Baker McKenzie	Baker McKenzie advised the Mandarin Oriental Hotel Group on setting up its first operation in Hungary following the renovation and rebranding of the former Gellert Hotel in Budapest.	N/A	Hungary
30-Jan	CMS; Noerr; PwC Legal; Schoenherr	Schoenherr advised the OTP Real Estate Investment Fund on its purchase of a land plot in Ullo, Hungary, from Rossmann, the development agreement for a BTS logistic center on the site with development manager Panattoni, and a long-term lease agreement for the facility with Rossmann as tenant. CMS and Noerr advised Panattoni. PwC Legal reportedly advised Rossmann.	N/A	Hungary
19-Jan	Cerha Hempel; Crido Legal; DLA Piper	Crido advised Duna Aszfalt on its acquisition of Mota Engil Central Europe. DLA Piper advised the sellers. Cerha Hempel reportedly advised Duna Aszfalt as well.	N/A	Hungary; Poland
25-Jan	Dentons	Dentons advised HB Reavis on the sale of its in-house-developed technology platform Symbiosy to HqO.	N/A	Hungary; Slovakia
13-Feb	Clifford Chance; Deloitte Legal; Gecic Law	Gecic Law, working with the Brussels office of Clifford Chance, successfully represented the interests of the Arena Channels group regarding a broadcasting dispute in Kosovo. Deloitte Legal reportedly advised Arena Channels as well.	N/A	Kosovo; Serbia
19-Jan	Deloitte Legal; TGS Baltic	TGS Baltic advised iCotton on its EUR 20 million issuance of secured bonds in collaboration with the Signet Bank. Deloitte Legal reportedly advised iCotton as well.	EUR 20 million	Latvia
25-Jan	Cobalt	Cobalt advised the ERB Rail JV consortium – formed by France's Eiffage Genie Civil, Poland's Budimex, and Italy's Rizzani de Eccher – on the public procurement process and the EUR 3.7 billion contract for the construction of the Rail Baltica mainline in Latvia with SIA Eiropas Dzelzcela Linijas.	EUR 3.7 billion	Latvia
26-Jan	Cobalt	Cobalt advised Baltic real estate developer Capital Mill on the sale of its 3.3-hectare industrial property located at Granita Iela 17, in Riga, to Proks Capital in a share transaction.	N/A	Latvia
1-Feb	TGS Baltic	TGS Baltic advised Darda on its EUR 1.3 million sale of a 3,777-square-meter plot in the center of Riga to Satekles Business Center 2 for the development of a new office complex. Sorainen reportedly advised the buyer.	EUR 1.3 million	Latvia
1-Feb	TGS Baltic	TGS Baltic advised Lielais Lauks on the EUR 460,000 sale of a 3.19-hectare land plot in Adazi, Latvia, to Kinetics Nail Systems, which plans to construct a new factory.	EUR 460,000	Latvia
26-Jan	Cobalt; Wolf Theiss	Wolf Theiss and Cobalt advised Accession Capital Partners Credit on a EUR 10 million credit facility granted to Mogo IFN.	N/A	Latvia; Romania
17-Jan	Ellex (Valiunas)	Ellex Valiunas advised Lords LB Asset Management-managed Investmira on the successful redemption of its EUR 55 million bond issuance from 2021.	EUR 55 million	Lithuania
19-Jan	Ellex (Valiunas)	Ellex advised Capitalica Asset Management on the establishment of its Capitalica Debt Fund targeting Baltic companies' high-yield bonds.	N/A	Lithuania
23-Jan	Adon Legal	Adon Legal advised facility and property management holding City Service on securing an EUR 18.9 million financing from Swedbank.	EUR 18.9 million	Lithuania
11-Jan	CK Legal	CK Legal advised PCC Rokita on its PLN 25 million issuance of HB bonds with a 74.23% subscription reduction.	PLN 25 million	Poland
11-Jan	BNT Attorneys	BSJP BNT helped Kapsch Telematic Services secure a public procurement contract for the provision of direct customer support services for the electronic toll collection system of the National Tax Administration in Poland.	N/A	Poland
15-Jan	CMS; Crido Legal	Crido advised Borgestad ASA on refinancing the credit for the Agora Bytom shopping center with Bank Pekao. CMS reportedly advised the bank.	N/A	Poland
17-Jan	MFW Fialek	MFW Fialek advised on a financing transaction for Tutore Poland's LangMedia language school operator.	N/A	Poland
17-Jan	Dentons; White & Case	White & Case advised Pelion on a EUR 25 million equity investment from the European Bank for Reconstruction and Development through a capital increase. Dentons advised the EBRD.	EUR 25 million	Poland
17-Jan	CMS; DLA Piper	DLA Piper advised Generali CEE Holding on its full acquisition of 4Life Direct Poland from 4Life Direct International. CMS reportedly advised 4Life Direct International.	N/A	Poland
17-Jan	Dentons; Norton Rose Fulbright	Norton Rose Fulbright advised Bank Polska Kasa Opieki on providing financing for the construction of Vaskol's photovoltaics portfolio in Poland. Dentons advised Vaskol on the financing.	N/A	Poland
17-Jan	Marszalek & Partnerzy	Marszalek & Partnerzy advised Goodspeed and its shareholders – Sylwester Rypina, Pawel Rypina, and Enterprise Investors – on the full acquisition of StockEasy.	N/A	Poland
17-Jan	Allen Overy Shearman Sterling; Greenberg Traurig; Kirkland & Ellis; Rymarz Zdort Maruta	Greenberg Traurig advised Bogdan and Elzbieta Kaczmarek and the Innova Capital private equity fund on their full acquisition of Pfeiderer Polska and related financing, in a corporate carve-out transaction from the Strategic Value Partners-owned Pfeiderer Group. Rymarz Zdort Maruta, working with Kirkland & Ellis, advised the seller. Allen & Overy reportedly advised the lenders.	N/A	Poland
18-Jan	Gowling WLG; Taylor Wessing	Taylor Wessing, working with Gowling WLG, advised Germany's MWB Fairtrade Wertpapierhandelsbank investment bank on the launch of LM Pay on the Duesseldorf Stock Exchange.	N/A	Poland
18-Jan	Konieczny Wierzbicki	KWKR Konieczny Wierzbicki and Partners advised Ailleron on an agreement to implement its LiveBank system in a cloud model with Santander Leasing and cloud services provider Chmury Krajowej.	N/A	Poland
18-Jan	DLA Piper	DLA Piper advised OX2 on the construction of the Juniewiczze, Grajewo, and Sulmierzyce wind farms with a total capacity of over 100 megawatts.	N/A	Poland

Date	Firms Involved	Deal/Litigation	Deal Value	Country
19-Jan	Dentons; Norton Rose Fulbright	Dentons advised P Capital Partners on a euro-denominated senior debt package to project companies controlled by Susi Partners, acting on behalf of the Susi Energy Transition Fund, for a 167-megawatt portfolio of photovoltaic and wind power projects in Poland. Norton Rose Fulbright advised Susi.	N/A	Poland
19-Jan	Baker McKenzie ; Noerr	Noerr advised Bauer Media on its sale of the Semergy Group to the WeNet Group. Baker McKenzie advised WeNet.	N/A	Poland
19-Jan	MFW Fialek	MFW Fialek advised a franchisee of the Bulgari brand on the lease agreement with the administrator and the owner of the building where the first Bulgari brand store in Poland was opened.	N/A	Poland
19-Jan	Allen Overy Shearman Sterling; Rymarz Zdort Maruta	Rymarz Zdort Maruta advised the founders of the Akademia Educational Group on its sale to the International Schools Partnership. Allen & Overy advised the buyer.	N/A	Poland
22-Jan	MFW Fialek	MFW Fialek advised the Play Group on its acquisition of the Phobos Grupa Taurus IT&C company.	N/A	Poland
22-Jan	Greenberg Traurig; SKJB Szybowski Kuzma Jelen Brzoza-Ostrowska	SKJB Szybowski Kuzma Jelen Brzoza-Ostrowska advised a Polish HB Reavis subsidiary on the 1,500-square-meter lease agreement with tenant Atlas Ward Polska for space in the Varso Tower in Warsaw. Greenberg Traurig advised Atlas Ward.	N/A	Poland
24-Jan	DLA Piper; Marszalek & Partnerzy; Slaughter And May	DLA Piper, working with Slaughter and May, advised Corsair Capital on the acquisition of MJM Holdings and the related financing. Marszalek & Partnerzy, working with sole practitioner Szymon Skindzielewski, advised the MJM Holdings shareholders.	N/A	Poland
25-Jan	Clifford Chance; Dentons	Dentons advised Santander Bank Polska and BNP Paribas Bank Polska on granting a PLN 408 million financing to Nowel. Clifford Chance reportedly advised Nowel.	PLN 408 million	Poland
25-Jan	Norton Rose Fulbright; Rymarz Zdort Maruta	Norton Rose Fulbright advised the lenders on the increase and extension of a multi-currency revolving credit facility for Pfeiderer Polska Group members. Rymarz Zdort Maruta reportedly advised the Pfeiderer Polska Group.	N/A	Poland
25-Jan	Dentons	Dentons advised sponsor Yevulei Shemesh Renewable Energy Group the PLN 335 million financing extended by mBank and the EBRD for the construction and operation of a 48-megawatt onshore wind farm in south-eastern Poland.	PLN 335 million	Poland
29-Jan	Jasinski	Jasinski advised the Nauta Shiprepair Yard on its acquisition of a dry dock from Poland's Industrial Development Agency.	N/A	Poland
30-Jan	Allen Overy Shearman Sterling; Clifford Chance	Clifford Chance advised Bank Millennium on the synthetic securitization transaction for a portfolio of unsecured non-mortgage loans with a total value of PLN 7.2 billion. Allen & Overy reportedly advised organizer and issue agent UniCredit Bank AG.	N/A	Poland
31-Jan	Burzak Okon; Soltysinski Kawecki & Szlezak	Soltysinski Kawecki & Szlezak advised Straumann Holding on its acquisition of Schmidt Dental from Oliver Schmidt. Burzak Okon and Partners reportedly advised Schmidt on the sale.	N/A	Poland
31-Jan	Gide Loyrette Nouel; Wardynski & Partners	Wardynski & Partners advised Infnitas Learning on its acquisition of Wydawnictwa Szkolne i Pedagogiczne. Gide advised the Central Group, the main shareholder of WSiP, on the sale.	N/A	Poland
31-Jan	MFW Fialek	MFW Fialek advised entities belonging to the XBS Group in obtaining an investment loan from mBank.	N/A	Poland
1-Feb	Domanski Zakrzewski Palinka	Domanski Zakrzewski Palinka advised Tauron Zielona Energia on purchasing a 90-megawatt photovoltaic farm project implemented on a cable pooling basis in Postomino municipality, Poland.	N/A	Poland
1-Feb	CK Legal	CK Legal Chabasiewicz Kowalska advised PragmaGo on its PLN 25 million issuance of series C2 bonds.	PLN 25 million	Poland
1-Feb	MFW Fialek; Orrick Herrington & Sutcliffe	MFW Fialek, working with Orrick Herrington & Sutcliffe, advised Cogito Capital Partners on leading the Series A investment round for UK-based Sky Engine Limited and its Sky Engine Polish subsidiary.	N/A	Poland
1-Feb	Rymarz Zdort Maruta	Rymarz Zdort Maruta, working with Freshfields Bruckhaus Deringer's US office, advised managers Wood & Company Financial Services and Ipopema Securities on an accelerated book-building transaction concerning Vigo Photonics' PLN 63 million issuance of series F ordinary bearer shares.	PLN 63 million	Poland
2-Feb	Domanski Zakrzewski Palinka; Raczynski Skalski & Partners	DZP Domanski Zakrzewski Palinka advised R.Power on executing a ten-year virtual power purchase agreement with Allegro. Raczynski Skalski & Partners advised Allegro.	N/A	Poland
2-Feb	Rymarz Zdort Maruta	Rymarz Zdort Maruta advised JD Sports Fashion on its acquisition of the remaining 40% stake in Poland's Marketing Investment Group joint-stock company.	N/A	Poland
6-Feb	Kajda and Partners; MFW Fialek	MFW Fialek advised Scanned Group on its acquisition of Centrum Rehabilitacji in Chorzow. Kajda and Partners reportedly advised the sellers.	N/A	Poland
7-Feb	Konieczny Wierzbicki	KWK Konieczny Wierzbicki and Partners advised the Van der Vorm Group on its acquisition of 119 residential units located on Siennicka Street in Warsaw.	N/A	Poland
7-Feb	Gessel; Meld	Gessel advised Fulfilio on its investment in SellerSwitch. Meld Jodowski Szczawinski reportedly advised SellerSwitch.	N/A	Poland
9-Feb	JDP	JDP Drapala & Partners advised Best Secret Poland on four sale-and-leaseback agreements with Deutsche Leasing Polska for the use of the storage and sorting systems in BSP's Sulechow high-bay warehouse.	N/A	Poland
9-Feb	Resist Rezanko Sitek	Resist Rezanko Sitek is advising the bankruptcy trustee on the bankruptcy proceedings for SKOK Kujawiak.	N/A	Poland
12-Feb	Kycia; Taylor Wessing	Taylor Wessing advised Avestus Real Estate on a EUR 24 million refinancing from mBank for the Imagine office complex in Lodz. Kycia Legal advised mBank.	EUR 24 million	Poland

Date	Firms Involved	Deal/Litigation	Deal Value	Country
12-Feb	Clifford Chance; Dentons	Dentons advised PKO Bank Polski and the EBRD on providing debt financing for the construction of the 31.5-megawatt Grabkowo wind farm in Potegowo and operational support for the 37.5-megawatt Orla wind farm, both of which are operated by Eurowatt. Clifford Chance advised Eurowatt.	N/A	Poland
12-Feb	CK Legal	CK Legal Chabasiewicz Kowalska advised Kruk on its third Euro-denominated bond issuance addressed to retail investors, which included the EUR 10 million offering of AO5EUR series bonds and the EUR 14 million offering of AO6EUR series bonds.	EUR 10 million	Poland
12-Feb	MFW Fialek	MFW Fialek advised Arka Gdynia's majority shareholder Michal Kolakowski on the sale of a 75% stake in the company following the settlement of a dispute over the title to the sold shares with the club's previous majority shareholder.	N/A	Poland
13-Feb	Deloitte Legal; Norton Rose Fulbright	Norton Rose Fulbright advised BNP Paribas Bank Polska on its financing for the construction of a 32.7-megawatt photovoltaic projects portfolio sponsored by R.Power. Deloitte Legal reportedly advised R.Power.	N/A	Poland
13-Feb	CK Legal; Grabalski, Kempinski i Wspolnicy	CK Legal Chabasiewicz Kowalska advised PragmaGo on its acquisition of Monevia. GKW Grabalski Kempinski i Wspolnicy advised the 21 Concordia fund – acting through the Monevia International sarl SPV – on the sale.	N/A	Poland
14-Feb	Schoenherr; Squire Patton Boggs	Schoenherr advised CEE private equity fund Avallon MBO on the sale of beverage producer Wosana to Japan's DyDo Group Holdings. Squire Patton Boggs advised the buyer.	EUR 45 million	Poland
15-Feb	CMS; Norton Rose Fulbright	Norton Rose Fulbright advised mBank on financing the construction of a 98-megawatt photovoltaic portfolio sponsored by Sunly. CMS advised Sunly.	N/A	Poland
15-Feb	Loewen, Kaczmarek, Zawadowski; Soltysinski Kawecki & Szelezak	SK&S Soltysinski Kawecki & Szelezak advised Velocity Clinical Research on its acquisition of ClinMedica Research. Loewen Kaczmarek Zawadowski advised Deo Family Fundacja Rodzinna on the sale.	N/A	Poland
15-Feb	Morais Leitao; Wardynski & Partners	Wardynski & Partners, working with Portugal's Morais Leitao, advised EDP and its subsidiary EDP Renovaveis on the repurchase of a 49% stake in EDPR's wind energy assets in Portugal, Poland, and Italy from subsidiaries of China Three Gorges for a total of EUR 570 million.	EUR 570 million	Poland
15-Feb	Clifford Chance; Lubberger Lehment; Soltysinski Kawecki & Szelezak; Taylor Wessing; ZENK	Taylor Wessing advised Sunday Natural and founder Joerg Schweikart on the sale of a stake in Sunday Natural to private equity investor CVC Capital Partners VIII. Soltysinski Kawecki & Szelezak, working with Germany's Lubberger Lehment, ZENK, and Clifford Chance, reportedly advised CVC.	N/A	Poland
15-Feb	SSW Pragmatic Solutions; Taylor Wessing	Taylor Wessing advised PKO Bank Polski on financing the Novastone Capital Advisors and Frederick Rduktowski investment in Adex Cosmetics & Pharma. SSW Pragmatic Solutions reportedly advised the buyers.	N/A	Poland
24-Jan	Balicki Czekanski Gryglewski Lewczuk; PwC Legal (D&B David And Baia); Wolf Theiss	Wolf Theiss and Balicki Czekanski Gryglewski Lewczuk advised MidEuropa Partners and Accel-KKR portfolio company Symfonia on its acquisition of Softeh Plus. PwC Legal Romanian affiliate D&B David and Baia advised the shareholders of the Romanian software company.	N/A	Poland; Romania
11-Jan	Schoenherr	Schoenherr advised Polish rolling stock manufacturer Pojazdy Szynowe PESA Bydgoszcz on a public procurement contract with the Romanian Railway Reform Authority for the delivery of 20 long-distance electric multiple-unit trains.	EUR 223 million	Romania
11-Jan	Schoenherr; Tuca Zbarcea & Asociatii	Schoenherr and sole practitioner Mihaela Aliman advised Renovatio on its two-pronged transaction with OMV Petrom concerning the sale of a 50% stake in 1-gigawatt renewable projects company Electrocentrale Borzesti and the sale of Renovatio Asset Management, operating more than 400 electric-vehicle charging points in Romania. Tuca Zbarcea & Asociatii advised OMV Petrom.	N/A	Romania
11-Jan	Bohalteanu & Asociatii; RTPR	RTPR advised Macquarie Asset Management on the sale of CEZ Vanzare to Premier Energy. BSMP Bohalteanu & Asociatii advised Premier Energy.	N/A	Romania
18-Jan	Firon Bar-Nir	Firon Bar-Nir advised David Shmueli on the development of a Bucharest residential project through a partnership with a Turkish real estate developer.	N/A	Romania
24-Jan	Bondoc & Asociatii; Filip & Company	Filip & Company advised Fondul Proprietatea on the sale of its minority shareholding in Engie Romania in a transaction exceeding EUR 86 million. Bondoc si Asociatii advised Engie Group Participations on the purchase.	EUR 86 million	Romania
25-Jan	Suciu Popa	Suciu Popa advised Eximprod on the construction agreement for the development and construction of the grid connection of the Studina photovoltaic plant.	N/A	Romania
1-Feb	Clifford Chance; CMS	CMS advised UniCredit Bank on its EUR 39.3 million financing for Enery group subsidiary Comcris Energy for the construction of a 51.4-megawatt solar ground-mounted photovoltaic project located in Sarmasag, Romania. Clifford Chance Badea reportedly advised the borrower.	EUR 39.3 million	Romania
2-Feb	RTPR	Radu Taracila Padurari Retevoescu advised Engie Romania on its acquisition of an 80-megawatt operational wind farm majority owned by the EnerCap Group, in Chirnoieni, Romania.	N/A	Romania
2-Feb	Berechet Rusu Hirit	Berechet Rusu Hirit successfully represented photovoltaic project developer and operator NextE in overturning a 2022 document issued jointly by Romania's notary public union and national cadaster agency that limited the development of renewable energy projects on collectively held land in rural areas.	N/A	Romania
6-Feb	Musat & Asociatii	Musat & Asociatii advised Tecadra Hotels on its partnership with the Accor Group for the complete transformation and expansion of the Tecadra Hotel in Bucharest.	N/A	Romania

Date	Firms Involved	Deal/Litigation	Deal Value	Country
6-Feb	Popovici Nitu Stoica & Asociatii; RTPR	Radu Taracila Padurari Retevoescu advised the Morphosis Capital private equity fund and a group of co-investors from Belgium on the acquisition of a majority stake in the Mark Twain International School. Popovici Nitu Stoica & Asociatii advised the Mark Twain International School.	N/A	Romania
6-Feb	PeliPartners	PeliPartners advised Mirova on its EUR 140 million investment into Hyperion Energy Investments SGPS.	EUR 140 million	Romania
8-Feb	Ijdelea & Associates	Ijdelea & Associates advised United Petfood on the regulatory and permitting procedures for the construction of a new production and storage facility in Romania.	N/A	Romania
15-Feb	Stratulat Albulescu	Stratulat Albulescu advised Tobii on the acquisition of the AutoSense and Imaging businesses from Xperi.	N/A	Romania
15-Feb	PeliPartners	PeliPartners advised the Adventum Group on the lease extension agreement with Genpact Romania for business premises in the Hermes Business Campus, in northern Bucharest.	N/A	Romania
25-Jan	NKO Partners	NKO Partners advised Emmezeta on the development of a distribution center in Novi Sad with Structura to perform the construction works.	N/A	Serbia
2-Feb	NKO Partners	NKO Partners advised Achiona on its joint venture with Triglav to develop 20,000 square meters of office space in Belgrade.	N/A	Serbia
5-Feb	AP Legal; Karanovic & Partners; Kinstellar	Kinstellar advised Evelixon Trading Limited on its acquisition of the Grand Wind Park project company from Windvision Serbia Holding and the subsequent sale of a 50% stake in Grand Wind Park to MK Green Energy Limited. Karanovic & Partners advised Windvision. AP Legal advised MK Green Energy.	N/A	Serbia
6-Feb	AP Legal	AP Legal advised a syndicate of banks including Eurobank Direktna, NLB Komercijalna Banka, and OTP Bank Srbija on an EUR 34.5 million loan to Hillside.	EUR 34.5 million	Serbia
8-Feb	Harrisons	Harrisons advised the EBRD on its inaugural EUR 50 million loan to Serbia's AIK Banka for on-lending to local small and medium-sized enterprises.	EUR 50 million	Serbia
15-Feb	NKO Partners	NKO Partners advised the Dr. Max pharmacy chain on its acquisition of the Pet-Sar Farm pharmacy chain in Serbia from Natasa Stanojkovic.	N/A	Serbia
15-Feb	Gecic Law	Gecic Law, working with Shibolet & Co, advised the Paskal Group on "the successful submission of the first CBAM reports from Israel in accordance with the EU's new Carbon Border Adjustment Mechanism Regulation."	N/A	Serbia
15-Feb	MMD Advokati; Vukovic & Partners	MMD Advokati advised Mayekawa Europe on its acquisition of Em Dip Pro Team. Vukovic & Partners advised Tatjana, Svetozar, and Vukasin Petrovic on the sale.	N/A	Serbia
29-Jan	Deloitte Legal; Kinstellar; Paul Hastings; PwC Legal; Van Campen Liem	PwC Legal, working with Van Campen Liem, advised Blue Sea Capital on co-investing to acquire the Telekom Srbija telecommunications tower portfolio alongside Actis and in co-operation with Andrej Jovanovic's family office. Deloitte Legal advised Telekom Srbija. Kinstellar, working with Paul Hastings, advised Deutsche Bank, Alpha Bank, UniCredit, and UniCredit Bank Serbia on a EUR 205 million financing for Actis regarding the acquisition.	N/A	Serbia; Slovakia
12-Jan	MCL	MCL advised Reinoo and V6 on the sale of NordCity Postova building in Zilina, Slovakia to Erste Asset Management.	N/A	Slovakia
31-Jan	Havel & Partners; Prielomek & Partners	Havel & Partners advised Lead Ventures on co-leading a EUR 26 million investment round for CloudTalk. Prielomek & Partners reportedly advised CloudTalk.	EUR 26 million	Slovakia
18-Jan	Wolf Theiss	Wolf Theiss advised joint lead managers Barclays, BNP Paribas, Deutsche Bank, Erste Group, Goldman Sachs Bank Europe, and Nova KBM on the Republic of Slovenia's EUR 1.5 billion Reg S note issuance.	EUR 1.5 billion	Slovenia
8-Jan	King & Spalding; Lexist Law Firm; Norton Rose Fulbright; Norton Rose Fulbright (Pekin Bayar Mizrahi)	Lexist, working with King & Spalding, advised the Aydin Group on the sale of a 20% shareholding in the TOM financial group of companies – including a digital participation bank, licensed e-money and payment services company, and a licensed financing company – to the Dubai Islamic Bank. Norton Rose's Dubai office and its Turkish affiliate Pekin Bayar Mizrahi reportedly advised the DIB.	N/A	Turkiye
11-Jan	SCH Legal; Turunc	Turunc advised Bogazici Ventures on its investment in Buddy Performance. SCH Legal advised Buddy Performance.	N/A	Turkiye
11-Jan	Linklaters	Linklaters advised Turkiye Ihracat Kredi Bankasi on its equity investment in the Africa Finance Corporation, the pan-African infrastructure-focused multilateral financial institution.	N/A	Turkiye
17-Jan	Baker McKenzie ; Baker McKenzie (Esin Attorney Partnership); Morgan Lewis	Baker McKenzie and its Esin Attorney Partnership affiliate advised a club of banks including ING Bank, ING Bank Singapore, Bank of China Limited Beijing, the Development Bank of Kazakhstan, Halyk Bank, and AB Bank of China Kazakhstan on the USD 286 million financing of the development of a soda ash production facility by the Yildirim Group in Kazakhstan. Morgan Lewis & Bockius reportedly advised the Yildirim Group.	USD 286 million	Turkiye
17-Jan	Paksoy	Paksoy advised Borusan Lojistik on its USD 33.2 million loan from the European Bank for Reconstruction and Development.	USD 33.2 million	Turkiye
17-Jan	Baker McKenzie ; Baker McKenzie (Esin Attorney Partnership)	Baker McKenzie advised Fairfax Financial Holdings Limited on its acquisition of KIPCO's 46.32% stake in the Gulf Insurance Group for approximately USD 860 million.	USD 860 million	Turkiye
22-Jan	Aksan	The Aksan Law Firm advised the Turkiye Kalkinma Fonu on the establishment of the TUBITAK Bigg Fund with anchor investor TUBITAK – the Scientific and Technological Research Council of Turkiye.	N/A	Turkiye
23-Jan	Allen Overy Shearman Sterling; Confluent Law; Eversheds Sutherland; Galadari Law; Guleryuz Partners	Guleryuz Partners, working with the Galadari Law and Eversheds Sutherland, advised the Tiryaki Group on its USD 112.5 million financing package from the IFC, FMO, and Proparco to finance an agro-industrial complex in Iraq's Umm-Qasr Port. Allen & Overy, working with Confluent Law, advised the lenders.	USD 112.5 million	Turkiye
23-Jan	Turunc	Turunc advised Bogazici Ventures on its investment in the Frozen Pawn Games indie gaming company.	N/A	Turkiye

Date	Firms Involved	Deal/Litigation	Deal Value	Country
29-Jan	Aksan	The Aksan law firm advised APY Ventures on its investment in Bilisim Vadisi Digiage.	N/A	Turkiye
30-Jan	Turunc	Turunc advised Bogazici Ventures on its investment in mobile gaming company Toon Metal Games.	USD 250,000	Turkiye
31-Jan	Aksan	The Aksan Law Firm advised venture capital fund Founder One on its investment in ERG Controls.	N/A	Turkiye
1-Feb	AAT Partners; Aksan; Turunc	Turunc advised Bogazici Ventures on its investment in Lokum Games. The round included APY Ventures and other investors. AAT Partners advised Lokum Games. Aksan reportedly advised APY Ventures.	N/A	Turkiye
1-Feb	Allen & Overy; Allen & Overy (Gedik Eraksoy); Mayer Brown; Paksoy	Paksoy, working with Mayer Brown, advised Turk Ekonomi Bankasi on its USD 400 million issuance of fixed-rate resettable tier 2 notes due 2034. Allen & Overy and its Turkish affiliate Gedik & Eraksoy reportedly advised the joint bookrunners.	USD 400 million	Turkiye
2-Feb	Lexist Law Firm; Mayer Brown	Lexist, working with Mayer Brown, advised AGM on its acquisition of Oppo's operations in Turkiye, including its manufacturing plant in Tuzla, Istanbul.	N/A	Turkiye
6-Feb	Reed Smith; Simpson Thacher & Bartlett; Turunc; VLP Law Group	Turunc, working with Reed Smith, advised Sphera on its acquisition of SupplyShift. Simpson Thacher & Bartlett reportedly advised Sphera parent company Blackstone. The VLP Law Group reportedly advised SupplyShift.	N/A	Turkiye
6-Feb	Akbal; Keco Legal	Kumkumoglu Ergun Cin Ozdogan advised the Yildirim Family on its exit from Kleemann Asansor. Akbal reportedly advised the counterparty.	N/A	Turkiye
8-Feb	Goodwin Procter; Oury Clark Solicitors; Turunc	Turunc advised Gelecek Etki Fonu on its investment in the UK's OctaiPipe, in a round that included SuperSeed, Forward Partners, D2, Atlas Ventures, Martlet Capital, and Deeptech Labs. Goodwin Procter and Oury Clark Solicitors reportedly advised OctaiPipe.	N/A	Turkiye
9-Feb	Paksoy	Paksoy advised the EBRD on its USD 100 million loan to Enerjisa Enerji as part of its earthquake response package.	USD 100 million	Turkiye
12-Feb	Allen & Overy; Allen & Overy (Gedik Eraksoy)	Allen & Overy and its Turkish affiliate Gedik & Eraksoy advised MUFG Securities, Mitsubishi UFJ Investor Services & Banking, and UK Export Finance on the EUR 1.247 billion financing for the Turkish Ministry of Treasury and Finance regarding a 140-kilometer segment of high-speed, low-carbon electric railway between Yerkoy and Kayseri, in the Ankara region of Turkiye.	EUR 1.247 billion	Turkiye
12-Feb	Allen & Overy; August Debouzy; Bowman Gilfillan; Chiomenti Studio Legale; Clayton Utz; FCR Law; Fried Frank; Gomez-Acebo & Pombo; Howse Williams; Kirkland & Ellis; Latham & Watkins; Noerr; Slaughter And May; Travers Smith; Turunc	Turunc, working with Travers Smith, Slaughter & May, and Fried Frank, advised Ascential on the sale of its WGSN global consumer trends forecasting and product design business to funds advised by Apax Partners for a total enterprise value of up to GBP 700 million. Reportedly, August Debouzy, Bowman Gilfillan, Chiomenti, Clayton Utz, FCR Law, Gomez-Acebo & Pombo, Howse Williams, Latham & Watkins, and Noerr advised Ascential as well. Allen & Overy and Kirkland & Ellis reportedly advised Apax Partners.	N/A	Turkiye
11-Jan	Asters	Asters advised the European Bank for Reconstruction and Development on its EUR 10 million financing for a Ukrainian manufacturer of oak lamellas.	EUR 10 million	Ukraine
11-Jan	Sayenko Kharenko	Sayenko Kharenko advised the International Finance Corporation on a EUR 40 million equivalent risk-sharing facility for Credit Agricole Ukraine.	EUR 40 million	Ukraine
17-Jan	Avellum	Avellum advised the Kernel Group on the acquisition of 100% of shares in Reni-Oil LLC – a sunflower oil transshipment terminal with a storage capacity of 15,000 tons, in the port of Reni, on the Danube – for a consideration of USD 24.75 million.	USD 24.75 million	Ukraine
22-Jan	Avellum; Sayenko Kharenko	Sayenko Kharenko advised Viseven on an investment from Horizon Capital. Avellum advised Horizon.	N/A	Ukraine
24-Jan	Sayenko Kharenko	Sayenko Kharenko, working with the Italian office of Bird & Bird, successfully represented the Consorzio di Tutela della Denominazione di Origine Controllata Prosecco before the Ukrainian Competition Authority in a dispute over the misuse of the prosecco protected designation of origin by Ukraine's Tairovo Winery.	UAH 946,909	Ukraine
25-Jan	Asters; Brodies LLP; Norton Rose Fulbright; Watson Farley & Williams	Asters, working with Brodies LLP, advised the Export Credit Agency of Ukraine on developing a new war risk insurance mechanism for the international export of Ukrainian goods through the Black Sea. Watson Farley & Williams reportedly advised the Ministry of Economy of Ukraine. Norton Rose Fulbright reportedly advised arranger Marsh Limited.	N/A	Ukraine
2-Feb	Allen & Overy; Arzinger; Clifford Chance; Integrites; Sayenko Kharenko; Watson Farley & Williams	Integrites, working with Allen & Overy's UK offices, advised the European Investment Bank on the restructuring of an undisclosed agribusiness group's facilities for an aggregate amount of up to USD 80 million, extended by its various lenders. Sayenko Kharenko and Watson Farley & Williams reportedly advised the EBRD. Arzinger and Clifford Chance reportedly advised the borrower.	USD 80 million	Ukraine

NEW HOME AND FRIENDS: ON THE MOVE

Poland: Clyde & Co Moves into Warsaw

Clyde & Co has opened an office in Warsaw with the hires of Partners Arkadiusz Krasnodebski, Agnieszka Kulinska, and Radoslaw Goral – alongside a team of 20 associates and counsel. Kulinska, Krasnodebski, and Goral were all previously Partners in Dentons' Poland office.

Kulinska had spent the past 13 years with Dentons, the final four as a Partner. Before that, she spent a year with Dentons legacy firm Salans and a further four and a half years with Wardynski & Partners. Going forward, she will lead Clyde & Co's Energy practice in the country. Before the move, energy specialist Krasnodebski spent 20 years with the Dentons team: almost 11 years with Dentons – over nine of which as the firm's Managing Partner – and another nine years with legacy firm Salans. Before joining Clyde & Co, Goral had spent over ten years with Dentons, as well as six and a half years with Salans, and a further two and a half years with Chadbourne & Parke. According to Clyde & Co, he specializes in “dispute resolution, with a specific focus on insurance and financial sector clients, but also works with telecommunications, energy, and other regulated industries.”

“Poland is Europe's sixth largest economy and will be a significant player in the energy transition as it seeks to move away from fossil fuels and improve its energy security at pace,” Clyde & Co CEO Matthew Kelsall commented. “Opening here has been a long-term ambition for us and this high caliber team provides a strong foundation for our Warsaw office to grow, bringing with them impressive energy sector expertise alongside a broad corporate and contentious offering.” ●

Slovakia: GHS Legal Rebrands to FairSquare

Slovakia-headquartered GHS Legal has announced it is changing its name to FairSquare.

FairSquare has offices in Prague and Olomouc in the Czech Republic, Bratislava in Slovakia, Kyiv in Ukraine, as well as Vienna in Austria.

According to the firm, “the new name is based on the English phrase ‘fair & square,’ which conveys honesty and fairness. These are values that we have long held in relation to our clients.” ●

Estonia: PwC Legal Team Joins TGS Baltic

As of February, TGS Baltic welcomed aboard a team of lawyers from PwC Legal Estonia. As a result of this move, TGS Baltic announced the combined team will “grow to 80 people, making it one of the largest law firms in Estonia.”

According to TGS Baltic, “PwC and PwC Legal have jointly decided to separate the legal firm PwC from the network due to a significant increase in demand for litigation services, which, in connection with PwC's broad client base, increased the potential for conflicts of interest. In order to avoid such risks, PwC will in the future focus on providing legal services on consulting that supports its main areas of activity, but will exit the disputes business and thereby also cease operations as a full-service law firm.”

“The separation of the legal firm will not impact PwC's core services, which include audit, business consulting in transactions, taxation, accounting, and the ESG sphere,” commented PwC Estonia Managing Partner Teet Tender. “Our relationship with the lawyers from PwC joining TGS Baltic remains very good, and we will continue to collaborate in the future.” ●

Greece; Romania: Drakopoulos Joins South East Legal Alliance

Drakopoulos has become a part of the South East Legal Alliance, thus expanding the network's reach to Athens, Bucharest, and Nicosia.

SELA is a regional network of independent law firms advising clients on their operations across South East Europe. Its members are located across eleven jurisdictions including Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Greece, Montenegro, North Macedonia, Romania, Serbia, and Slovenia.

According to SELA, “the inclusion of Drakopoulos further enhances the diversity and depth of expertise within SELA. With a proven track record in providing legal services in three jurisdictions, Drakopoulos brings a wealth of experience and a commitment to the highest professional standards, aligning seamlessly with the network's values.” ●

Poland: Traple Konarski Podrecki & Partners Launches New Digital Services Practice

Traple Konarski Podrecki & Partners has announced it is launching a new Digital Services practice.

According to the firm, the new practice's goal is to "provide clients the legal security that is the basis for efficient decision-making in a volatile market environment." The firm will seek to provide client support regarding a "comprehensive implementation of the *Digital Services Act*" from an organizational perspective, including "auditing and identifying changes, design of new technological solutions in cooperation with developers, creating documentation and processes, and training and post-implementation audits."

The new Digital Services practice will include Co-Managing Partner Xawery Konarski, Partner Piotr Wasilewski, Counsel Arkadiusz Baran, Managing Associate Anna Jelinska-Sabatowska, Senior Associates Malgorzata Sopka-Garstecka, Dariusz Krzak, and Bartlomiej Lacki, Associate Dominik Gabor, and Junior Associate Agnieszka Stasikiewicz. ●

Slovenia: NLaw Opens US Office

Slovenian NLaw announced the opening of its US office with Of Counsel Katya Mezek at the helm.

NLaw reports that its US office will "focus on serving clients rooted in Central and Eastern Europe. We will be providing various corporate and commercial legal services. We expect to focus on assisting with relocating HQs to the US, raising funds from US-based VC investors, investing in US entities, and providing all the legal support required for companies to offer their services and products to customers in the US."

Mezek, the new office head, has previously spent six years as the Managing Attorney of LEKS Law. Before that, she spent two years with the Structure Law Group and seven years with Shaub & Williams. ●

Hungary: Ban & Karika Attorneys at Law Rebrands to Ban & Partners Following Karika's Departure

Ban & Karika Attorneys at Law announced that Partner Marton Karika left the team.

The firm, now operating as Ban & Partners, is led by Managing Partner Gergely Ban and Partner Peter Weidinger.

Karika had joined the team back in 2010, and spent 13 and a half years as a Managing Partner with the firm.

"We would like to take this opportunity to warmly thank Marton for nearly a decade of work and wish him the very best for the future," the firm stated. "The same team will continue performing the same professional work, and we remain the exclusive Hungarian member of Act Legal and the LAWWorld network."

"We consider the new year and the new office structure as an opportunity with potential for growth," Ban and Weidinger said in a joint statement. "We look forward to another exciting and prosperous year in 2024 together with our clients and partners!" ●

Croatia: Ostermann & Partners Puts Vjekoslav Ivancic's Name on the Wall

Croatian law firm Ostermann & Partners has changed its name to Ostermann Ivancic with "the addition of partner Vjekoslav Ivancic to the company name [as] a dedication to his outstanding career and contribution he has made to the firm's growth."

Ivancic joined the Ostermann & Partners team back in 2014 and has since spent almost ten years with the firm.

"While looking forward to continuing our growth with Vjekoslav as the new Name Partner, we extend our gratitude to everyone who is supporting us on this path: our loyal clients and valuable team members," the firm announced. ●

PARTNER APPOINTMENTS

Date	Name	Practice(s)	Firm	Country
17-Jan	Maria Grabner	Real Estate	Vavrovsky Heine Marth	Austria
17-Jan	Lukas Lanzerstorfer	Real Estate	Vavrovsky Heine Marth	Austria
17-Jan	Nina Sterzl	Litigation/Disputes	Vavrovsky Heine Marth	Austria
17-Jan	Peter Machherndl	Litigation/Disputes; Insolvency/Restructuring	Pitkowitz & Partners	Austria
18-Jan	Veronika Derkovits	Real Estate	KWR Karasek Wietrzyk Rechtsanwaelte	Austria
26-Jan	Andrea Zinober	Corporate/M&A	BPV Huegel	Austria
12-Feb	Mariella Kapoun	Real Estate	CMS	Austria
12-Feb	Georg Gutfleisch	Real Estate	CMS	Austria
8-Jan	Simeon Hinkov	Corporate/M&A; Litigation/Disputes	Stankov Todorov Hinkov & Spasov	Bulgaria
17-Jan	Lucie Kalasova	Labor; Data Protection	BPV Braun Partners	Czech Republic
30-Jan	Michal Sylla	Litigation/Disputes; Banking/Finance	PRK Partners	Czech Republic
8-Feb	Ioannis Charalampopoulos	Corporate/M&A	Machas & Partners	Greece
8-Feb	Sonia Saranti	Banking/Finance	Machas & Partners	Greece
22-Dec	David Hanis	Energy/Natural Resources	Oppenheim	Hungary
11-Jan	Sam Baldwin	Competition	Szecskey Attorneys at Law	Hungary
19-Jan	Kinga Laszlo-Bolskei	Corporate/M&A; Real Estate	Ban, S. Szabo, Rausch & Partners	Hungary
26-Jan	Akos Barati	Tax	Jalsovsky	Hungary
15-Feb	Zane Sedlova	Litigation/Disputes	TGS Baltic	Latvia
22-Dec	Alina Makovska	Corporate/M&A; Labor	Walless	Lithuania
19-Jan	Marius Dobilas	Infrastructure/PPP/Public Procurement	Walless	Lithuania
19-Jan	Renata Jatuzyte-Muleviciene	Litigation/Disputes	Walless	Lithuania
24-Jan	Valeriu Cernei	Corporate/M&A	Gladei & Partners	Moldova
6-Feb	Bisera Andrijasevic	Competition; Life Sciences	BDK Advokati	Montenegro
9-Jan	Wojciech Kulczyk	Competition	WKB Lawyers	Poland
9-Jan	Krzysztof Sikorski	Energy/Natural Resources	WKB Lawyers	Poland
19-Jan	Jacek Blachut	TMT/IP; Data Protection	SPCG	Poland
19-Jan	Jacek Budzik	Corporate/M&A	SPCG	Poland
19-Jan	Bartlomiej Jarco	Corporate/M&A; Energy/Natural Resources	SPCG	Poland
29-Jan	Weronika Kapica	Banking/Finance	Schoenherr	Poland
29-Jan	Daria Rutecka	Corporate/M&A; TMT/IP	Schoenherr	Poland
5-Feb	Lukasz Gembis	Litigation/Disputes	DWF Poland	Poland
5-Feb	Ewelina Wetrys	Litigation/Disputes	DWF Poland	Poland
5-Feb	Weronika Roesler	Real Estate	DWF Poland	Poland
22-Dec	Luiza Bedros	Corporate/M&A; Competition	Noerr	Romania
22-Dec	Sebastian Popescu	Banking/Finance; Tax	Noerr	Romania
17-Jan	Andrei Croitoru	Compliance; White Collar Crime	Act Botezatu Estrade Partners	Romania
17-Jan	Iustina Oblu	Real Estate	Act Botezatu Estrade Partners	Romania
17-Jan	Laura Neacsu	Energy/Natural Resources	Stalfort	Romania
22-Jan	Cristina de Jonge	Corporate/M&A; Competition	BPV Grigorescu Stefanica	Romania
22-Jan	Nicolae Ursu	Energy/Natural Resources; Real Estate	BPV Grigorescu Stefanica	Romania
22-Jan	Iulia Dragomir	Corporate/M&A; Tax	BPV Grigorescu Stefanica	Romania
24-Jan	Ana Maria Abrudan	Infrastructure/PPP/Public Procurement	Musat & Asociatii	Romania
24-Jan	Mateea Codreanu	Life Sciences	Musat & Asociatii	Romania
24-Jan	Stefan Diaconescu	White Collar Crime	Musat & Asociatii	Romania
24-Jan	Camelia Patrascu	Litigation/Disputes; Infrastructure/PPP/Public Procurement	Popovici Nitu Stoica & Asociatii	Romania
25-Jan	Mihai Morar	Litigation/Disputes; White Collar Crime	Albu Morar	Romania

PARTNER APPOINTMENTS (CONT.)

Date	Name	Practice(s)	Firm	Country
25-Jan	Mihai Lemnaru	Banking/Finance	Albu Morar	Romania
29-Jan	Adina Damaschin	Banking/Finance	Schoenherr	Romania
29-Jan	Mara Moga-Paler	Labor	Schoenherr	Romania
29-Jan	Roxana Mandrutiu	Litigation/Disputes	Revnici Cristian & Associates	Romania
29-Jan	Zoran Soljaga	Competition	Schoenherr	Serbia
29-Jan	Michal Lucivjansky	Competition	Schoenherr	Slovakia
22-Jan	Masa Kramar	Corporate/M&A	Senica Law Firm	Slovenia
22-Jan	Eva Rop	White Collar Crime	Senica Law Firm	Slovenia
22-Jan	Matija Urankar	Administrative Law	Senica Law Firm	Slovenia
22-Jan	Marusa Senica	Corporate/M&A; Litigation/Disputes	Senica Law Firm	Slovenia
29-Jan	Peter Gorse	Corporate/M&A	Schoenherr	Slovenia
12-Feb	Amela Zrt	Data Protection	CMS	Slovenia
12-Feb	Ivan Kranjec	Tax	CMS	Slovenia
17-Jan	Tugba Aksoy Bozkurt	Corporate/M&A; Banking/Finance	Ergun	Turkiye
19-Jan	Gokce Ildiri Cosguner	Corporate/M&A	Kolcuoglu Demirkan Kocakli	Turkiye
9-Jan	Oksana Legka	Litigation/Disputes	Asters	Ukraine
9-Jan	Oleksandr Volkov	Litigation/Disputes	Asters	Ukraine
17-Jan	Andriy Fortunencko	White Collar Crime	Avellum	Ukraine
17-Jan	Andriy Romanchuk	Corporate/M&A	Avellum	Ukraine
17-Jan	Anton Zaderyholova	Tax	Avellum	Ukraine
14-Feb	Oleksiy Koltok	Corporate/M&A	Sayenko Kharenko	Ukraine
14-Feb	Oleg Klymchuk	TMT/IP	Sayenko Kharenko	Ukraine

OTHER APPOINTMENTS

Date	Name	Firm	Appointed To	Country
13-Feb	Martin Hren	NLaw	Managing Partner	Croatia
13-Feb	Katya Mezek	NLaw	Head of the US Office	Croatia
22-Dec	Ondrej Benes	Wolf Theiss	Head of Employment	Czech Republic
26-Jan	Lukas Sevcik	Kinstellar	Head of the Defense & Security	Czech Republic
26-Jan	Jan Lehky	Kinstellar	Co-Head of Environmental, Social, and Governance	Czech Republic
26-Jan	Csilla Andreko	Kinstellar	Co-Head of Banking and Finance	Hungary
5-Feb	Radoslaw Cebelinski	DWF Poland	Senior Partner	Poland
24-Jan	Dan Minoiu	Musat & Asociatii	Deputy Managing Partner	Romania
26-Jan	Magda Raducanu	Kinstellar	Co-Head of Banking and Finance	Romania
26-Jan	Iustinian Captariu	Kinstellar	Head of Energy & Natural Resources	Romania
9-Feb	Catalin Petrea	Bulboaca & Asociatii	Deputy Managing Partner	Romania
26-Jan	Milos Velimirovic	Kinstellar	Co-Head of Financial Institutions	Serbia
6-Feb	Dragoljub Sretenovic	BDK Advokati	Senior Partner	Serbia
13-Feb	Milos Vuckovic	Karanovic & Partners	Managing Partner	Serbia
13-Feb	Milos Jakovljevic	Karanovic & Partners	Senior Partner	Serbia
26-Jan	Lukas Mrazik	Kinstellar	Co-Head of Data & Cybersecurity	Slovakia
13-Feb	Egemen Egemenoglu	Egemenoglu	Managing Partner	Turkiye
26-Jan	Dmytro Marchukov	Integrites	Equity Partner	Ukraine

PARTNER MOVES

Date	Name	Practice(s)	Moving From	Moving To	Country
19-Jan	Julia Andras	Litigation/Disputes	LGP	SMS Law	Austria
25-Jan	Christian Joellinger	Banking/Finance; Capital Markets; Insolvency/Restructuring	Freshfields Bruckhaus Deringer	E+H	Austria
12-Feb	Nicholas Coddington	Energy/Natural Resources; Banking/Finance	Deloitte Legal Poland	Wolf Theiss	Austria; Poland
1-Feb	Boryana Boteva	Infrastructure/PPP/Public Procurement	Sabev & Partners	Kinstellar	Bulgaria
22-Dec	Jaroslav Tajbr	TMT/IP	Squire Patton Boggs	Eversheds Sutherland	Czech Republic
31-Jan	Milan Sivy	Corporate/M&A	PRK Partners	Excellia Legal	Czech Republic
25-Jan	Peter Berethalmi	Corporate/M&A; Litigation/Disputes	Nagy & Trocsanyi	Lakatos Kovacs & Partners	Hungary
8-Feb	Peter Virag	Competition	DLA Piper	Oppenheim	Hungary
9-Feb	Marton Karika	Corporate/M&A	Ban & Karika Attorneys	N/A	Hungary
15-Feb	Gabor Pazsitka	Banking/Finance	Cerha Hempel	Schonherr	Hungary
20-Dec	Zane Bormane	Corporate/M&A; TMT/IP	Trinity	Walless	Latvia
31-Jan	Andris Lazdins	Corporate/M&A	Ellex	Lazdins Gavars	Latvia
31-Jan	Janis Gavars	Corporate/M&A	PwC Legal	Lazdins Gavars	Latvia
20-Dec	Grzegorz Filipowicz	Energy/Natural Resources	SSW Pragmatic Solutions	Schoenherr	Poland
8-Jan	Krzysztof Wierzbowski	Corporate/M&A	Eversheds Sutherland	Drzewiecki Tomaszek	Poland
9-Jan	Arkadiusz Krasnodebski	Energy/Natural Resources	Dentons	Clyde & Co	Poland
9-Jan	Agnieszka Kulinska	Energy/Natural Resources	Dentons	Clyde & Co	Poland
9-Jan	Radoslaw Goral	Litigation/Disputes	Dentons	Clyde & Co	Poland
11-Jan	Wojciech Koczara	Real Estate	DZP	Andersen	Poland
24-Jan	Slawomir Kowalski	Corporate/M&A; TMT/IP	Maruta Wachta	JustLaw Jastrun Kowalski	Poland
24-Jan	Daniel Jastrun	TMT/IP; Data Protection	Maruta Wachta	JustLaw Jastrun Kowalski	Poland
22-Jan	Monica Constantinescu	Corporate/M&A; Litigation/Disputes	N/A	Aptiq Legal	Romania
6-Feb	Mugurel Tataru	Litigation/Disputes	Marieta Avram Law Office	Serban & Asociatii	Romania
6-Feb	Elena Adina Tataru	Litigation/Disputes	Marieta Avram Law Office	Serban & Asociatii	Romania
8-Jan	Ana Popovic	Labor	Zivkovic Samardzic	VMT Vujetic Trisic	Serbia
19-Jan	Sertac Kokenek	Corporate/M&A; Private Equity	Moral Kinikoglu Pamukkale Kokenek	Norton Rose Fulbright (Pekin Bayer Mizrahi)	Turkiye
13-Feb	Caner Elmas	Corporate/M&A	Esin Attorney Partnership	Allen & Overy (Gedik & Eraksoy)	Turkiye



On The Move:

■ Full information available at:

www.ceelegalmatters.com

■ Period Covered:

December 16, 2023 - February 15, 2024

Did We Miss Something?

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

THE BUZZ

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

The Czech Republic Shifts Gears in Defense and Manufacturing: A Buzz Interview with Jan Kohout of PRK Partners

By **Andrija Djonovic** (February 14, 2024)



The Czech Republic is marked by dynamic changes in the banking, finance, and technology sectors underpinned by the influence of ESG, compliance issues, and the impacts of global crises, according to PRK Partners Partner Jan Kohout, with the defense sector and strategic shifts in traditional industries making headlines as well.

“The landscape is significantly influenced by ESG and compliance issues,” Kohout begins. “Recent crises – including the Russian aggression in Ukraine, terrorist attacks in Israel, and the Red Sea crisis – have accelerated shifts directly affecting industries like defense, which traditionally struggled to secure financing in the Czech market. This is changing thanks to domestic and European strategies and the readiness of local banks, usually subsidiaries of Italian, Belgian, or Austrian banking groups, to support the financing of these businesses,” he explains.

As for the Czech Republic’s defense sector, Kohout reports that “there’s been notable movement, such as the consolidation of ownership in a major ammunition player, transitioning from a foreign to a Czech group.” According to him, this reflects broader changes and the increasing importance of defense in national and European economic strategies.

Moving on, Kohout notes that “the *AI Act* discussions within Europe are pivotal,” as the region pushes forward with technological development. “These discussions highlight a tug-of-war between professionals and the industry at large regarding market impacts and the availability of new tools, as we are increasingly seeing that technology will continue to be a significant driver of change,” he says.

Speaking about local legislative changes, Kohout highlights some that are of particular importance for the banking and finance sector. “Legislation often mirrors EU initiatives,” he goes on to say. “For instance, the act on non-performing loans reflects EU directives. We’re also looking at class actions and ongoing discussion whether or not this new approach in litigation – if passed into law – could benefit the Czech judicial system.”

Looking at the bigger picture, Kohout reports that the Czech economy, which is closely tied to Germany, “faces potential impacts from Germany’s economic struggles. A significant issue for our manufacturers is the rising cost of energy, pushing some to consider relocating production to more cost-effective locations like the US.”

Finally, he highlights that “industries like machinery and automotive are seeing a surge in takeovers and acquisitions – this is often driven by the need for traditional manufacturers to restructure and refocus on electric vehicles and related infrastructure.” Interestingly, Kohout points out in conclusion, there is also a “notable trend of new investments from China, indicating a shift in supply chains and global manufacturing strategies.” ●



Recent crises – including the Russian aggression in Ukraine, terrorist attacks in Israel, and the Red Sea crisis – have accelerated shifts directly affecting industries like defense, which traditionally struggled to secure financing in the Czech market.

PRK Partners Proudly Supports Ukraine

PRK Partners з гордістю підтримує Україну

PRK Partners, a leading Central European law firm, has been helping clients achieve their business objectives for **more than 30 years**. The company has offices in the Czech Republic and Slovakia (in Prague, Ostrava and Bratislava), as well as a wide team of experts specialising in various areas of law, which allows PRK Partners to find solutions to any legal problems, combining international perspective and in-depth knowledge of local legislation.

Besides our **long-term successful track record in assisting and representing Ukrainian clients in their business matters in the Czech Republic and Slovakia**, PRK Partners takes active part in various business and government platforms supporting Ukraine and has engaged in the number of initiatives to help Ukrainians.

From the very beginning of the Russian full-scale invasion **the firm's lawyers**, leveraging their expertise, **have actively joined the Czech Bar Association's call for legal aid to Ukrainian citizens affected by the crisis**.

We provide pro bono legal services to Ukrainians, particularly concerning migration and labour law, ensuring that Ukrainian citizens receive necessary legal support promptly. This contribution highlights **PRK Partners'** dedication to upholding justice and providing assistance to those in need during challenging times.



Illia Antonov,
Attorney (Czech Bar Association)

Areas of Practice:

general corporate law, mergers & acquisitions,
banking and finance, dispute resolution,
anti-money laundering

Our Ukrainian Team



Bohdan Zubac,
Attorney (Czech Bar Association)

Areas of Practice:

legal aspects of modern technologies, e-commerce,
copyright, protection of intellectual and industrial property
rights, personal data, mergers & acquisitions,
private international law



A Step Ahead

Kosovo Is Visa-Free and Closer to the EU: A Buzz Interview with Ardian Rexha of Deloitte Legal

By Teona Gelashvili (February 16, 2024)



Delving into the impacts of the EU's recent visa liberalization for Kosovo citizens and the country's ambitious strides towards legal and sustainable energy reforms, Deloitte Legal Senior Legal Manager Ardian Rexha shares his insights on the easing of travel restrictions, pioneering steps in renewable energy, and the overhaul of the tax administration system.

“The EU's decision to allow Kosovo citizens visa-free travel, starting from January 1, 2024, marks a historic milestone,” Rexha begins. “It not only facilitates easier travel for our people but also strengthens cultural and economic ties between Kosovo and EU countries.” According to him, “it's particularly beneficial for students and the public, opening new opportunities for education, work, and cultural exchange.”

Focusing on legislative updates of note, Rexha says “Kosovo is taking significant steps towards sustainable energy. Historically reliant on coal for over 90% of our energy, the government initiated the first auction for a solar plant capable of producing 100 megawatts last year, in 2023.” As he sees it, this move, along with the recent announcement that an auction for wind power will be launched this year, “underscores our commitment to reducing dependency on coal and achieving our renewable energy targets by 2031.”

Rexha then highlights the new law on *Tax Administration and Procedure* introduced in late January, which, among others, “es-

tablished a Board of Appeal, a quasi-judicial body to review final decisions made by tax and customs administrations. This development stems from the business community's need for a more efficient process in resolving fiscal disputes, addressing the inefficiencies and lengthy timelines experienced in the relevant courts,” he explains.

Moreover, Rexha reports there are public concerns about the Central Bank's regulation on cash operations, which “aims to reduce counterfeit cash, safeguard financial stability, as well as increase the transparency of cash flows in Kosovo. Despite concerns over pension contributions received in cash in RSD from Serbia, such payments are still permissible but will be formalized and received in euro-based accounts. Nevertheless, to ease the transition, a three-month period starting from February 1 has been set to promote awareness and formalize transactions in foreign currencies,” he elaborates.

Finally, Rexha notes there are several other legal initiatives “currently under review, including a law on the confiscation of unjustified assets, a law on sovereign funds, and a law on sustainable investments. Additionally, there's an ambitious legislative plan from the government for this year, and we expect to have a new civil code and civil procedural code,” he says, with such developments a “part of Kosovo's broader efforts to modernize its legal framework and align with European standards.”

In conclusion, Rexha underscores his belief that “these initiatives represent significant steps forward for Kosovo, not just in terms of legal reforms but also in fostering economic growth, environmental sustainability, and a closer integration with the European Union.” ●



This development stems from the business community's need for a more efficient process in resolving fiscal disputes, addressing the inefficiencies and lengthy timelines experienced in the relevant courts.

Slovakia Gets Busy with M&A, PE, and Energy: A Buzz Interview with Miroslav Trenčan of Hillbridges

By Radu Neag (February 29, 2024)



Expectations are high in Slovakia for the mergers and acquisitions, private equity, and energy sector pipelines, according to Hillbridges Partner Miroslav Trenčan, who highlights a series of shifts and trends shaping the market, from the challenges of financing and the impact of regulatory changes to geopolitical influences and the strategic decisions driving large-scale M&A projects.

“Over the last few months, we’ve seen significant strength in mergers and acquisitions, private equity, and the energy sector,” Trenčan begins. “There’s a notable trend, especially in private equity, where there’s been a push for the disposal of portfolio companies. This shift is partly due to the large increase in PE ownership we witnessed in 2021 (after the stalemate during the previous COVID period), followed again by a period of stagnation caused by high interest rates and financing challenges,” he explains, adding that he is hopeful this indicates a healthy trend for the months ahead.

“Following the surge in PE activity in 2021, the rising interest rates made financing new deals difficult, leading to lower valuations for PE portfolio companies due to the lack of available financing,” Trenčan continues. “This resulted in a backlog of transactions ready for sale but facing unfavorable terms. Recently however, PE managers have shifted strategies, recognizing the need to sell and report returns on their investments, even if that means accepting lower valuations for target companies – which has led to an increase in PE activity in recent months,” Trenčan explains.

Aside from private equity, Trenčan reports that 2023 saw “an increase in large-scale M&A activities, particularly in the energy sector, focusing on heat power plants and heavy industry targets like the steel industry. These targets were either overdue for sale or the result of strategic decisions – it’s a trend that’s clear in our pipeline and one we expect to continue into 2024,” he adds.

Moving on, Trenčan mentions that the new FDI regime, introduced under the EU umbrella with local specifics, “has indeed caused considerable challenges, particularly in terms of unpredictability in deal timings. The Slovakian version adds complexity, requiring FDI approval for EU investors acquiring certain strategic assets, which can delay transactions significantly,” he says. “This, coupled with the Critical Infrastructures Act, allows the government to screen even intra-EU transactions, making the process more complex and unpredictable.”

Focusing on the geopolitical landscape as an influencing factor in M&A activities, Trenčan reports that “the Russian war in Ukraine and the consequent US-EU sanctions regime have profoundly impacted daily operations. Compliance with sanctions has become a daily task, affecting supply chains, customer relations, and transactions,” he says, adding that this trend is expected to continue into 2024.

Finally, Trenčan says he is “expecting further amendments to the FDI regime to align with the original EU goals of controlling non-EU investments. Additionally, the recent government changes in Slovakia could lead to other legislative and regulatory changes, especially in the energy sector,” he reports. “The completion of a nuclear facility and the announcement of a new nuclear project reflect broader trends in the EU toward nuclear energy, which will likely influence our work moving forward,” Trenčan notes in conclusion. ●



There’s a notable trend, especially in private equity, where there’s been a push for the disposal of portfolio companies. This shift is partly due to the large increase in PE ownership we witnessed in 2021 (after the stalemate during the previous COVID period), followed again by a period of stagnation caused by high interest rates and financing challenges.

A Gauge of Confidence in Turkiye: A Buzz Interview with Zahide Altunbas Sancak of Guleryuz Partners

By Radu Neag (February 29, 2024)



Turkiye always has its ups and downs, according to Guleryuz Partners Partner Zahide Altunbas Sancak, who points to the coming local elections and their role as a confidence check, while also making her own bets that include technology, digital banking, and energy.

“Local elections are coming in March, so we’re seeing a bit of a holding pattern till the results are in. We still have a busy pipeline with investments and projects that can’t be put on hold,” Altunbas Sancak begins, “but we’re seeing some caution: the local elections will function as a confidence barometer for the country’s new economic approach, with a new minister of the economy and new head of the Central Bank.”

The economic climate is becoming clearer, and confidence is returning to Turkish markets, she notes, “but it’s still slow going: caution still abounds in investments, hirings, and so on,” Altunbas Sancak continues. “But the banks and several market sectors are getting ready for increased M&A activity. We’re just not sure if 2024 will be the boom year, or if it’s just a preparation year.”

Considering there is still inflation, expectations for the economy seem to include interest rates going up a bit more. “And then, hopefully, stabilizing inflation over the summer,” Altunbas Sancak notes. “But it is all connected, for better or worse,” she continues. “With the restriction on credit limits in place, the IPO market has seen huge growth in the past two years. Small adjustments to related regulation were made, with the thresholds increasing somewhat, to account for the devaluation of the lira and to prevent further risk.”

Moving on to legislation, Altunbas Sancak highlights tax changes set to impact restructuring cases and demergers. “We had tax exemptions in place for certain cases, like the spin-off of real estate properties. Those exemptions were abolished on January 1. The change will significantly affect the restructuring process,” she emphasizes.

And big news is expected for the Turkish Competition Authority. According to Altunbas Sancak, the authority has broad powers regarding on-site investigations: “They can go into workplaces and collect data or secure computers, with no prior notice. Recently, the Constitutional Court issued a decision saying that those broad powers are unconstitutional as they breach the inviolability of domicile. The CC is currently examining whether to cancel the relevant regulation in competition law. So we’ll wait and see if the authority’s power will be curtailed or not – but the impact of the former decision on concluded and ongoing investigations could be momentous.”



Banks and several market sectors are getting ready for increased M&A activity. We’re just not sure if 2024 will be the boom year, or if it’s just a preparation year.

Another legal update was a law on short-term rentals, dubbed the “Airbnb law.” As Altunbas Sancak explains, on account of Turkiye’s touristic appeal and unpredictable circumstances, the short-term rentals of private housing saw a marked increase. “In terms of taxes, such operations had to be registered already – but from now on, they’ll have to have the appropriate permits as well.” The difficulty, according to her, “will rest with the enforcement of the new law.”

As a sign of good things to come, Altunbas Sancak points to Guleryuz Partners’ work on the Tiryaki Group’s USD 112.5 million financing package from the IFC, FMO, and Proparco, to finance an agro-industrial complex in Iraq’s Umm-Qasr Port, citing it as a win “in facilitating international financial collaborations that also highlights the importance of sustainable agricultural development in the broader MENA region.”

Asked to place bets on which sectors will drive the firm’s pipeline in the coming months, Altunbas Sancak says she leans “more towards strategic investments, rather than PE activity. Energy remains a solid bet, and only expected to increase,” she notes, while “the technology sector will remain strong, with moves also set to happen in digital banks.” ●

Lithuania Staying Ahead of the Curve: A Buzz Interview with Lina Siksnite-Vaitiekuniene of Ilaw Lextal

By Radu Neag (March 1, 2024)

Lithuania is looking at a hectic year, with three scheduled elections: presidential, parliamentary, and EU parliamentary, according to Ilaw Lextal Partner Lina Siksnite-Vaitiekuniene, while also celebrating the 20-year Anniversary of its entry into the EU and NATO.

“Energy independence remains very important within the current geopolitical background and since Russia’s war in Ukraine,” Siksnite-Vaitiekuniene begins. As such, renewables continued to grow significantly, and are projected to keep growing, she notes. “Solar and wind power plants, for example, produced 50% more energy last year than in 2022.”

Further, Lithuania plans to build two wind parks in the Baltic Sea. “Ignitis Group and Ocean Winds have won the competition for building the first offshore wind park in the Baltic States, the capacity of which will be 700 megawatts,” Siksnite-Vaitiekuniene highlights. On top of that, she says renewables will be an increasingly active M&A sector: “There are many projects that secured connection approval. They are going on the market, offering good prospects for M&A activity.”

Moving on to construction, Siksnite-Vaitiekuniene notes there is fresh legislation making it compulsory for all contractors and subcontractors in the construction sector to be registered in a public register. “This will influence EU and foreign construction companies coming into the market – making the process a bit slower – with the registration added on top of the already existing licensing recognition procedures,” she explains. The goal? “To make the market more transparent and secure, emphasizing quality and guarantees for construction work.”

Continuing with Lithuania’s bread and butter – the country has 260 registered fintech companies – Siksnite-Vaitiekuniene highlights the ongoing efforts to promote qualitative growth in the sector and focus on high-value-added projects, emphasizing innovation. “The risks in the crypto sector remain quite high, so the regulator needs to scrutinize and govern this sector more strictly. As a consequence, we’re expecting quality-over-quantity outputs.” And Lithuania isn’t waiting around on that: “Well ahead of the MiCA, the Ministry of Finance has already drafted and submitted for consideration a number of draft laws that set new operational requirements tightening security for the providers and the services themselves,” she explains.

Looking to the future, Siksnite-Vaitiekuniene thinks the TMT sector will remain the M&A darling, alongside renewables and fintech. Notably, “the Ministry of Economy and Innovation succeeded in opening the Innovation Hub Lithuania in Silicon Valley, to help Lithuanian exporters establish a position in strategic US markets,” she says, comparing it to similar efforts from the Nordic countries, that have already been in place for some time.

Similarly, ESG matters will only grow in importance, Siksnite-Vaitiekuniene notes. “We as a law firm work a lot on ensuring that the social expectations of ESG are being met, and with our clients we take a broader approach, focusing on the alignment of internal and external processes with all aspects of sustainability, for example. We’re already talking about implemented measures being taken into account when a target is being reviewed in M&A.”

And Lithuania notched another win on ESG as well: “The Public Procurement Office has developed Socially Responsible Procurement Guidelines. These are not mandatory,” Siksnite-Vaitiekuniene explains, “but supportive measures to introduce social aspects into PP processes. We already had Green PP projects, with a 100% compliance requirement, and now we’re working on the social aspect and its introduction.” ●



THE DEBRIEF: MARCH, 2024

In **The Debrief**, our Practice Leaders across CEE share updates on recent and upcoming legislation, consider the impact of recent court decisions, showcase landmark projects, and keep our readers apprised of the latest developments impacting their respective practice areas.

This House – Implemented Legislation

In Greece, the major novelty is the new Articles of Association model for incorporating companies entering into force on March 1, 2024, according to Drakopoulos Senior Associate Sofia Angelakou. “*Decision No. 5186* issued by the Minister of Development was published in the Government Gazette on January 26, 2024, introducing the new Articles of Association model either through the One-Stop-Shop service or the electronic One-Stop-Shop service of the General Commercial Registry,” reports Angelakou, adding that it “aims to simplify the incorporation process and to achieve uniformity in the Articles of Association of companies under incorporation.” The new rules, according to her, will be available progressively, depending on the type of the company, with it being available for all types of companies by December 2024.

In Romania, “*Government Emergency Ordinance no. 108/2023* entered into force in December 2023 seeking, *inter alia*, to amend *Competition Law no. 21/1996*,” Nestor Nestor Diculescu Kingston Petersen Partner Anca Diaconu explains. “Among the most notable changes was the express regulation of concepts such as the *single economic unit*, *economic continuity*, and *legal continuity*.” According to Diaconu, “perhaps the most controversial amendment concerned the treatment of legal professional privilege. As per the new provisions, competition inspectors are allowed during inspections to immediately read and copy documents where the undertaking failed to properly justify the privileged character of communications, by providing no justification or invoking grounds that cannot justify such protection or relying on manifestly erroneous facts.”

According to Nagy es Trocsanyi Partner Orsolya Kovacs, “significant regulatory changes were enacted at the beginning of the year, including, among others, to facilitate the construction of larger, so-called on-site power plants, which are typically aimed at serving the energy needs of industrial companies,” in Hungary. “According to this amendment, industrial operators are practically free to establish networks and microgrids behind the meter in a given geographical area, since the re-

striction requirement on one topographical number has been abolished.” Kovacs adds that regarding solar parks, “the rules on FDI have also been amended (tightened) further from January: the new law granted the Hungarian state the right of first refusal with respect to domestic strategic target companies that are to be acquired by foreign investors for the implementation of photovoltaic (solar) projects, excluding companies interested in small household power plants (i.e., below 50 kilo-volt-amperes).” Additionally, Kovacs highlights that “the government has also modified previous legislation concerning the development of wind power plants in order to expand wind power capacities.”

Musat & Asociatii Senior Associate Andrei Cristescu further notes that Romania has transposed EU-regulated class action institutions, coming into effect on December 23, 2023. “The Romanian legal landscape recently had the class action institution regulated by *Law no. 414* of December 19, 2023, regarding the conduct of representative actions for the protection of the collective interests of consumers. In light of the new law, a legal non-profit entity (so-called “Qualified Entities”) can represent any number of consumers in class actions initiated before the Romanian courts of law against professionals such as corporations, banks, or other companies in order to obtain (i) damages and (ii) the discontinuation of illegal practices carried out in violation of the relevant consumer protection legislation.” With respect to procedural aspects, “the class actions initiated by Qualified Entities are exempt from the payment of judiciary fees and the first instance ruling is subject to appeal,” Cristescu adds. “If the respondent of the class action fails to respect the measures enacted by the decision rendered against it, *Law no. 414/2023* regulates fines amounting to EUR 25,000.” According to Cristescu, “Romanian companies have begun conducting in-depth reviews of their internal policies and regulations to ensure compliance with all aspects of consumer protection legislation.”

As for Poland, Wolf Theiss Associate Marta Wasil highlights that “on February 19, 2024, the President of the Republic of Poland signed the act amending the *Act on Assistance to Citizens*



Anca Diaconu,
Partner,
Nestor Diculescu Kingston Petersen

of Ukraine in Connection with the Armed Conflict in the Territory of Ukraine. The new solutions entered into force on February 22, 2024.” The most significant change introduced by the amendment, according to Wasil, is the extension of the period during which the stay in the territory of the Republic of Poland by Ukrainian citizens who arrived in connection with the armed conflict in Ukraine is considered legal until June 30, 2024.” In addition, Wasil notes: “the validity period of national visas, temporary residence permits, residence cards, Polish identity documents for foreigners, and ‘tolerated stay’ documents issued or granted to Ukrainian citizens, the deadline for Ukrainian citizens to leave the territory of the Republic of Poland, etc.” are also extended until June 30, 2024.

This House – Reached an Accord



Andrei Cristescu,
Senior Associate,
Musat & Asociatii

In Slovakia, as of February, there have been major developments in the criminal legislation that might affect corporate governance rules of corporations, Ments Partner Peter Makys points out. “Under the newly adopted regulation, actions of the perpetrator will not be attributed to the legal person if the legal person has made all efforts that can fairly be required of it, taking into account the latest knowledge in the fields of management supervision and decision-making or control processes, to prevent, avoid, or mitigate the risk of the criminal offenses. Furthermore, it is necessary to demonstrate that these effective control and prevention mechanisms are embedded as standard in the day-to-day operations of the legal person.” According to Makys, “the legislative amendment will contribute to the establishment of functioning, strong, and stable corporate governance rules and compliance programs that would mitigate the risks of criminal offenses and under which criminal liability will not be imposed on legal persons.”

This House – Under Review



Catalin Baiculescu,
Partner,
Tuca Zbarcea & Asociatii

Guleryuz Partners Partner Zahide Altunbas Sancak points to new amendments in energy legislation in Turkiye, allowing the establishment of electric generation on water bodies. “A proposed law presented to the Grand National Assembly on January 29, 2024, stipulates opening Turkey’s lakes, reservoirs, and seas for solar and wind power projects,” Altunbas Sancak adds. “This proposal, aimed at regulating floating photovoltaics and expanding renewable energy capacity by an estimated 80 gigawatts, represents a bold step toward sustainable development. However, from a legal standpoint, the amendments warrant a nuanced analysis, particularly for stakeholders in the energy sector.”

“The amendments, which will allow investors to establish wind and solar power facilities on aquatic bodies without the need for zoning plans, introduce a novel approach to utilizing natural resources for energy production,” she notes. “This is a significant departure from traditional land-based renewable energy projects and raises several legal considerations.”

This House – The Latest Draft



Josip Marohnic,
Partner,
Marohnic, Tomek & Gjoic

Asters Partner Oleg Boichuk highlights that “Ukraine has initiated a public discussion on the draft regulations on infrastructure, including the draft regulation of the Cabinet of Ministers of Ukraine *on Certain Matters Related to Licensing of Construction of the Objects, which are Considered of Middle (CC2) or High (CC3) Risk*

Classes to open the national construction market to the new players.” In general, he notes, “all major construction works, including infrastructure construction, are subject to license in Ukraine, and since the respective licensing conditions were canceled in 2020, new construction licenses cannot be obtained.” This, according to Boichuk, “led to a market closure for new players, subject to the extraordinary declarations procedure applicable during martial law.” The new draft regulations, according to him, “should lead to the development and adoption of new licensing conditions and requirements, which, in turn, should enable local and international businesses to obtain construction licenses in Ukraine.”

Tuca Zbarcea & Asociatii Partner Catalin Baiculescu adds that on January 31, 2024, “the final version of *Romania’s National Strategy for Artificial Intelligence* was published by the Ministry of Research, Innovation and Digitalization.” According to Baiculescu, “the National Strategy for Artificial Intelligence is based on the concrete actions proposed at the level of the European Union (i.e., the *AI Act*), but it is also part of Romania’s wider efforts toward digitalization. As such, six general objectives were defined and correlated with the priority axes of action also pursued in the strategic documents of the EU: 1. Supporting education for research, development, and innovation and the training of specific AI skills; 2. Development and efficient use of infrastructure and data sets; 3. Development of the national system of Research - Development - Innovation in the field of AI; 4. Ensuring technological transfer through partnerships; 5. Facilitating the adoption of AI throughout society; 6. Development of a system of governance and regulation of AI.”

In the Works

Marohnic, Tomek & Gjoic Partner Josip Marohnic reports that, in Croatia, “activities related to the Hydrogen Valley North Adriatic project, which represents a result of regional cooperation, will continue,” in 2024. “The Ministry of Economy and Sustainable Development also announced the increase of the LNG terminal capacity and the construction of the Zlobin-Bosiljevo gas pipeline, which will further create the basic conditions for the additional supply to the EU.” Marohnic highlights that “there are currently seven exploitation fields and 28 exploration areas for geothermal water in Croatia, attracting both private and public entities. However, the development of geothermal power plants is hampered by bureaucracy because investors must pursue two lengthy and costly procedures, one for the exploitation of geothermal water and another for the production of electricity.”

Additionally, Dolea & Co Managing Partner Sorin Dolea notes that, after March 2024, “the Moldovan operator of electricity transmission and system network Moldelectrica will organize, together with the system operators from Romania and Ukraine, tenders for the allocation of intraday and monthly capacities for cross-border exchanges of electricity.” According to Dolea, “any supplier will be able to participate in the auctions, based on the new intraday capacity allocation rules at the Moldova-Romania border and the long-term and daily capacity allocation rules at the Moldova-Ukraine border.” with him reporting that “the rules were approved by the National Agency for Energy Regulation of the Republic of Moldova on February 9, 2024, and entered into force immediately in the case of Ukraine, having been approved by the National Regulatory Authority of Ukraine,



Marta Wasil,
Associate,
Wolf Theiss



Milos Komnencic,
Managing Partner,
Komnencic & Partners



Oleg Boichuk,
Partner,
Asters



Orsolya Kovacs,
Partner,
Nagyes Trocsanyi



Peter Makys,
Partner,
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Zahide Altunbas Sancak,
Partner,
Guleryuz Partners



Sofia Angelakou,
Senior Associate,
Drakopoulos



Sorin Dolea,
Managing Partner,
Dolea & Co

on January 30, 2024. Meanwhile, the rules for the Moldova-Romania border will enter into force upon approval by the Romanian National Energy Regulatory Authority. Thus, the intraday auctions on the border between Moldova and Romania are expected to start in March.”

Regulators Weigh In

In terms of regulators, Marohnic stresses that in Croatia, “the beginning of the year was marked by the ongoing discussions about the Croatian energy regulatory agency HERA’s delay in deciding on the grid connection fee. This, coupled with the looming 15-day deadline for developers to obtain essential grid connection documents, is causing significant unease in the sector and is halting the progress of new renewable energy projects.”

In Romania, “the President of the Competition Council has recently presented a summary of the authority’s activity in 2023, with the significant actions taken being the highlight,” Diaconu reports. “The authority initiated the highest number of competition-related investigations in the last 12 years and organized more dawn raids than before. On top of that, particular attention was given to the food sector, where the competition authority monitored several state interventions.”

Picking a Fight

Komnencic & Partners Managing Partner Milos Komnencic highlights some disruptions in the Montenegrin market. The fact that “in the last 3.5 years, Montenegro has changed four governments,” has led to some uncertainties, according to Komnencic. “One of our client found themselves at the center of a complex dispute directly affected and influenced by politics, involving property rights, construction regulations, interactions with public authorities, and a media frenzy,” Komnencic notes, highlighting that “after four years of having a valid construction permit, undergoing numerous inspections, and receiving positive decisions from the Ministry of Spatial Planning, Urbanism, and State Property, that very same Ministry – under the new Government of Montenegro – annulled its previously approved preliminary design for a construction project.” He further adds that “due to the lack of clear legal consequences in case of terminating an approval for a preliminary design (particularly when such is done after a valid construction permit), this decision of the Ministry has not yet formally stopped construction activities but it has undeniably caused significant damage to the project’s construction and sales, and overall outcome, while final consequences are still to be estimated.” The outcome of this dispute, according to Komnencic, “will affect not just the client, but also Montenegro’s standing in terms of legal integrity and its efforts towards establishing a just business climate.”

In Related News

Finally, Marohnic highlights that at the beginning of the year, “Croatia also saw significant turbulence due to the expiry of a state aid program during which the ministry failed to allocate EUR 783 million in funds aimed at fostering renewable energy development. It has yet to be seen how and when the ministry will resolve the lack of state support without which further development of renewable energy projects is almost impossible.” ●

KEEP YOUR GUARD UP: TRANSFORMING EUROPEAN DEFENSE SECTORS

By Andrija Djonovic

Across Europe, defense sectors are experiencing significant transformations and budgetary escalations, driven by a need for enhanced military readiness and modernization. Avellum Partner Andriy Romanchuk, Cobalt Partner Deividas Soloveicik, Nagy es Trocsanyi Partner Gyorgy Kiszely, and Tuca Zbarcea & Asociatii Partner Serban Paslaru take a closer look at defense spending in their respective countries.

Budgetary Escalation

“Ukraine’s defense sector has undergone a rigorous transformation, adapting to the exigencies of martial law and the pressing need for enhanced military readiness,” Romanchuk begins. “The Cabinet of Ministers adopted a special decree for defense procurement slightly relaxing the regulatory procedure during martial law.” This move was complemented by “separate regulations for the procurement of unmanned aerial vehicles and electronic warfare systems.”

Additionally, the transformation of Ukroboronprom into JSC Ukrainian Defense Industry is aimed at “transparent management, and offers the potential for consolidating other enterprises under JSC Ukrainian Defense Industry,” Romanchuk explains. The defense budget’s growth to UAH 1.164 trillion, “which exceeds the number in 2021 by almost ten times,” underscores the significant escalation in Ukraine’s defense spending and commitment to securing its sovereignty.

Nearby, in Lithuania, legislative foresight has played a pivotal role in integrating national security considerations into defense procurement. “Lithuanian legislators took action and pioneered in regulating the issues of public procurement related to the protection of national security,” Soloveicik says. This legislative agility was further demonstrated when the “Lithuanian parliament swiftly amended the law at the beginning of the year 2022,” to enable the rejection of bids that pose a threat to national security.

Romania’s defense sector, on the other hand, is characterized by its focus on modernization and cooperation with local industry. “Significant endowment programs for land forces, air forces, and navy are to be continued or initiated in 2024,” Paslaru comments on ongoing and future initiatives. He also mentions the strategic importance of a new offset law, “to encourage industrial and technological cooperation with local industry and develop local defense capabilities,” highlighting the dual focus on enhancing Romania’s military readiness and bolstering its defense industry.

Hungary has seen a marked increase in spending and an emphasis on modernization as well, according to Kiszely, who points to a significant shift in budgetary priorities. “Since the all-time low defense spending ratio of 2014, Hungary’s military budget has steadily increased,” reaching “2.4 % in 2023.” The establishment of the Homeland Defense Fund and the subsequent 55% budget increase for 2024 compared to 2023 are clear indicators of Hungary’s commitment to enhancing its defense capabilities.

Focus on Technology and Innovation

In Ukraine, the spotlight has been on unmanned aerial vehicles (UAVs) and early warning systems (EWS), Romanchuk reports. “UAVs and EWS (and their components) have become mostly exempt from import controls and VAT.” The legal framework has adapted to support this shift, with Romanchuk adding: “we advise on the procedures for the import of defense goods and technology components for both the producers and various charitable funds and in public defense procurement for defense tech producers.” The emphasis on UAVs and EWS signifies a broader trend toward leveraging advanced technology to enhance Ukraine’s defensive capabilities, necessitating specialized legal support for procurement, compliance, and legislative development, Romanchuk says.

The Lithuanian defense sector’s focus mirrors a broader regional trend toward advanced reconnaissance and combat technologies, such as drones and systems to combat them. Soloveicik adds that he observed an “increase in defense procurement-related work, especially in public procurement disputes related to these technologies.”

“Romania has emphasized technological transfers and investments in the local defense industry, fostering joint ventures between foreign contractors and local manufacturers,” Paslaru reports. He highlights the production and local integration of high-end technologies, including “fire control, communication and informatics, optics, and battle management.” This focus on technological sophistication has expanded the scope of



Andriy Romanchuk,
Partner,
Avellum

legal work to include “legal assistance at all project stages,” from market analysis and project preparation to the implementation of contracts.

Hungary’s defense sector prioritizes equipment development, with a significant portion of its defense expenditure allocated to this end. Kiszely notes that “in 2022, Hungary spent the biggest share of its total defense expenditure on equipment (48%) among all NATO member states.” Moreover, Kiszely notes that the Hungarian government is trying to attract as many manufacturing and technology development facilities as possible. “As a result of these efforts, a couple of significant joint ventures of foreign technology owners and local partners have been established – the most important international partners are German and Turkish companies,” he says. “The increasing number and volume of transactions in the defense sector obviously intensified the need for local legal support as well. However, some players who over-relied on their previous international experience learned painful lessons resulting from the lack of knowledge of the specialties of Hungarian sectoral laws and policies before turning to local lawyers,” Kiszely explains.

Enhancing Buying Tools

“In Ukraine, a significant step toward enhancing transparency was the creation of the state-owned Defense Procurement Agency,” Romanchuk reports. “This move aimed to decentralize procurement rules and control from a single department within the Ministry of Defense, thus potentially mitigating corruption risks. It’s crucial to highlight that this state enterprise won’t handle arms procurement but will focus on fulfilling the Armed Forces’ needs for items like food, clothing, equipment, fuel, and others,” he explains. Moreover, the government has also taken steps to narrow exemptions for non-competitive defense procurement and mandated the publication of justifications for such contracts.

In contrast, Lithuania has not introduced specific new measures for defense procurement, relying instead on the existing public procurement laws, according to Soloveicik.

As for Romania, “a new offset law was introduced, aiming to enhance transparency and predictability in defense contracts, especially regarding technological and industrial cooperation with local industry,” Paslaru reports. “This law is anticipated to influence legal practices by necessitating expertise in navigating the new offset requirements and ensuring compliance in defense contracts, especially in the context of technological transfers and joint ventures.”

Hungary has also taken steps to centralize and professionalize its defense procurement through the establishment of the Defense Procurement Agency in 2019. “While this step indeed brought more professionalism in the process, it also made it more complicated as different organizations became responsible for determining the defense procurement needs, coordinating and managing the procurement, and signing the procurement contracts, while the strategic planning and setting of the defense development objectives fell within the scope of responsibilities of a separate Government Commissioner for Defense Development – the latter directly reporting to, and instructed by the Prime Minister,” Kiszely explains. “This setup was again modified in 2022 when the dedicated government commissioner position ceased to exist, and a new unit was created to monitor the fulfillment of the strategic defense development goals – the Military Office of the Prime Minister.”

“This complex multi-layer articulation mechanism of the defense procurement goals and needs must be kept in mind,” Kiszely stresses in conclusion, indicating that legal advisors must now account for a more intricate procurement landscape, emphasizing the need for precise contractual documentation. ●



Deividas Soloveicik,
Partner,
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Gyorgy Kiszely,
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Serban Paslaru,
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Tuca Zbarcea & Asociatii

THE CORNER OFFICE: SKILLS OF TOMORROW

In **The Corner Office**, we ask Managing Partners at law firms across Central and Eastern Europe about their backgrounds, strategies, and responsibilities. Given the dynamic and ever-evolving nature of the legal profession, we asked: **What is the one critical skill that you're investing time and energy in to develop within your team, and why?**

Timur Bondaryev, Managing Partner, Arzinger: Most recent developments in the world have dramatically changed the way and format of communication. Remote work has significantly contributed to this trend – some young employees haven't even experienced proper office experience and haven't even had a chance to communicate with their office colleagues in the "old-fashioned" way. The younger generation has grown up using various messengers and they don't really use phone calls to communicate – everything goes through text. On the one hand, this has boosted efficiency. On the other hand, people have lost human connection, which has been crucial for successful communication and achieving goals in daily life. Bearing all this in mind, I strongly believe that strong communication skills are the key to success, and these are exactly the soft skills and development that I strongly encourage my team to focus on. Very straightforward, concise, and focused communication is, without a doubt, *the* key to success.

Borivoj Libal, Managing Partner, Eversheds Sutherland Czech Republic: Our efforts are dedicated to supporting and improving teamwork within the relevant teams in our office and also help the lateral thinking of each individual. Teamwork is an absolute must for a big law firm providing comprehensive advice in varying sectors.

Kostadin Sirlishtov, Managing Partner, CMS Sofia: The most critical skill I am investing time and energy in to develop within my team members is adaptivity (agility). There are many reasons for picking this skill. Still, the main one remains that we are based and provide services in CEE, where changes of circumstances (political, economic, legal, regulatory, etc.) happen very often and occasionally – overnight. Furthermore, in our part of the world, you can't allow yourself to be just narrowly specialized. You definitely need to know your key area of expertise in detail, but in order to be able to survive in the stormy waters that we need to navigate, lawyers need to be able to perform professional tasks and understand the legal envi-

ronment in areas, which are sometimes beyond their comfort zones. Luckily, my team has adopted such a mindset and it has led to great results and good levels of personal satisfaction.

Paul Buta, Managing Partner, Musat & Asociatii: The one critical skill that I would like to see engendered in the team this year is the ability to pace work in such a way as to always maintain an as broad and diverse perspective as possible. In these times, there is, I believe, a tendency to rush to the most obvious conclusion or down the closest path while keeping an eye out solely for what is straight ahead. In so doing, lawyers tend to lose the specific value added to their experience and compete (soon, if not already, unsuccessfully) with AI, which can deliver better results at an even higher speed. I, therefore, urge my team to pause, raise their heads, and try to analyze both assumptions and strategies from multiple perspectives, looking for the best balance between the clients' short-, medium-, and long-term interests and the most effective means of achieving such. I believe that this is the path toward properly integrating technology, including AI, into our value-creating processes, allowing for the maximization of the human-specific value-add to the advice and strategy that uniquely defines our work within the market.

Bernhard Hager, Managing Partner, Eversheds Sutherland Slovakia: We consider client communication to be critical. We expect a fee earner to understand not only the law but also the business of our clients in order to understand the goals behind their legal issues. It is not difficult to write a long text full of legal phrases, but we endeavor to bring it down to a short document understandable for our clients with no time for irrelevant information. We organize workshops with client partners and even with clients to get a better understanding of sectors, industries, and clients. For legal writing, we provide training and make use of the know-how provided globally by Eversheds Sutherland.

Pavel Hristov, Managing Partner, Hristov & Partners: Like all other professional services, ours is client-centered. For our lawyers, client satisfaction with the overall service is critical. To consistently achieve it, all of us need to develop and maintain one critical skill: empathy, for truly understanding the needs of our client, not generally by area, industry, organization, etc., but individually, on a case-by-case basis. Each of our lawyers learns how to internalize the customer's goals, point of view, and objective and subjective situation – mostly by listening, asking relevant questions, and placing themselves in the client's position. Empathy can be improved with practice. Hence, we constantly encourage our people to practice and develop it in our client relationships, and internally among ourselves.



In these times, there is, I believe, a tendency to rush to the most obvious conclusion or down the closest path while keeping an eye out solely for what is straight ahead.

Ivana Ruzicic, Managing Partner, PR Legal: Recently, one critical skill has come to the forefront: effective communication of legal advice. In our fast-paced world, delivering counsel concisely yet clearly has proven to be essential. It is crucial to structure advice in a manner that is not only easily comprehensible but also resonates with the recipient, providing answers to the questions posed. Within our team, I have been actively investing time and energy in refining the skill of clear and straightforward communication. I believe that this proficiency not only facilitates a more efficient exchange of information but also contributes to the overall effectiveness of our legal services. I often share with my junior colleagues the importance of conveying advice in a manner they would appreciate receiving themselves.

Mykola Stetsenko, Managing Partner, Avellum: We, as Partners, always invest a lot of time in the delegation skills of our Associates. For Junior Associates, it is important to learn how to deal with multiple tasks from senior managers and how to estimate and manage their time accordingly. On the other hand, for mid-level and Senior Associates, it is crucial to learn how to delegate simpler tasks to Junior Associates without holding on to those tasks that they used to do when at the junior level. It is important for us to ensure that more Senior Associates know how to teach Junior Associates and manage their time, so that the process of delegation is not erratic, while the quality of product is up to Avellum standards.

Panagiotis Drakopoulos, Managing Partner, Drakopoulos: I would say that behaving with (a wider sense of) empathy toward the client and their actual needs is key for any service provider – and more so for lawyers. To this effect, we encourage fee earners, most of all, to take ownership of their work, but not predominantly for themselves, nor for our firm; priority should be accorded to the client's needs and objectives, always in line with the ethics and norms of our profession. What we strive to instill in the members of our teams is the firm belief that performing their work to achieve client goals and be considerate of the client's wishes and demands is, first and foremost, the *raison d'être* of our firm, which in turn provides an ideal environment for them to grow as professionals.

Tomas Bagdanskis, Managing Partner, ILaw Lextal: In our law firm, it's all about developing our communication skills! Year after year, the question that we focus exceptionally on is how we best connect with and serve our clients. We consistently aim for straightforward dialogue, regular updates, and quick responses. While the goal is easy to define, it is not as easy to achieve! The next relevant question then follows – how do we make sure that our people understand the necessity of such a goal and are inspired to contribute to the achievement personally? The key here is feedback and consistent examination of the best ways to give and receive it. Without that, it's impossible to improve and move forward. Learning to receive feedback involves cultivating an open mind, actively listening without defensiveness, and asking clarifying questions. It additionally requires one to be capable of accepting criticism and admitting to their mistakes.

Istvan Szatmary, Managing Partner, Oppenheim: My aim is to alert the team to the pitfalls of unpleasant, difficult, or even frightening situations, whether it is a dialogue between colleagues in the firm, a conversation with an unhappy or frustrated client, a court hearing or a negotiation with an opponent who is not playing fair. In routine situations, we lawyers see ourselves as professionals who should argue as much as possible to convince courts, opponents, and colleagues that we are right. We tend to believe that clients and opponents expect us to behave in this way. It is then typical that self-reflection ceases to play a role, and you end up at a dead end: no solution to the business problem, no solution to the client's frustration, or the latent tension between colleagues. Is there a way to avoid such impasses? I am convinced that there is a way out: you have to be open and receptive. It requires a lot of discipline and the ability not to use your standard communication techniques. You have to be brave enough not to argue, but to ask open questions and try to really understand where the other side is coming from. The art of listening is not an easy skill to learn. But once you start using it, it will lead to brilliant results.

Balazs Karsai, Managing Partner, Nagy es Trocsanyi: The one critical skill that I am investing time and energy in to develop within my team is communication, with special regard to responsiveness. We must ensure that the client feels that they are in good hands and that we take their problems and challenges just as seriously as if they were our own. This obviously requires an appropriate level of empathy, sensitivity, and EQ as well. Responsiveness helps convince clients that we are all in the same boat, which is indeed the case. Having excellent legal knowledge is a great thing, but this can easily be undermined if you fail in communication. We cannot leave the client alone while they place their trust in us. Neither of us would be happy if the same happened to us – it’s as simple as that.



Legal tech and AI have revolutionized the way law firms deliver and price their services, as clients demand more value for less money. This trend is unstoppable, and legal AI will soon become a common tool, like PCs, word processors, and MS Office.

Serhiy Chorny, Managing Partner, Baker McKenzie Kyiv: The top critical skill would be providing the client with concise and clear advice that they can use immediately in their business, without the need to bounce e-mails or calls back and forth with us requesting clarifications of uncertain statements or indicating areas of concern which have not been addressed. Developing this skill is really an art and takes time and effort, but it is well worth the investment as the result is a growing number of satisfied clients and therefore a strong competitive advantage in the market.

Tarik Guleryuz, Managing Partner, Guleryuz Partners: One critical skill I am dedicated to developing within our team definitely is critical thinking. In the legal profession, where complex issues and nuanced situations abound, the ability to think critically is paramount for several reasons. We recognize that critical thinking is not just a skill but a mindset that allows us to approach legal issues from fresh perspectives. When establishing our team, we attach importance to this skill. It is particularly valuable in navigating intricate legal matters where straightforward solutions may be elusive. Cultivating critical thinking skills empowers our team to anticipate potential challenges and mitigate risks effectively and fosters a culture of continuous learning and adaptation within our firm. Ultimately, fostering a culture of out-of-the-box thinking drives positive outcomes for our clients and upholds high standards.

Octavian Popescu, Managing Partner, Popescu & Asociatii:

From a business perspective, professional communication requires more than understanding the basics of an effective communication process. It is widely known that communication is fundamental at any level within a company regardless of the tier it occurs on. However, it holds particular relevance for legal professionals – both in the relationships developed between lawyers within the law firm and in the lawyer-client relationship. That’s why the ability to communicate accurately and effectively, at the highest level, is a critical skill for each member of the law firm and contributes to a successful business. In this context, it becomes necessary to invest time and resources to improve this ability periodically within the team in order to maintain strong internal connections and develop long-lasting partnerships with the clients.

Alina Popescu, Managing Partner, MPR Partners:

Two key words: business acumen. For business lawyers to deliver top-quality advice in full synergy with their client’s businesses, it is critical and imperiously necessary that they understand the business context in which legal issues (may) arise. Business lawyers must consequently accurately grasp their clients’ industries, business models, and strategic objectives in order to offer tailored top-quality legal solutions. It also allows them to anticipate potential legal challenges, identify opportunities, and provide proactive advice that contributes to the overall success of the client’s business. Lawyers with business acumen are better equipped to offer strategic counsel that aligns with the broader organizational objectives. In order to acquire it, business lawyers are required to attend sector-specific business and networking events, conferences, and client meetings and be up to date with the business landscape both nationally and internationally through press, media, and other up-to-date informational means that are constantly put at their disposal.

Nenad Popovic, Managing Partner, JPM & Partners:

The legal services industry has been transformed by technical innovation in recent years. Legal tech and AI have revolutionized the way law firms deliver and price their services, as clients demand more value for less money. This trend is unstoppable, and legal AI will soon become a common tool, like PCs, word processors, and MS Office. Law firms and lawyers must adopt this new skill quickly to meet the client’s expectations and stay competitive. However, it is not easy to choose, test, and implement the right legal tech. It requires time and effort. I have spent a lot of time and energy selecting and introducing these technologies in the firm and training our legal staff to use them in our daily work. I am proud of the JPM team that has fully adopted the latest legal technologies and will keep working to make the firm more efficient and up-to-date with global market developments.

Helen Alexiou, Managing Partner, AKL Law Firm: I have a different professional background than most of AKL's Associates. I was born into a family law firm; I never had to go on an interview and I never had to consider different job options. When I was younger, I used to feel "privileged" and, being a highly guilt-ridden individual, made an extra effort to prove my place in the firm. But at the same time, I was afraid others (clients and associates alike), might think I was not worthy of my position. So, I put in the extra hours, worked with extra passion, fought extra hard for a seat at the table, and worked extra hard to differentiate my work from the so-called crowd. This led, inadvertently, to my "leading by example." In striving to earn or "keep my seat," I worked hard to identify opportunities; in honoring my family's history, I taught younger lawyers our values; in looking for ways to grow, I created a different version of legal services, which clients find refreshing. I am proud to say that "practicing what I preach" has resulted in a team that is cohesive and effective, ultimately enhancing client satisfaction and contributing to the success and reputation of our firm.

Cristina Filip, Managing Partner, Filip & Company: There are two intertwined abilities that have most of my focus: (1) task ownership and (2) team collaboration. I believe these two are essential to building our value-based community and growing a constructive culture. Task ownership means I got this task. I am responsible for myself, I mind the task from beginning to end, I know the meaning of the task in its evolution throughout the project, I manage the risks associated with the task and I deliver those results associated with the task which are necessary for all the other task minders and for the entire project to succeed and for the client relationship to flourish. Team collaboration means we are rising together. I need to show up for my colleagues in ways that they need me to, not just ways that are comfortable to me, I generate opportunities for my colleagues and I am interested and willing to support my colleagues in meeting their needs and I count on my colleagues to do the same for me and we are growing together and rising together to achieve our professional goals and potential.

Weronika Achramowicz, Managing Partner, Baker McKenzie Warsaw: I often tell my team that the quality of their work is the result of a combination of factors: academic proficiency, teamwork, high professional ethics, day-to-day effort, focus, and the ability to take no shortcuts when there are time or enthusiasm constraints. All these create a foundation for mastering the one skill I find crucial: Looking through the complexity of a matter – extracting the essence of an issue, translating it into a simple piece of advice, in plain English, and in an easy-to-understand, easy-to-follow manner – and getting things done. It sounds so simple, but to actually get something done (to drive a deal to a successful closing, to complete a cross-border project, or to guide on an unprecedented issue) in today's world of complexity is a challenge. To do it in a way that looks simple, to maintain joy in doing what we do, and to combine it with a fulfilling personal life and keeping a work-life balance (a buzz term but very true) is no small task.

Tomasz Stasiak, Co-Managing Partner, Wolf Theiss Poland: The fundamental to succeed in any professional role, regardless of position, is the ability to discern and prioritize key issues over less important ones. Mastering this skill is a never-ending process as circumstances evolve and shift the relative weight of various issues.

Olexiy Soshenko, Managing Partner, Redcliffe Partners: This depends on the level of fee earner. For juniors and mid-levels, it is project management by showing junior colleagues how to manage projects effectively using several techniques. Apart from the fundamentals of legal work, project management is also important as lawyers need to be good managers to deal with challenging, complex assignments and tasks when assisting clients. Lawyers need to be client-oriented in what they do and, when the project is managed efficiently, the client is pleased and the firm utilizes both its own and the client's resources effectively. For more senior fee earners, it would be the ability to attract and develop clients. The generation of work is a prerequisite for both personal development and the growth of, and further prospects for, the firm.



Developing a business mindset. We are a business law firm assisting in the business affairs of our clients. Moreover, our firm itself operates as a profit-driven commercial entity. Consequently, it is imperative for us to employ attorneys who possess a keen business mind, a necessity both from a client advisory standpoint and for the strategic interests of our firm.

Dragan Dameski, Managing Partner, Debarliev, Dameski & Kelesoska: Nowadays we are focusing on the development of communication as a critical skill among our team. Yes, old simple basic communication – exchanging of information by speaking, writing, or using some other medium. Why? We believe that communication is a basic tool for the development of all other interpersonal professional and soft skills, like teamwork, leadership, motivation, empathy, building relationships, etc. Furthermore, nothing ruins projects quite like a lack of communication. Aligning communication among the team has become important more than ever in now a time with flexy-time or remote work, meaning the staff can work their hours when feel most motivated. Therefore, it is crucial everyone in the team understands the need to develop, improve, and apply an open and effective channel for communication ultimately leading to development of positive professional relationships. Solid communication keeps everyone in the team engaged with the work, fosters the firm culture, and brings more profit.

Bogdan Gecic, Managing Partner, Gecic Law: In an increasingly competitive legal landscape, technical expertise is no longer sufficient. The ability to understand client needs, provide tailored service, and forge strong, trust-based relationships distinguishes outstanding legal professionals. Client care goes beyond mere responsiveness. It is also about a deep understanding of the client's business, which builds our capacity to offer impactful and relevant solutions. We offer our lawyers numerous opportunities to enhance their practical knowledge of their clients' industries. This entails formal and informal training, such as client factory visits and sales coaching. Client care also involves soft skills, such as active listening, empathy, and the capacity to personalize our approach. We focus on our team's communication skills to ensure that they connect with clients on different levels. This involves regular training, client feedback analysis, and role-playing to simulate various client interactions. In an era when clients have more choices than ever, the depth and breadth of service and client experience we provide are paramount.

Lukas Michalik, Partner, Ments: I'd emphasize the importance of technological proficiency. We are a paperless, digital law firm focusing on modern areas of law such as life sciences, tech, M&A, fintech, and compliance – that means our clients are usually tech-savvy and we need to be too. Being technologically proficient revamps also the way we provide service to the client and thus my colleagues need to know the ins and outs of using modern tools such as client portals, Notion, and various legal tech. My vision is to bring our practice away from emails and into a modern, secure, and controlled interface. By investing in ongoing education in the latest digital tools and



Client care goes beyond mere responsiveness. It is also about a deep understanding of the client's business, which builds our capacity to offer impactful and relevant solutions.

platforms, we're ensuring our team is not just prepared for the future but is actively shaping it.

Perry Zizzi, Managing Partner, Dentons Romania: The one critical skill that I am investing time and energy to develop within my team is facilitating a deep understanding of the uses and limitations of generative AI. On one hand, lawyers need to understand how AI impacts and will impact our clients in various sectors and be able to advise them on the related legal considerations. On the other hand, we need to find ways to incorporate generative AI securely into our own work in order to remain competitive.

Pal Jalsovszky, Managing Partner, Jalsovszky: Developing a business mindset. We are a business law firm assisting in the business affairs of our clients. Moreover, our firm itself operates as a profit-driven commercial entity. Consequently, it is imperative for us to employ attorneys who possess a keen business mind, a necessity both from a client advisory standpoint and for the strategic interests of our firm. This is, however, a skill that is not necessarily present from the outset of one's career. In their university curriculum, our lawyers receive pure academic knowledge, graduating without the practical business insight essential for our operations. We need, therefore, to focus very consciously on allowing our lawyers to understand the business rationale behind a transaction, or a client request – so that they can, later on, provide strategically sound and feasible counsel to the client, while concurrently safeguarding our firm's commercial objectives.

Stefan Botezatu, Managing Partner, Act Legal Romania: We believe that a business-oriented approach is essential for success. Thus, the one critical skill that we're investing time and energy in to develop within our team is the entrepreneurial mindset – crucial, in our view, for any team's success. Entrepreneurial-minded lawyers are better positioned to identify and respond to the evolving needs of our clients. By raising a mindset of innovation, our team can proactively contribute to the development of cutting-edge legal solutions that provide added value to our clients – both in terms of legal tools and legal strategies. ●

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TAX: A CEE LEVEL OF INTRICACY

By Teona Gelashvili

CMS Poland Managing Partner Andrzej Posniak and CMS Croatia Partner Tamara Jelic Kazic discuss the complexities and opportunities inherent to the region's tax landscape.

CEELM: Broadly speaking, how would you characterize tax regimes in CEE to anyone looking into the region?

Jelic Kazic: In the southern part of CEE, which includes ex-Yugoslavia countries, we observe a diverse and complex tax environment. Each jurisdiction has its unique characteristics, but there's a growing trend toward harmonizing with global standards, particularly those set by the EU and the OECD. Despite efforts to align with these standards, there are still notable differences among member states, especially since some are EU members while others are still awaiting membership. This diversity in tax regulations can pose challenges for investors navigating the region.

At a regional level, this complexity becomes apparent in even more aspects – population, linguistic diversity, economic development levels, and GDP growth rates often lead to diverse expectations and complexities.

Posniak: Adding to Tamara's point, I'd divide the evolution of tax regimes in CEE into three phases: Initially, before joining the EU, tax systems were often old-fashioned, outdated, and chaotic. The second phase saw a concerted effort to modernize and align tax systems with Western European standards, spurred by EU accession. However, this phase also witnessed aggressive tax optimization strategies, leading to complexities. Currently, we're in the third phase, where tax systems are becoming more sophisticated, with a focus on tightening regulations to combat tax evasion. All those measures, such as e-declarations, e-scanning, and online cash registers, are aimed at avoiding tax leakages in different jurisdictions.

The most significant evolution lies in the increasing specificity and complexity of tax regulations. Previously, regulations were more straightforward, but now we see a proliferation of anti-tax avoidance measures across various tax areas. Moreover, there's a notable shift toward digitalization to minimize tax leakage and fraud. Real-time reporting and digital tax filing have become common practices. Additionally, we're witnessing a trend toward green reforms, aligning with EU directives such as the carbon border adjustment mechanism.

Jelic Kazic: Indeed, the adoption of international standards

and practices is evident across the region, although some countries may lag behind their Western counterparts. However, efforts are underway to bridge this gap and create a more harmonized tax landscape.

CEELM: Any local jurisdiction peculiarities that stand out to you in this drive to harmonize regimes?

Jelic Kazic: While each country in the region is motivated to align with global standards, there are nuances in implementation. In general, each country has motives to apply these policies and standards to get an EU membership rolling, while in others, that are already a part of the EU, we see a lot of processes for harmonization.

Posniak: Many EU countries are now implementing EU tax regulations. It's important to note that implementation deadlines and approaches may differ. Poland is a good example, where the government adopted more creative, sophisticated, and broader regulations than required on the EU level. However, the overarching direction is consistent.

CEELM: How do investors looking at the region perceive the overall taxation climate in CEE markets?

Posniak: For investors, the crucial aspect isn't whether taxes are high or low but whether they remain stable and reliable in light of a flood of new regulations. We all gripe about the tax system, its frequent changes, complexity, and broad interpretability. Despite imperfect regulations, investors are still drawn to the CEE market. In terms of FDIs, the numbers speak for themselves, with significant sums pouring into Poland, Hungary, Bulgaria, etc. In 2022, Poland ranked at the top of the list of attractive countries for investment in CEE. While the overall tax regime might not offer substantial assistance, it doesn't deter investors either. What truly matters from an investment perspective are tax incentives like investment zones implemented in Poland or attractive tax regimes that encourage expansion. These systems, along with advanced agreements, enhance profitability and maintain a positive outlook for direct investments.

Jelic Kazic: I agree that stability in tax systems is paramount

for investor confidence. However, there are concerns regarding the application and interpretation of tax rules, particularly in the SEE region. Tax authorities need to establish clearer guidelines and foster a partnership approach with taxpayers to address these challenges.

CEELM: What have been the main facilitators or deal breakers in M&A deals from a taxation perspective?

Posniak: While tax systems themselves may not be deal breakers, the lack of stability and predictability can complicate M&A transactions. Inconsistencies in tax interpretations and court rulings that prolong transactions and increase costs frequently demotivate investors looking into the region. Additionally, international transactions are affected by evolving rules on international mergers, emphasizing the need for clarity and consistency in tax regulations.

CEELM: What's the landscape like in terms of VAT and indirect taxation? Are there any outliers standing out?

Jelic Kazic: VAT regulations are also currently undergoing significant changes, with a focus on minimizing tax leakage and fraud. Real-time reporting and digital tax filing have become standard practices in many CEE countries. Still, complexities remain, particularly in multinational transactions, highlighting the need for robust VAT compliance measures. Additionally, local tax authorities still are frequently not experienced enough to properly enforce regulations.



Tamara Jelic Kazic,
Partner,
CMS Croatia

While each country in the region is motivated to align with global standards, there are nuances in implementation.

Posniak: The largest portion of state tax revenues is derived from VAT, which is why tax authorities prioritize its enforcement. However, it's incredibly complex, particularly in multinational transactions, making it challenging to monitor effectively. The primary focus of VAT is to tighten the system and close loopholes to catch those engaging in fraudulent activities. While this is beneficial, the downside is that the regulations and interpretations have become overly complicated and aggressive in revenue collection. This ends up burdening honest taxpayers who must navigate through tax difficulties aimed at combating fraud. The same complexity applies to income tax, and there may not be a better short-term solution. In the long run, digitization could help for better monitoring and enforcement.

CEELM: What would be one piece of advice you would give investors looking at the region?

Jelic Kazic: The main challenges for businesses in CEE revolve around the complexity and sophistication of tax regulations. I'd suggest that preparations involve a thorough analysis of laws and practices beforehand, together with a degree of courage and preparedness for what's to come. It's wise to engage an advisor during the planning phase – given the complexity of the process, numerous questions are bound to arise, and it's essential to have external expertise to ensure comprehensive coverage.

Posniak: I'd simply underline that sophisticated and complex tax systems are an integral part of our daily lives, particularly for business owners where tax-related risks are inherently tied to business risks. Surrounding yourself with the right people provides a sense of shared understanding because these regulations apply equally to your competitors, making it a universal concern. It's not about avoiding all risks, which may be impossible, but rather about how we evaluate and mitigate them. Currently, the environment in Europe, including the CEE region, is shifting toward fewer opportunities for aggressive tax optimization and more toward optimizing the business itself. ●



Andrzej Posniak,
Managing Partner,
CMS Poland

For investors, the crucial aspect isn't whether taxes are high or low but whether they remain stable and reliable in light of a flood of new regulations.

LOOKING IN: TYTUS CYTOWSKI OF CYTOWSKI & PARTNERS

By Teona Gelashvili

In our **Looking In** series, we talk to Partners from outside CEE who are keeping an eye on the region (and often pop up in our deal ticker) to learn how they perceive CEE markets and their evolution. For this issue, we sat down with Cytowski & Partners Managing Partner Tytus Cytowski.



CEELM: What were your initial experiences with the CEE region?

Cytowski: With my Polish roots and my professional base in the US, I've been involved in a legal practice that has a strong focus on the CEE region.

As a lawyer, my first notable interaction with the region was around 2012, when I facilitated an M&A acquisition of a Polish software company called Apphance by a US buyer. Following this, I had my first Polish startup client, who successfully entered the Y Combinator accelerator in Silicon Valley. This led to a series of other clients, and based on those interactions, I built products around US market expansion support for technology companies and venture financing.

I initially focused on Poland, leading to the establishment (and subsequent closure) of a branch office there. In time, we shifted our focus to Bulgaria, Romania, and the Czech Republic, recognizing their potential as future unicorn production hubs. The launch of UiPath in 2015 and product board in 2016, where I represented Prague-based Credo Ventures with seed financing solidified my involvement in the Silicon Valley/CEE tech ecosystem. At that time, I also got involved as a counsel for Bulgarian-based Gtmhub in their expansion to the US and started to work closely with Launchub and Earlybird seeding startups in the Balkans. Essentially, this gave me early insights into the appetite and dreams of people in CEE, as well as the caliber of technical founders.

CEELM: What about your recent activities? What has kept you busy in the last 12 months?

Cytowski: Over the past year, our firm has predominantly focused on venture financing and helping CEE clients expand to the US, particularly California. We've experienced a 20%

growth compared to the previous year and have been involved in over 60 VC financings. Additionally, there has been a surge in M&A activity, mainly originating from the Czech Republic in the fourth quarter. Many VC-backed companies are increasingly seeking M&A opportunities, which I hope to continue, especially as VC funds with 10-year lifespans are reaching their exit periods. The year 2023 had its ups and downs, but I expect a significant increase in venture activity moving forward.

CEELM: Where do you foresee the most activity in the coming 12 months?

Cytowski: I firmly believe that we are currently witnessing the golden years of the CEE region, particularly in the tech sector. We're likely to see a surge in product-based companies as opposed to solely software-based ones.

Specifically, Poland has the potential to witness more Ukrainian entrepreneurs supercharging the Polish economy, while the Baltics, especially Lithuania and Latvia, may produce more unicorns. Romania is also extremely vibrant. The Czech Republic is highly active, and Bulgaria is experiencing another surge. These subregions are performing impressively, punching above their weight. Moreover, Poland will likely make a significant impact once the government releases substantial funding for startups.

Overall, I believe that the CEE region is no longer considered exotic; it has proven itself as a center for advanced technology, with people in Silicon Valley recognizing it as a rising star. In 2015, Tel Aviv was the star, while Bucharest and Budapest were somewhat exotic. Now, people are seriously considering the region as the next hotspot for new unicorns.

CEELM: What do you consider to be the main driving force behind it?

Cytowski: I believe that the entrepreneurship of the 90s has faded away, creating the path for a new wave of entrepreneurship. There are six notable trends: first, regional VCs are increasingly investing across borders, such as Hungarian

investments in the Baltics and Czech investments in Romania, indicating a shift toward regional rather than solely local investments. Second, US VCs are actively exploring opportunities in the CEE region, indicating a sustained interest rather than one-off deals, aiming for ongoing client engagement. Third, there's a notable presence of diaspora founders – individuals who have traveled to the UK and the US and remain abroad but contribute to building companies in their home region. They engage in side hustles and attract a network of investors aiming to nurture future unicorns. There is also a surge in entrepreneurship, with individuals becoming tech entrepreneurs and seeking funding and support in Silicon Valley or London. We cannot forget that first unicorns like AVG, Avast, Eset, UiPath, or smaller companies like Telerik have created alumni networks of successful tech employees looking to form new businesses. Tech entrepreneurship has become a career path available to many in CEE. Finally, CEE entrepreneurs discovered they could build US-style companies without being physically located in the US. US law is another product like Hollywood, Disney, and McDonalds that attracts people. The companies I work with are incorporated in Delaware and adhere to American standards created by Orrick with its open-source incorporation documents, the North American Venture Capital Association financing documents, and YCombinator's Simple Agreement for Future Equity, which enables them to meet the expectations of global investors efficiently, predictably, and legally. This approach provides a unique and competitive advantage.

CEELM: How has the role of Silicon Valley evolved concerning the CEE region?

Cytowski: Pre-COVID-19, there was a prevailing notion that physical presence in Silicon Valley was essential for fundraising, but this perception has shifted. My clients can fundraise via Zoom without being physically present in the Bay Area. The pandemic has catalyzed a change, with increased recognition of the technical capabilities within the CEE region. While the flow of CEE founders to the Bay Area hasn't fully resumed, many are now seeking funding elsewhere, including within the region itself. Additionally, the barrier to entry for startups has lowered, thanks to advancements in technology and infrastructure, including legal in-

frastructure like Atlas/Stripe, Clerky, and Mercury Bank.

CEELM: What is your perspective on the presence of international firms in the CEE region?

Cytowski: International firms, particularly those from the US, will find it difficult to expand into the region. However, tech-focused law firms such as Taylor Wessing and Osborne Clarke are growing into it (but they mainly serve US customers with R&D offices in the region). The general perception of my CEE tech clients is that traditional US Big Law firms don't understand the region and its business elites. The high price points for US legal services are an issue for entrepreneurs just starting a business. Understanding CEE culture/history and business practices is also crucial for lawyers looking to support clients "going global."

CEELM: What are your thoughts on potential political risks in the region?

Cytowski: The tech sector in CEE is very promising. In this sector, political risks are not a significant concern. I see positive developments, such as Poland's new government. Poland's initiative to create a new central airport to serve as a logistics hub for the region should supercharge growth in Poland and CEE assuming the new government will continue it. However, I'll be closely monitoring the rule of law trends in Hungary and Slovakia to discern whether they become the norm or exceptions. US investors definitely prefer adherence to the rule of law over unpredictability – that is why CEE startups are incorporating in the US to de-risk. Additionally, I expect sustained US involvement in funding military industries in countries like the Czech Republic, Poland, and Bulgaria. These nations will serve as production facilities for supporting war efforts. The war in Ukraine will not end anytime soon and CEE needs to mobilize on many levels (law, business, education, government, and civil society) to face a new world order. Everybody has a role and needs to take responsibility to increase the economic firepower of CEE. NATO equals CEE, and we cannot rely on the US to protect us if we don't do a good job of building prosperous and vibrant societies based on the rule of law (not the rule of man). Prosperity means exciting and challenging work for lawyers. ●

MARKET SPOTLIGHT: AUSTRIA

ACTIVITY OVERVIEW: AUSTRIA

Firms with the most client matters reported by CEE Legal Matters between January 1, 2013, and February 15, 2024:

1.	Schoenherr	242
2.	Wolf Theiss	190
3.	Cerha Hempel	121
4.	Binder Groesswang	118
5.	Dorda	83

Partners with the most client matters reported by CEE Legal Matters between January 1, 2013, and February 15, 2024:

1.	Roman Rericha	46
2.	Thomas Kulnigg	44
3.	Christoph Moser	42
4.	Alexander Haas	35
5.	Christian Herbst	32



LEGAL TECH HUB EUROPE: SIX YEARS IN

By Andrija Djonovic

With legal services in a constant state of technology-driven evolution, Austria-based Legal Tech Hub Europe is trying to revolutionize the legal industry by fostering innovation and embracing the digital future. Partners from Dorda, E+H, Herbst Kinsky, and Schoenherr – four of the five firms spearheading the hub – talk about the initial set-up of the LTHE and its milestones over the last six years.

The Vision of Legal Tech Hub Europe

The Legal Tech Hub Europe was initially launched in 2018 by five founding law firms: Dorda, E+H, Herbst Kinsky, Schoenherr, and SCWP Schindhelm. “Initially named Legal Tech Hub Vienna, the imperative to shift focus toward the broader European market quickly became apparent,” explains Schoenherr Partner and COO Gudrun Stangl, who is also a board member of the LTHE.

“The core objective of the LTHE is to enable and promote innovation in private law practice and beyond to meet the evolving demands of clients in a world undergoing profound changes,” Stangl continues. “For instance, the emergence of generative artificial intelligence has sparked various projects, one of which being the LTHE Innovators’ Forum.” The LTHE Innovators’ Forum, first held in 2023, was a gathering ground for Managing Partners of independent European law firms, and, according to Stangl, it further cemented the LTHE’s reputation. “Various issues and topics were covered, such as the effect of technology on the future role of the lawyer,” she says. “The creation of the LTHE Innovators’ Forum was a major step toward thought leadership, offering a forum for high-level strategic exchange amongst the most significant independent law firms in Europe,” Stangl stresses.

From Concept to Reality

“To date, the LTHE is a unique cross-firm initiative of leading law firms,” continues Herbst Kinsky Partner Philipp Kinsky – also an LTHE Board Member. He explains that, in addition to the law firms themselves, LTHE also includes other partners such as tax firms and



The creation of the LTHE Innovators’ Forum was a major step toward thought leadership, offering a forum for high-level strategic exchange amongst the most significant independent law firms in Europe.

universities or general cooperation partners. “LTHE’s goal is to lead the lawyering sector into the digital future in a proactive, customer-orientated, and innovative way – beyond the borders of Austria, with a focus on Europe, including the CEE region,” Kinsky says.

He goes on to explain that the basis of the “digital growth of LTHE members” was the “constant identification as well as development of technical solutions and opportunities,” over the past six years. “In the last five years, the LTHE’s accelerator program fostered the cooperation between legal tech start-ups and the member law firms – for example, working together on various challenges, such as the implementation and roll-out of contract automation or use of AI solutions,” Kinsky exemplifies. “Other activities included local and international cooperation with interest groups, universities, and legal tech hubs as well as the development of standards for the legal industry and partnerships.”

As Kinsky puts it, “a trustworthy and respectful exchange within the LTHE is paramount and provides the ideal basis for a digital mindset. Working together with innovative legal tech providers and creating new products relevant to our markets and needs is the main benefit of the LTHE.”



Alric Ofenheimer,
Partner,
E+H



Gudrun Stangl,
Partner and COO,
Schoenherr



Philipp Kinsky,
Partner,
Herbst Kinsky



Stefan Artner,
Partner,
Dorda

Challenges and Opportunities in Legal Tech

“Establishing a legal-tech hub in Europe fosters innovation through collaboration, provides access to diverse talent, facilitates networking with investors and partners, and enables engagement with regulators to navigate complex legal landscapes,” explains Head of the LTHE Advisory Board and Dorda Partner Stefan Artner. “However, challenges such as fragmented regulations, data privacy concerns, limited funding opportunities for start-ups, and cultural diversity present obstacles to market expansion and product development. Overcoming these hurdles requires strategic approaches and regulatory agility to foster a supportive ecosystem for legal tech innovation in Europe,” he says.

According to Artner, the LTHE has “successfully mastered these challenges by co-creating a KYC product in 2023.” As Artner explains, this milestone entailed helping streamline the KYC workflow and process within firms and “freed up fee earners’ time as well as enhancing clients’ KYC experience even further.” Moreover, he stresses that “each founding member law firm continues to strive with their individual legal tech strategy and road map to enhance digital legal services, especially as we see a higher demand from clients in respect to digital delivery of our daily work.”

“Being prepared and exploring specific use cases for generative artificial intelligence tools has been a focus over the last 18 months,” Artner continues. “We fully appreciate the profound significance of artificial intelligence and legal tech for the legal sector. The continuous advancement in these technologies presents us with the opportunity to enhance our processes, boost efficiency, and deliver an even better level of service to our clients,” he explains.

Fostering Innovation and Collaboration

“More recently, the LTHE focuses on AI, blockchain, data privacy, and ethics, exploring solutions for legal research, data analysis, cooperation tools, contract generation, and compliance,” chimes in E+H Partner and LTHE Board Member Alric Ofenheimer. “The LTHE collaborates with industry and academic partners to drive advancements in the legal tech sector,” he explains.

“Over the last six years, we have engaged and tested various legal tech solutions starting from document automation to testing and understanding use cases for generative AI. The LTHE gives us the opportunity to see various sides and aspects of the technologies and exchange views on legal tech experiences,” Ofenheimer concludes. ●



A trustworthy and respectful exchange within the LTHE is paramount and provides the ideal basis for a digital mindset. Working together with innovative legal tech providers and creating new products relevant to our markets and needs is the main benefit of the LTHE.

AUSTRIA'S START-UP PROMOTION ACT: PARADIGM SHIFT FOR START-UPS AND EMPLOYEE OWNERSHIP

By Andrija Djonovic

The Austrian government has recently enacted the Start-Up Promotion Act to nurture its start-up ecosystem and enhance employee participation in corporate growth. Wolf Theiss Partner Hartwig Kienast analyses how this legislation integrates with Austria's existing legal framework and its implications for start-ups, employees, and the broader economic landscape.

Integrating with Austria's Legal Framework

The *Start-Up Promotion Act* serves as a cornerstone for Austria's ambition to foster a more vibrant start-up environment and attract top-tier talent. According to Kienast, it "introduces a further form of tax benefit for employee shareholdings." This initiative builds on existing measures by offering new tax incentives for shares transferred to employees, either free of charge or at nominal value, starting from January 1, 2024.

In addition to these tax benefits, the legislation heralds the introduction of the "flexible corporation," or FlexCo – a novel company form aimed at providing more flexibility and lower barriers to entry for new businesses. The act also reduces the minimum share capital requirement for limited liability companies to EUR 10,000, making it easier for start-ups to get off the ground.

Kienast emphasizes that these legislative measures aim "to improve the legal framework in order to attract the best start-ups and talent." Central to this effort is making employee shareholding schemes more attractive through tax relief and the issuance of "enterprise value shares" in FlexCo entities. This strategic move is anticipated to enrich Austria's start-up ecosystem, though, according to Kienast, its practical outcomes remain to be observed.

Start-up Growth and Employee Incentives

The *Start-Up Promotion Act* is poised to have a profound impact on the growth and financial stability of start-ups in Austria. One of the most significant changes, as Kienast points out, is the deferral of taxation on shares granted to employees. This approach not only benefits employees but also aligns

their tax treatment more closely with that of investors. Specifically, "75% of the exit proceeds are taxed at a fixed tax rate of 27.5%, and only the remaining 25% at the progressive tax rate," – a considerable shift from previous practices.

Furthermore, the act introduces enterprise value shares within FlexCo structures, offering a new class of non-voting shares. This development also simplifies the transfer process of shares, as Kienast highlights: "A long-standing demand was realized – the transfer of a share in a FlexCo no longer requires a notarial deed." And this simplification extends to the acquisition and transfer of enterprise value shares, requiring only a simple written form, thereby reducing bureaucracy and legal hurdles.

The combination of tax advantages and the bolstering of employee shareholder status significantly enhances the appeal of employee share ownership. This, in turn, is expected to "motivate employees and foster their loyalty to the company, contributing to a more dynamic and committed workforce within Austria's start-up landscape."

Tax Benefits and Market Reflections

The *Start-Up Promotion Act* introduces clear tax benefits that are poised to have a notable impact on the market. Kienast explains that the act clarifies that "the granting of employee shares free of charge is not yet considered as taxable income at the time the shares are granted," effectively preventing an immediate tax burden on employees. Additionally, a significant portion of exit proceeds is subject to a more favorable tax rate, which, combined with contribution deferrals on various tax liabilities, presents a compelling incentive for both start-ups and their employees.

These tax benefits reflect a strategic move to make Austria a more attractive destination for start-ups and skilled workers. However, Kienast also cautions that “it remains to be seen whether the new regulations will be accepted,” pointing to the stringent conditions for qualifying for these tax advantages. The success of these measures in stimulating the market will depend on their uptake and the degree to which they can meet the needs of start-ups and employees alike.

Navigating Potential Obstacles

Despite the promising aspects of the new act, Kienast acknowledges several challenges and criticisms concerning its implementation and broader impact. The legislation’s scope is “notably narrow, limiting its applicability to smaller companies with fewer than 100 employees and a turnover not exceeding EUR 40 million. This restriction could sideline fast-growing companies and scale-ups, which are crucial to the vitality of Austria’s start-up ecosystem,” he argues.

Moreover, the conditions for tax relief are stringent, requiring a minimum employment duration of three years and a five-year waiting period for the receipt of exit proceeds. “The reform does not help fast-growing companies and scale-ups,” Kienast concludes, indicating a potential gap in the legislation’s ability to fully support the diverse needs of Austria’s start-up sector. ●



MARKET SNAPSHOT: AUSTRIA

External and Internal Investigations Affected by Recent Developments

By Bettina Knoetzi, Partner, Knoetzi



Internal investigations continue to be a crucial part of a robust compliance management system. Short messages exchanged on smartphones have become a significant source for internal as well as external investigations. The Austrian prosecution authority understands that screening smartphones is close to “manna from heaven” for any investigator. This Market Snapshot reports on two important developments in Austria: a constitutional court decision requiring a significant change of the law, and the impact of the newly implemented law for the protection of whistleblowers.

Landmark Decision for Seizure of Smartphones

In December 2023, the Austrian Constitutional Court rendered a landmark decision for the rule of law and respect of human rights, annulling the previously-controlling rule in connection with the seizure of smartphones and turning the – now unlawful – practice upside down.

Heretofore, the seizure of objects did not require authorization from a court, but only an order from the public prosecutor’s office, whereas a house search required the court’s prior approval. As one smartphone contains likely more sensitive data than a typical house search could produce, the practice of the prosecution authority to seize smartphones without court approval was successfully challenged before the Constitutional Court and declared unconstitutional. By the end of 2024, the relevant pre-existing provisions will be annulled.

In its ruling, the Austrian Constitutional Court ordered that a new regulation must include judicial authorization for the seizure of smartphones and similar data carriers and that the processing of data must be limited to specific data categories. According to statements by the government, the new regulation is planned to become effective within the set deadline, perhaps even sooner.

Protection of Whistleblowers Affecting Internal Investigations

Companies having more than 50 employees should be alert: a new law for the protection of whistleblowers came into force

in Austria (*HinweisgeberInnenenschutzgesetz* – the HSchG), finally implementing the respective *EU Whistleblower Directive*. After significant public criticism, Austria mainly satisfied the directive and did not go beyond it. For example, the new law is restricted to implicating only the 66 European laws specified in the directive.

The HSchG prescribes requirements for establishing Austria’s whistleblower reporting system which are in line with the *EU Whistleblower Directive*. *Inter alia*, the requirements are now set for companies’ internal investigations: (1) Companies having more than 50 employees must establish an internal body to process whistleblower reports – with the necessary financial and human resources to operate. The internal body must be planned, organized, and operated in a secure manner so that the confidentiality of the identity of the whistleblower and third parties mentioned is protected. (2) The internal body is bound by a strict confidentiality regime. The identity of the whistleblower must be protected by the internal body and kept confidential within the company, including management. The identity may only be disclosed with the consent of the whistleblower or if ordered by an administrative authority, court, or the public prosecutor’s office. (3) The internal body must investigate in an impartial and unbiased manner. (4) No later than three months after receiving a whistleblower’s report, the internal body must inform the whistleblower of follow-up measures taken or intended to be taken, or if the investigation has been terminated, the reasons why.

In accordance with the HSchG, a company can assign the duties of the internal body to a joint body. Third parties, such as outside counsel, may also be entrusted to carry out the tasks of the internal body. In such cases, the safeguards and requirements for the internal body apply equally to the joint body or third party so engaged.

The HSchG contains no restrictions with regard to group-wide bodies for the operation of the reporting system. However, considerable practical challenges, such as maintaining confidentiality and documentation requirements, need to be mastered. If the technical solution allows the assignment of rights by the third party only, a group-wide system is feasible. As always, it is advisable to consider the latest interpretations by the EU Commission. ●

Rise in Insolvencies Triggers Wave of Related Disputes

By Bettina Knoetzi and Katrin Hanschitz, Partners, Knoetzi



Galloping inflation and post-COVID-19 challenges are shaping the litigation market in Austria, with an unparalleled volume of insolvencies feeding into a high rate of litigation. Meanwhile, the Austrian government remains hesitant to implement the European collective redress system.

Business Failures

Austria is currently experiencing widespread business failures. Companies previously kept alive only through public subsidies or tax and accounting extensions in response to the COVID-19 crisis are proving unsustainable. Many businesses are unable to meet the challenges of exploding energy and resource costs, high inflation, increasing interest rates, and the costs of an acute scarcity of qualified staff. The number of company insolvencies in 2023 (5,380) increased by 13 % compared to 2022 – which was already up by 57.4% compared to 2021 – and is the highest in 10 years. Job loss due to insolvency is also up by 50% compared to 2022, and individual insolvencies almost hit 9,000. Notably, the number of “worst case” scenarios, in which businesses were unable to scrape together even the EUR 4,000 needed to cover the costs of insolvency proceedings, has increased exponentially.

In 2022 and 2023, consumer trade, construction, and hospitality were hit the hardest. Notably, the construction industry has been hammered by its high percentage of variable interest loans leading to a consolidation of the market. The percentage of Austrian businesses that missed out on fixed-interest loans while the interest rates were still negative is quite high.

The end of 2023 in Austria was jolted by the insolvency of Signa Holding, which constituted the largest-ever insolvency in Austria’s history and drove total debt to over EUR 14 billion.

Litigation Trends

These economic challenges are driving the number and types of litigation and are keeping courts busy. Generally, economic uncertainty is a prime driver of litigation. When funds are tight and future finances uncertain, banks and businesses are less able to compromise or wait for payments.

Insolvency-related disputes, with receivers either as plaintiffs or defendants, are on the rise. Litigators are becoming ever more familiar with preexisting proceedings being interrupted

by insolvency proceedings, subsequently being continued with receivers.

Collective Redress

So far, Austria has no official collective redress system. Instead, practitioners have developed the so-called “Austrian-style” class action, with multiple claims being assigned to a plaintiff for unified prosecution. This system has been in play for many decades and forms the basis *inter alia* for 16 actions on behalf of 10,000 Volkswagen, Audi, Skoda, and Seat car owners currently pending in eight Austrian courts. It does not, however, provide the consistent access to justice contemplated by the *Collective Redress Directive* that was to have been implemented by EU member states by the end of 2022, with the new laws coming into effect by June 25, 2023.

Like various other EU members, Austria is late in implementing this directive. Stakeholders in Austria have been unable to reach a consensus on even a ministerial draft, despite pressure and notwithstanding the German law being passed in October 2023. Currently, besides Austria, only Estonia and Poland have failed to implement the *Collective Redress Directive*. This slowness comes as little surprise to litigation insiders who have seen numerous initiatives on collective redress in the past decades reach a dead end, despite the constantly increasing demand.

The crux is that the implementation is set to significantly change Austrian civil procedural law and substantive tort law provisions, including a revised interruption of the statute of limitations. This has led to significant – including political – resistance. The details of the new regulations are expected to include: (1) an “opt-in” model for individual claimants, (2) the right to file class actions being restricted to certain “qualified entities”, such as those currently allowed to seek injunctive relief for third parties (e.g., consumers and competitors), (3) significant legal benefits to individuals who join a class in action, and (4) allowing for redress of claims based on any legal grounds, not only for those claims specified in the EU directive catalog.

In view of the significant cost of litigation for individual claimants and the restricted availability of litigation funding in Austria for smaller claims, Austria’s reluctance to proceed has led to strong criticism from consumer protection organizations. The EU is now forcing the issue by initiating infringement proceedings against Austria. ●





**KNOW YOUR LAWYER:
FRANCINE BROGYANYI
OF DORDA**

Career:

- Casinos Austria; Member of the Supervisory Board; 2019-2023
- Dorda; Managing Partner; 2019-present
- Dorda; Partner and Head of Health & Life Science Group; 2012-Present
- Dorda; Principal Associate; 2006-2012
- Dorda; Associate; 2001-2006
- Magna International, Legal Counsel; 2001-2001
- United Project Management (Sydney, Australia); Project Manager; 1994- 1994
- Mobil Australia; Trainee; 1994-1994

Education:

- University of Vienna; Mag Iur; 1999

Favorites:

- Out-of-office activity: Cooking and bringing together interesting people over good food
- Quote: “Fight for the things that you care about, but do it in a way that will lead others to join you.” – Ruth Bader Ginsburg
- Book: *Charlie and the Chocolate Factory*
- Movie: *The Way They Were* with Robert Redford and Barbra Streisand

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

Brogyanyi: Initiating *Women@Dorda*, I was the only female Partner at the time, and still young. I wanted too much too quickly.

I then realized that it was important to speak to the other Partners and find out which steps they were willing to take, which points were an easy fix, and which steps would take more time. I then realized that the Partners were willing to agree on flexible work models for lawyers (Principal Associates and Partners) if the parameters were clear. So that was the first step we worked on and rolled out for all lawyers (male and female). That led to more retention of female talent and lawyers reducing working hours to look after their families. Currently, we have more male than female lawyers taking advantage of our flexible work models. So, that one step was very impactful and led the way for many other initiatives.

CEELM: And what was your main takeaway from it?

Brogyanyi: It's better to take small steps and constantly move forward. Rather than getting fixated on the big steps, but not getting anywhere.

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

Brogyanyi: I was a professional synchronized swimmer in the Austrian national team.

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

Brogyanyi: Stefan Guenther, who was my team Partner at

Top 5 Projects:

- Advising BioNTech and Moderna as the COVID-19 vaccine frontrunners in connection with conducting clinical trials in Austria and the subsequent distribution of their COVID-19 vaccines in Austria during the pandemic.
- Representing Align Technology in internationally coordinated litigation against DrSmile to level the playing field on the European market by enforcing regulatory compliance of DrSmile's business model and advertising across jurisdictions, making Aligner therapy safer for all patients.
- Advising Novartis Pharma in implementing its cutting-edge CAR-T cell therapy, an individualized treatment designed specifically for each patient to fight certain blood cancers. This project was highly complex and innovative from a legal perspective as it was the first individualized cell therapy on the Austrian market, in addition, it was of utmost importance to make this therapy available and reimbursable in Austria.
- Successfully representing Philips in numerous product liability cases in Austria and coordinating litigation with other jurisdictions due to Philips' international recall of CPAP medical devices in 2019.
- Assisting BrainHero in connection with the certification of their product as a medical device and, thus, allowing BrainHero to help hundreds of children.

Dorda. He is very intelligent and quick-witted, so he was intellectually demanding but fascinating to work with because we always found a solution. He taught me to be very straight and honest with people because they might not always like what they hear but they will respect that you were honest. And that is something that has helped me tremendously as a team leader. Clarity – which is Dorda's mission – is not only meant as clarity in our advice for clients but also as clarity – and thus respect – toward our employees. I want my team members to always know what they are doing well, but also in which points they could improve and how. Respect is very important to me.

CEELM: Name one mentee you are particularly proud of.

Brogyanyi: I am proud of all my mentees (three at the moment) for different things, but if I have to choose then I choose my only female one: Magdalena Nitsche, who is part of the restructuring and insolvency team. I really think that Magdalena is a very good lawyer and that she will be a terrific Partner. She truly is a great woman, using a lot of her time to co-lead *Women@Dorda* together with me. She is an expert in her chosen field – restructuring & insolvency with a crossover to insurance law – initiating an Austrian network for women in restructuring. She is terrific with clients and her team, so I definitely believe that Magdalena is a next-generation legal star. I can't wait to see her climb the career ladder.

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

Brogyanyi: Live outside of your comfort zone, be vulnerable, and be open to all ideas – it's the only way to grow.



MARKET SPOTLIGHT: BULGARIA

ACTIVITY OVERVIEW: BULGARIA

Firms with the most client matters reported by CEE Legal Matters between January 1, 2013, and February 15, 2024:

1.	CMS	90
2.	Djingov, Gouginski, Kyutchukov & Velichkov	89
3.	Boyanov & Co.	63
4.	Kinstellar	42
5.	Schoenherr	42

Partners with the most client matters reported by CEE Legal Matters between January 1, 2013, and February 15, 2024:

1.	Kostadin Sirlishtov	53
2.	Georgi Tzvetkov	35
3.	Damian Simeonov	19
4.	Nikolay Bebov	18
5.	Yordan Naydenov	17



BULGARIA STEPS OUT OF A LEGISLATIVE BACKLOG

By Teona Gelashvili

In September 2022, CEE Legal Matters reported on Bulgaria's outstanding legislative packages caused by three parliamentary elections being held in the span of eight months. Nearly two years later, Hristov & Partners Partner Dragomir Stefanov, Kambourov & Partners Partner Veronika Hadjieva, Penkov, Markov & Partners Associated Partner Nikolay Voynov, Peterka & Partners Partner Plamen Peev, and Schoenherr Bulgaria Co-Head of Real Estate Elena Todorova discuss the progress made after the extended legislative hiatus.

The 18-Month Recap: Then and Now

Back in 2022, there was a significant backlog of pending legislation. “The conversation revolved around the need to adopt 22 legislative amendments in the Bulgarian anti-corruption legislation, public procurement, energy legislation, and the Bulgarian *Commerce Act*, which in one way or another are related to the implementation of the *European Green Deal* and the admission of Bulgaria to the Eurozone,” Todorova points out.

“Following four unsuccessful attempts of four different national assemblies between 2021 and 2023 to elect a new regular government, finally, in June 2023, the 49th National Assembly voted on a new government,” Voynov adds. “The parliamentary majority is a mix of the first and second political parties – the GERB and *We Continue for Change*.” This collaboration, however, has been full of challenges, Voynov says. “The mix of the two most significant political rivalries into one ruling quasi coalition has proved to be extremely difficult to manage and has resulted in more than few political rows on very important domestic topics.”

Consequently, almost two years later, there seems to be progress on the legislative front. “Despite public frictions and quarrels, the ruling majority was relatively united in adopting key legislative initiatives in 2023 and managed to address concerns,” Stefanov notes. “In the past six months, there was a proactive effort to pass legislation aimed at aligning the legal framework with the needs of the rapidly evolving economy,” Hadjieva agrees.

According to Peev, “While the agenda has been predominantly set to address requirements under the *Recovery and Resilience Plan*, many other amendments have been pushed through, with even more underway.”

First and Foremost: The Constitution

Among the recently adopted laws, “perhaps the most anticipated changes – those in the country's Constitution – were adopted shortly before Christmas 2023,” Todorova says. “Some of

the changes in the Constitution focus on the functions of the Supreme Judicial Council and on limiting the powers of the Chief General Prosecutor.” This change, according to her, is rather positive, as “Bulgaria has been criticized by the European institutions for years because the position of the Chief General Prosecutor was practically ‘uncontrolled,’ and prosecutors were subordinate to them.”

For Peev, a major constitutional change is related to “the entitlement of all courts to address the Constitutional Court in the course of pending disputes. Plenty of further rules at the legislative level are expected to ensure the functionality of the constitutional changes.”

“While it remains to be seen whether in practice the constitutional amendments will improve the judicial climate in the country,” Stefanov says, “some of them are undoubtedly a positive sign.”

Streamlining Business Dynamics: Commerce Act Updates

Stefanov also highlights the amendments in the *Commerce Act*. “Major amendments to the *Commerce Act* often concern the rules regarding insolvency and 2023 made no difference,” Stefanov says. “Along with key changes in the general rules on insolvency, a completely new insolvency procedure for physical persons (entrepreneurs) was adopted.”

“Furthermore, a new type of capital company was instituted – the so-called ‘variable capital company,’” Todorova adds, highlighting that “it blends a limited liability company and joint stock company and, to a certain extent, resembles the UK's open-ended investment company – OEICs.” Like an OEIC, “a variable capital company can issue shares at any time, and its capital may vary,” Todorova notes, but at the same time, the latter is not regulated or supervised by the financial supervision authorities. “This new vehicle aims to provide start-up technology companies with a more practical approach, reducing some of the bureaucratic obstacles,” she stresses.

Hadjieva emphasizes that there is still a need for amendments



Dragomir Stefanov, Partner,
Hristov & Partners



Elena Todorova, Co-Head of Real Estate,
Schoenherr Bulgaria



Nikolay Voynov, Associated Partner,
Penkov, Markov & Partners



Plamen Peev, Partner,
Peterka & Partners



Veronika Hadjieva, Partner,
Kambourov & Partners

to the Commercial Act to be expedited: “The voluntary liquidation of a business in Bulgaria is a long and expensive procedure, which leads to a large number of ‘dormant’ companies that have never been active or have ceased their activity, the result being legal uncertainty as to the actual economic status of entities listed in the Commercial Register.”

Bulgaria’s Energy Future

Voynov highlights other severe delays of much-needed reforms, “most notably in the energy sector, some of which also related to the successful implementation of the projects in the *Recovery and Resilience Plan*.” According to him, “until now, the implementation of the *European Green Deal* in Bulgaria has required the adoption of an action plan for the timely transformation of the Bulgarian economy, which is among the least developed among the EU Member States in terms of GDP per capita, and is one of the most carbon-intensive economies in the union.”

“Renewable energy legislation has undergone important amendments,” Peev adds, noting that it includes “shorter terms for permit issuance for certain projects, facilitation of connectivity also through temporary access to grids schemes, and the introduction of an obligation for the maintenance of e-registers with up-to-date information on connection applications.”

According to Todorova, the energy storage facilities’ legislation is also rapidly developing: “The so-called ‘Connection Ordinance’ will be adopted by the end of February 2024. However, the connection of storage facilities to the grid is already legally possible under the *Energy Act* following the connection procedure stipulated for the energy generators. These amendments are paving the path for Bulgarian energy independence.”

Preparing for the Eurozone

Peev additionally reports that “a new act on the Bulgarian National Bank has also recent-

ly been passed.” This, according to him, is “a precondition for the country’s targeted joining of the Eurozone from January 1, 2025.”

“Bulgaria is not yet a member of the Eurozone,” Todorova adds. “The Bulgarian lev, however, has been part of the exchange rate mechanism (ERM II) since July 10, 2020, maintaining a fixed central rate of 1.95583 to the euro. Bulgaria currently meets all Maastricht criteria except for inflation, which is decreasing by the month and already approximates the reference level. It is expected that the country will meet the technical criteria and can join the Eurozone on January 1, 2025.”

Moving Forward

Despite the rapid pace of legislative activity, there is still work ahead. “There’s plenty of work to be done locally in relation to EU legislation, including areas like data governance, renewable energy, minimum wage, etc.,” Peev notes. “Special attention should be paid to the suggested rules on the screening of foreign investments,” he adds. “The draft is rightly criticized for reaching far beyond the EU Regulation, and it raises serious concerns as to the dramatic effects it may have on investment flows into the country.”

“On a separate note, the division of the *Territorial Planning Act* into two separate acts would significantly contribute not only to the day-to-day administrative procedures for the realization of buildings but also to the development of the infrastructure projects, such as energy, transport, and manufacturing,” Voynov adds. “This will improve the investment climate in Bulgaria, which has been severely impacted by the COVID-19 crisis and galloping inflation.”

Finally, Peev notes that “it’s important to address Bulgaria’s inclusion in October 2023 in the grey list of countries subject to increased monitoring of the FATF resulting from the country’s deficiencies with countering money laundering and terrorist financing.” ●

BULGARIA'S SCHENGEN PATH

By Teona Gelashvili

After years of preparation, Bulgaria's integration into the Schengen area marks a significant moment, with the lifting of border controls at air and sea entry points as of March 2024. Boyanov & Co Managing Partner Borislav Boyanov, Dinova Rusev & Partners Managing Partner Ivelina Cherneva, Djingov, Gouginski, Kyutchukov & Velichkov Partner Anton Krustev, and Gugushev & Partners Senior Partner Victor Gugushev discuss Bulgaria's pursuit of Schengen integration.

A Step Forward

"Bulgaria's Schengen journey has been paved with legal and political milestones," Gugushev begins. "This translates to the current rules where air and sea travel for Bulgarian citizens is visa-free within Schengen member states, marking a novelty for many."

Krustev further explains that "checks on persons at internal air and sea borders with and between Bulgaria and Romania and the other countries part of the Schengen area shall be lifted as of March 31, 2024." As for the checks on persons and vehicles at internal land borders, Krustev says that "there are no novelties, and the current limitations remain unchanged. Land border crossers are subject to the standard migration check rules, without exception, until Bulgaria achieves full accession to the Schengen zone."

"From a practical and technical point of view, it is a partial accession," Boyanov notes, highlighting that still, "from the viewpoint of European law and the purely political and legal view, it is not a partial accession because Bulgaria will be joining other members of the Schengen area on the table for a discussion about all Schengen-related topics on an equal basis."

Charting Progress

In terms of the process leading up to the partial accession, Cherneva says that "Bulgaria has been working toward joining the Schengen zone for years, initiating amendments in its legal framework since 2013 to comply with Schengen rules and requirements."

"For a very long time, Bulgaria has been ready to join the Schengen area," Boyanov continues. "The European Commission first confirmed that both Bulgaria and Romania were ready to become part of the Schengen area without internal border controls in 2011. Since then, Bulgaria and Romania have continued to demonstrate that they fulfill the conditions for becoming Schengen members." Boyanov adds that overall, "it was a very long and painful process for both Bulgaria and Romania."

The extensive journey toward partial accession, Gugushev explains, "involved evaluations by EU bodies focusing on border security, rule of law, and adherence to the Schengen *acquis*. Ongoing technical preparations have also been crucial."

Moreover, Cherneva underscores recent legislative changes in Bulgaria, particularly in relation to the *European Travel Information and Authorization System* and the *Extradition and European Arrest Warrant Act*, to name a few. Additionally, Cherneva notes significant efforts in implementing technical equipment at border crossing points to align with Schengen standards: "Due to efforts made in recent years, the border crossing points have been equipped with the necessary technical and administrative formalities to harmonize customs regulations and tariffs with Schengen standards." These amendments, Cherneva emphasizes, "enhance cooperation with other Schengen member countries in law enforcement, security, and judicial matters."

Opening Doors

The accession, even if partial, is perceived as positive overall, according to Gugushev. "The impact of partial accession is multifaceted. The overall economy stands to benefit from increased tourism and potential trade growth, particularly for export-oriented industries."

"The accession of Bulgaria to Schengen, starting with lifting control at air and sea borders as of March 2024, will boost travel, trade, and tourism and further consolidate the internal market," Boyanov continues. "The accession of Bulgaria and Romania to Schengen will contribute to eliminating barriers within the single market, mainly in terms of facilitating transport flows, as well as fostering EU competitiveness and growth potential." This, according to him, will likely improve the connectivity "not only between Bulgaria and the other the EU member states but also between Bulgaria and third countries located outside Europe because traders, investors, and tourists from these countries would perceive Bulgaria more positively after its accession to Schengen."

Krustev also highlights potential economic benefits, adding that "easier travel within the Schengen area also boosts tour-

ism and cultural exchange.” An enlarged Schengen area, on the other hand, “will make the EU stronger as a Union, internally and on the global stage. It will make the Union stronger through reinforced protection of the common external borders and effective police cooperation – more prosperous by eliminating time lost at borders and facilitating people and business contacts – and more attractive by significantly expanding the world’s largest common area without internal border controls,” Krustev notes.

“The challenge for Bulgaria after entering the Schengen area at the end of March 2024 would be rather to find innovative ways to take advantage of its right to vote and to take various initiatives,” Boyanov continues. “Continuous assistance on the side of the EU for Bulgaria and Romania in protecting EU external borders, substantial financial support, and Frontex assistance would significantly benefit both countries by providing more resources, equipment, and expertise against not only migration but also illegal import of any kind of goods.”

Hurdles Ahead

Despite progress, significant challenges persist on the horizon. “As Bulgaria takes its first steps within the partially accessible Schengen zone, a web of legal and political nuances emerges,” Gugushev adds. “While air and sea travel soars unburdened, land borders remain subject to checks, creating a complex landscape for businesses and citizens alike.”

“The land transportation sector, being the most volume-intensive segment, is adversely affected by Bulgaria’s partial acceptance into the Schengen zone,” Cherneva continues. “A significant portion of import-export trade occurs via land borders, and the existing burdens continue to impact this segment.”

Consequently, Boyanov stresses that “the Bulgarian economy would not be able to fully benefit from the positive impact of the

country’s accession to the Schengen area until the control over the land borders is lifted.”

Toward Full Inclusion: What’s Next?

In terms of the next steps, the path forward to full Schengen accession isn’t as distant as it might seem. “Discussions on a date for a possible lifting of the checks on persons at internal land borders will continue in 2024, and a decision by the European Council on this matter is expected within a reasonable time frame, according to the EU,” Boyanov reports. “The expectations in both Bulgaria and Romania are related to possible lifting controls on land borders within 2024, but as a result of difficult negotiations. Some dose of pessimism about the time of the final outcome still exists because it is related to the domestic political developments in Austria. However, it should be remembered that Austria experienced an identical situation in its accession to the Schengen area regarding lifting control on the land borders in the past as Bulgaria and Romania at present.”

“While Bulgarian politicians express optimism for full accession by the end of 2024, the European Commission maintains a more cautious stance, stating that discussions will continue in 2024, with a decision by the Council expected within a reasonable time frame,” Krustev adds. “Taking into account Bulgaria’s geographical position, relentless collaboration together with additional efforts would be needed with Austria, Romania, and the European Commission to achieve this goal.”

Despite the absence of a definitive timeline for full membership, Gugushev stresses the importance of addressing concerns of certain EU members regarding border security and the rule of law. “While there is no clear timeline for full membership, addressing concerns raised by certain EU members about border security and the rule of law is paramount. Open communication and continued reforms are key to unlocking the next steps,” he concludes. ●



Anton Krustev,
Partner,
Djingov, Gouginski, Kyutchukov &
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Borislav Boyanov,
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Ivelina Cherneva,
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MARKET SNAPSHOT: BULGARIA

Real Estate Market in Bulgaria at the Beginning of 2024

By Elena Todorova, Co-Head of Real Estate, Schoenherr Bulgaria



It has started humbly, but 2024 is expected to be a year of interesting political developments. At a global level, there will be elections for the President of the United States and for the European Parliament. At a local level, in Bulgaria, a rotation of the government is expected, which means that, according to the preliminary agreements between the governing parties, the position of the Prime Minister will be taken by Mariya Gabriel (of the GERB party; currently at the position of Deputy Prime Minister), who will replace the current Prime Minister – Nikolay Denkov (of the We Continue the Change party) – in March. For now, it is still questionable whether this switch will trigger the termination of the mandate of some of the ministers.

Although politics has an impact on the business environment, the development of the real estate market is stable. It seems to continue to enjoy high demand, driven by both local and foreign investors. Experts expect a decreasing inflation. This is a condition for Bulgaria's acceptance into the Eurozone in 2025 and, therefore, the main political goal of the ruling parties

According to *Eurostat*, the annual inflation rate in Bulgaria for December 2023 is 5.0%, which is 1.6% higher than the general inflation rate in the EU (3.4%) but significantly lower than the inflation rates in the Czech Republic (7.6%), Romania (7%), and Austria (5.7%).

For 2023, the front interest rate is 2.54% (the average interest on mortgage loans for consumers is approximately 2.6%). For now, there is no information on significant changes in interest rates in 2024. The Bulgarian National Bank's statistics from the end of 2023 demonstrate an 18.8% annual increase in housing loans. In fact, the positive development of the housing market in 2024 is an expected trend. This is also a consequence of the increase in the incomes of employed persons.

Foreign investors no longer see the country as a cheap labor

destination. Especially after wages have skyrocketed over the past two years as employers compete to hire the scarce skilled labor available. This, for example, is one of the conclusions of the survey of Advantage Austria. As to the traditional concern for the long-term investments related to the negative demographic growth in the country, Bulgaria has adopted a financial policy whose goal is for the average incomes in the country to reach 65-70% of the average European incomes. The expectation is that such an income level will stimulate Bulgarians living abroad to return to the country. This is already happening in some economic sectors: energy, mechanical engineering, and the IT sector. We expect the tendency to continue since Bulgaria has secured its membership in the Schengen Area by air and sea as of March 2024.

After the decision of the EU Court of Justice which lifted local (Bulgarian) law restrictions EU citizens used to face when buying agricultural land in Bulgaria, we expect possible shifts in the agricultural land market and the entry of institutional investors into the sector.

The office space market in Bulgaria is dominated by the demands of IT companies. The IT sector is second in terms of added value in the country's economy. The sector is still experiencing the consequences of the so-called "home office wave," but the return of businesses to office buildings is already observed. It is expected to get more obvious, especially in light of the latest top news generated by the sector. Specifically, in December 2023, Amazon Web Services donated USD 1 million to INSAIT to launch a faculty position in automated thinking. The donation will be used to jump-start the field of automated reasoning by providing salaries for professors and scholarships for incoming students (Ph.D.s, masters, and undergraduates). At the same time, on January 15, 2024, INSAIT launched a Bulgarian AI tool designed to serve Bulgarian state institutions, businesses, and the general public. BgGPT is the first open-source AI model of the latest generation in Bulgarian. With its launch, Bulgaria became one of the few countries in the world with its own GPT system, taught in its own language. ●

M&A in Bulgaria: A Positive Outlook

By Pavel Hristov and Dragomir Stefanov, Partners, Hristov & Partners



Deal activity (both in terms of value and volume) dropped at the end of 2023 and the start of 2024. This is hardly surprising considering the overall unstable international environment and the variety of destabilizing factors at play. Regardless, we see signs of recovery.

Bulgaria's economy remains stable, with generally positive prospects. In October 2023, Fitch Ratings confirmed Bulgaria's Long-Term Foreign-Currency Issuer Default Rating at BBB with a positive outlook. Inflation has been contained to 4.7% annually (between December 2022 and December 2023). The 2024 state budget projects a deficit of 3%, GDP growth of 3.2%, and annual inflation up to 4.8%. All that helps Bulgaria negotiate with the ECB its entry into the eurozone as early as 2025. The financial system is healthy and largely profitable. Lending continues without interruption at record levels and at interest rates generally lower than in most of the eurozone countries.

As of March 31, 2024, Bulgaria will join the exclusive Schengen club, and our citizens will be able to travel by air and sea, without border controls, across the Schengen Area.

Inbound M&A

Bulgaria has been increasingly recognized as a home of target businesses that are (globally) scalable, with high-growth potential. This is due to a mixture of beneficial local circumstances and characteristics that position it in a favorable light. To name just a few: a proactive generation of serial entrepreneurs who have created, developed, and sold successful businesses and currently reinvest their earnings into subsequent projects (in the same or often completely different industries and markets) and a mature ecosystem including start-ups, investors (individual angels and sophisticated venture capital and private equity funds), advisers (many law firms play active roles in business and industry associations), highly educated and professionally accomplished diaspora of Bulgarian experts, managers, C-level executives, and businessmen/women from developed markets. As a result, the interest in the market and the dealmaking in 2024 will increase. Local sellers should, however, be more realistic with their valuation expectations because buyers lately are not determined to close a deal at any cost simply due to a fear of missing out.

Many of the factors above led to a probably small in terms of value (the purchase price has not been disclosed) but a very high-profile acquisition of a Bulgarian start-up company by

a Big Tech mastodon: In October 2023, Meta, the owner of Facebook and Instagram, acquired Acutance Imaging.

Outbound M&A

Several Bulgarian strategic and financial investors actively look for targets in the SEE region. As an example, Invenio Partners co-invested in the vocational education division of the Serbia-founded LINK Group. At the same time, early-stage VC firm Launchub Ventures invested in the Hungarian-UK AI startup Colossyan as part of USD 22 million Series A funding.

Key Takeaways

It is predominantly a buyer's market, but to a lesser extent in the industries that still attract major investors and maintain high valuations like healthcare, technology (especially fintech with two very recent acquisitions: Advent International/myPOS and Ingenico/Phos), and their intersection – healthcare tech. Transaction structures and documents have become more balanced and reflect the buyers' stronger positions and legitimate interest in risk reduction. Sale processes and transaction negotiations take longer, and transaction structures and documents are more complex and detailed, aimed at addressing most of the identified risks. Buyers and their advisers are often reluctant and much less willing to leave such risks not legally covered.

Naturally, some deals are delayed and will potentially be aborted. Bulgarian regulators may cause considerable delays in the closing of signed deals. The Commission for the Protection of Competition has delayed the review of several major cross-border, multijurisdictional transactions that were not large enough to fall within the jurisdiction of the EU Commission (Advent International/myPOS and Emirates Telecom/PPF Telecom Bulgaria). There are precedents where parties filed directly with the EU Commission, bypassing the national authority and obtaining relatively fast and simple merger clearance.

Both sellers and buyers have awakened from the over-excitement typical in the last record-breaking years – we see more pessimism. Unlike in recent times, parties lately enter into negotiations determined to walk away if the terms offered remain unsatisfactory. The room for compromises and concessions has narrowed. For buyers, it is not the end of the world if a deal they pursue does not materialize. Sellers and advisers should be aware. ●



Banking Legislative and Business Developments in Bulgaria During 2023

By Tsvetan Krumov, Partner, Schoenherr Bulgaria



Following a long period of political instability, including five snap parliamentary elections in the past couple of years, as of June 2023, Bulgaria has a broad coalition government supported by a large parliamentary majority.

Legislative Developments

Many crucial laws that were delayed due to the lack of a stable parliament are now being adopted. Notably, the *EU Restructuring Directive (EU) 2019/1023* was transposed in 2023 by amending the existing preinsolvency restructuring regime in Bulgaria. The “likelihood of insolvency” criterion as a prerequisite for the restructuring application was amended. It is now defined as the debtor’s expected inability to make payments (previously, only certain payments were relevant) based on their maturities over the next 12 months (as opposed to six months previously). The six-month threshold proved to be too short, as applications were submitted too late, and the courts were regularly faced with actual insolvency – as opposed to a likelihood of insolvency – when deciding on them. Certain typical arrangements in credit documentation, such as acceleration of all loan repayments, due to filing for or commencement of restructuring are now prohibited. Others need to be aligned with some specific facets of the transposition of the *EU Restructuring Directive*.

Further statutory novelties relevant to corporate financings are expected in 2024 as part of Bulgaria’s plan to join the Eurozone on January 1, 2025.

Business Developments

Bulgarian banks in 2023 remained over-liquid with a very high level of deposits at symbolic interest rates. This continued to keep interest rates under credits at record-low levels compared to other EU countries. Credit activity remained elevated and certain areas such as residential property financing. It increased by more than 20% compared to 2022. The Bulgarian National Bank (BNB) attempted to slow down this expansion by increasing the banks’ minimum capital reserves from 10% to 12% but reported only a minor increase in interest rates under credits as a result. The BNB’s chairman hinted recently that further measures of this sort may be taken soon, motivated by the need to “prevent household over-indebtedness.”

A specific business that continues to attract lots of financing is renewable energy (mostly solar projects). Due to the sharp rise in electricity prices and the development of more efficient and cheaper solar energy technologies, solar power plant construction has become a profitable business. We saw a significant rise in large-scale project financings as well as acquisition financings for renewables. The largest local banks are capable of making such loans individually, while smaller banks tend to form syndicates. Local banks in such syndicates are ready to provide significantly lower interest rates compared to foreign banks but are not able to do so individually due to capital and large exposure restrictions. Hence, the number of local banks participating in such syndicates has been growing in recent years. Foreign lenders, however, are sometimes more flexible in their requirements for extending loans, so when time is a crucial factor (which is often the case with renewables), borrowers resort to bridge financing provided by foreign banks at higher interest rates.

The telecom sector has also been attracting a lot of financing lately. Telecoms concentration has been a trend, with the largest players pushing to increase their clients via the acquisition of smaller internet/cable TV providers or other operators. Smaller-scale acquisitions are numerous, though not so visible, and are usually financed by Bulgarian banks. Larger-scale acquisitions are financed by foreign bank syndicates and private placements of notes.

There are also plenty of individual projects or acquisitions in various other sectors that are attracting significant financing, such as IT services, agriculture, and automotive parts manufacturing, to name a few. The largest financings or those where local subsidiaries of global foreign entities are at stake continue to be provided by syndicates organized by foreign banks.

In recent years, the EBRD and EIB made a number of unfunded risk-sharing guarantee arrangements with Bulgarian banks, increasing local banks’ capacity to provide credits. Last year, the EBRD extended the scope of its risk-sharing facilities with two major Bulgarian banks to cover syndicated credits as well, and already provided guarantees to syndicated credits. When local banks avail of such risk-sharing guarantees under particular credit arrangements with their borrowers, those ultimate arrangements need to follow some established models of the guarantors that are in some cases more sophisticated than local banks’ models. Therefore, the activities of the EBRD and EIB in this respect also have a generally positive impact on the development of credit documentation in Bulgaria. ●

Bulgaria Updates its Copyright Act in Line with the DSM and CabSat Directives

By Anna Tanova, Head of Media and IT, CMS



The Bulgarian Parliament adopted amendments to the *Copyright and Neighboring Rights Act (CNRA)* in December 2023 to transpose the *Digital Single Market Directive (EU) 2019/ 790* and the *CabSat Directive (EU) 2019/789*.

The DSM Directive generated less debate than the CabSat one and was implemented close to the original wording, with some national specifics.

Press Publications

Press publishers now have a neighboring right to authorize the reproduction and the making available to the public of their publications for online use by information society service providers (ISPs). “Press publishers” are widely defined to include service providers that, in the course of their economic activity, publish press publications under their editorial control and responsibility. These will encompass publishers of traditional periodicals, magazines, online media, and news agencies. Scientific journals are not covered. The definition of a “press publication” includes a literary work of a journalistic nature, photographic work, and audio or video material in so far as it provides information to the general public relating to news or other topics and is published in a periodical (newspaper, magazine) or regularly updated online media. The neighboring right continues for two years (as of January 1, of the year following publication). Press publishers may not restrict the private or non-commercial use, hyperlinking, and use of individual words and very short extracts of press publications. Taking a more practical approach, the national legislator has defined a “very short extract.” Thus, an ISP could use freely the title and first 100 consecutive characters of a publication, a preview image in a small format with a resolution of up to 128 by 128 pixels, and/or part of a sound file or a video of up to 3 seconds. Such a definition is not provided in the DSM Directive. A “very short extract” must have a uniform interpretation across the EU, so we will see whether the definition will be in line with the EU concept. The new publisher’s rights could be managed individually or through a Collective Management Organization (CMO).

Fair Remuneration and Transparency

The amended CNRA provides for fair and proportionate remuneration for authors, performing artists, phonogram and film producers, and broadcasting organizations for the use of

their works and subject matter. The fair remuneration principle applies to exclusive and non-exclusive license agreements. It is complemented by a contract adjustment mechanism applicable for the authors and the performing artists. In the event the initially agreed license fee turns out to be disproportionately low compared to the subsequent revenues derived from the exploitation of the work or performance, the author or performer may claim additional remuneration from the licensee. Fair remuneration is further ensured by a transparency mechanism. Licensees are obliged to provide authors and performers with up-to-date, comprehensive, relevant, and exhaustive information about the use of their work or performance and the revenue generated from that use. The transparency obligation and contract adjustment mechanism do not apply to license agreements with CMOs.

The assessment of “disproportionately low” remuneration must consider not only the relevant subsequent revenues but also specific circumstances, individual contribution, industry practice, and sector specifics. The Bulgarian legislator agreed with the creative industries’ proposal to encourage self-regulation through good practice standards for the effective implementation of the fair remuneration principle, the adjustment mechanism, and the transparency obligation.

These new mechanisms promote the fair economic value of the licensed right, so the parliament also voted to remove the statutory restriction on the duration of licenses. License agreements can now be concluded for more than ten years.

The Debate on the Transmission of Programs through Direct Injection

The implementation of Article 8 of the CabSat Directive led to long and complex discussions between broadcasters, network operators, and CMOs. As a result, puzzling Article 21 of the CNRA provides that, when a program is transmitted to the audience through direct injection, both the broadcasting organization and the signal distributor (network operator) participate in a unified act of transmission to the public for which both the broadcaster and the signal distributor must obtain separate authorizations from the rightsholders, each for its specific contribution. Rightsholders may only exercise their right to grant or refuse authorization to the signal distributors through a CMO. It remains to be seen how the specific contribution of the broadcaster and the signal distributor will be calculated in the CMOs tariffs. This year, it is expected that the transmission tariffs of the CMOs will have to be negotiated with relevant industry organizations. ●

Focus on Wind, Electricity Storage, and Phasing Out Lignites

By Kostadin Sirleshtov, Partner, Borislava Piperkova, Counsel, and Dian Boev, Associate, CMS



Having a somewhat steady Government and Parliament since mid-2023 has led to more predictability in the Bulgarian regulatory environment for renewables. In October 2023, some important and significant changes to the *RES Act* entered into force, thus solidifying local support for renewable energy.

Bulgaria's power generation is still highly dependent on its baseload power capacity coming from lignite-powered thermal power plants (over 3,000 megawatts). Therefore, changes are necessary to allow Bulgaria to decrease its CO₂ emission by 55% until 2030 compared to 1990 and reach a net-zero economy by 2050.

At the end of 2023, the Parliament adopted the country's roadmap for decarbonization (Roadmap). The main milestones envisage (i) successful tenders for storage capacity in 2024, (ii) the phase out of 1,600 megawatts of its thermal power plants until 2026, (iii) new nuclear and RES capacities of 14,000 megawatts, offshore wind capacities of 2,500 megawatts and 2,000 megawatts storage capacities until 2040, and (iv) the refurbishment of the Chaira Pumped Storage Hydro-power Plant with a power production capacity of 864 megawatts and pumping capacity of 788 megawatts (a key asset in the energy balancing market).

The Parliament has not yet introduced a tender or other competitive procedures for securing grid connections for new RES projects, and the grid connection agreements are granted on a first-come-first-served basis. By the end of 2023, the Bulgarian Transmission System Operator confirmed that it had received applications for the construction of RES projects with a total installed capacity of over 45,000 megawatts. Therefore, in October 2023, the Bulgarian Parliament introduced stricter rules for grid connection that require developers to pay a deposit/guarantee in the amount of EUR 25,000 per megawatt installed capacity to secure their grid connection, thus urging developers to implement their projects and to terminate speculative applications. In addition, the amendments set out the validity term of the preliminary and final grid connection agreements for two years each, compared to the previous three-year validity term of the final grid connection agreements.

The Roadmap re-affirms the Government's intention to start the long-awaited grant scheme in accordance with the *National*



Recovery and Resilience Plan for supporting new RES capacity of 1,425 megawatts production capacity and 350 megawatts storage of electricity. The grant scheme shall enhance the RES production (from solar and wind) with storage capacity and envisages investment support only for the storage facilities component of projects, covering up to 50% of expenditures for storage. The legislative framework is favorable for the storage facilities since they are not subject to a licensing procedure and the law treats them as movable objects which benefit from a simplified procedure for their installation. Considering that the projects shall be implemented until August 2026, it is impossible for wind projects to benefit from the tenders.

To allow the enhancement of renewable energy in the regions affected by CO₂ emissions reduction, at the end of 2023, the EU Commission approved the Bulgarian *Just Transition Budget* in the amount of EUR 1.2 billion supporting the coal power plant's phase-out acceleration, reskilling and upskilling, and creation of new employment opportunities for over 15,000 workers in the affected regions.

Taking into account the phase out of the thermal power plants, the Roadmap envisages commissioning 3,500 megawatts of new renewable energy capacity and 1000 megawatts of new storage facilities by 2026.

Offshore wind appeared on the Parliament members' agenda in 2024 as an offshore renewable energy draft act was adopted at first voting in early 2024, which aims to regulate how Bulgaria's offshore wind potential will be exploited to lure major key investors. It is expected that the Parliament will pass the draft act into law in the upcoming months. The draft act proposes 80 EUR per megawatt hour as the minimal strike price under the CfD scheme and, in practice, it may introduce CfD agreements in the Bulgarian energy sector.

Considering that over 1,000 megawatts solar capacity were commissioned only in 2023, it is highly expected that in 2024, the renewables market will retain its vibrant upward trend. Major strategic investors are entering the Bulgarian market, and in early 2024, three photovoltaic projects with a total installed capacity of over 80 megawatts were acquired by a foreign investor. ●

Bulgarian Competition Authority Sets Enforcement Priorities for 2024

By Nevena Radlova, Partner, and Dayana Zasheva, Trainee, CMS



Earlier this month, Bulgaria's Competition Protection Commission (CPC) unveiled its strategic priorities for 2024, identifying sectors and activities that warrant increased regulatory scrutiny. These priorities will guide the CPC's operational functions, which include market monitoring, signal verification, the initiation of administrative proceedings, market investigations, and ongoing enforcement actions.

The CPC has identified eight priority sectors, although the list is said not to be exhaustive. The first is the pharmaceutical sector in light of recent legislative changes aimed at reducing the shortage of medical products in the country and ensuring transparency in their path to patients.

The CPC is committed to ensuring equitable participation of all stakeholders in this sector and monitoring the market for any agreements that may restrict access or limit parallel trade. Balancing the need for continued access to medicines in Bulgaria with facilitating cross-border exports within the EU single market is a key objective for the CPC.

A key priority for the CPC in 2024 will be the digital economy and e-commerce, given the increasing importance of digital services and e-platforms as a source of connectivity between businesses and consumers and for opening up new business opportunities. The CPC will monitor online platform operators to ensure fair competition and actively participate in their reform process, especially considering that many deadlines for compliance with the *Digital Markets Act* (DMA) and the *Digital Services Act* (DSA) are due in 2024.

The energy sector is undergoing a transition to greener practices and will receive financial incentives to support this shift. The CPC will carefully scrutinize applications for public funding in the renewable energy sector to guard against potential anti-competitive behavior.

Other priority sectors include fuel and food production and trade – due to the constant concern about rising prices in these sectors – and financial services – in light of the rapid market

penetration of fintech companies.



Given the need for green technologies and the EU's emphasis on green production, the CPC will exercise increased vigilance in the area of sustainability. This includes monitoring compliance with competition rules in relation to green practices and sustainability agreements, i.e., agreements between competitors that pursue sustainability objectives such as climate change, environment, health, human rights, living wage, and animal welfare.

The CPC's assessments will be in line with the European Commission's *Horizontal Guidelines*, which includes a new chapter on sustainability agreements.

The CPC will also aim to promote sustainable development in the Bulgarian economy. In the agricultural sector, the CPC will focus on encouraging farmers to proactively adopt higher standards of sustainability in their operations. In addition, the CPC will ensure that cooperation between farmers remains compatible with competition policy, thereby promoting a balance between sustainability goals and fair competition within the agricultural industry.

However, the global trend to prioritize sustainable practices and healthier lifestyles may have another, less positive aspect. Competition authorities have begun to identify false "green" or "healthy" claims that can mislead consumers about the true content and effects of a particular product or service.

Many authorities have started to monitor specific sectors or websites to combat illegal green claims (so-called "greenwashing"). This has not yet been identified as a priority for the CPC this year, but it is almost certainly already on its radar.

In terms of priority activities for 2024, the CPC will prioritize investigations into allegations of unfair trading practices by retail chains and large food and agricultural buyers against smaller producers and suppliers. Combating bid-rigging, cartels, and prohibited price-fixing and market-sharing agreements will remain a priority for the CPC in 2024. ●

INSIDE INSIGHT: INTERVIEW WITH VESELKA PETROVA OF YAZAKI

By Andrija Djonovic

From her beginnings as an M&A attorney in Bulgaria to her current role as Regional Compliance Manager for Eastern Europe at Yazaki, Veselka Petrova's career has been a testament to the power of blending legal expertise with strategic business insight.

CEELM: Walk our readers through the journey that led you to your current role.

Petrova: My career path has been both challenging and enriching, allowing me to blend my passion for law with a keen interest in the dynamics of various industries. Starting as an M&A attorney in a leading Bulgarian law firm was an eye-opening experience. The complexity of the work mirrored the intellectual challenges posed by my academic pursuits at Sofia University and Columbia Law School. This foundational period honed my critical analysis and strategic thinking skills, essential for navigating the intricate landscapes of mergers and acquisitions.

As my career progressed, I found myself drawn toward roles that allowed for a more direct engagement with the business side of operations. This led me to Nestle Bulgaria, where I assumed the role of Head of the Legal and Compliance Department in my early thirties. It was a pivotal move that deepened my understanding of the internal workings of multinational companies and the multifaceted challenges they face. Now, as the Regional Compliance Manager for Eastern Europe at Yazaki, I am privileged to apply my accumulated knowledge and experiences in a role that demands both legal expertise and strategic business insight.

CEELM: What was the most unexpected aspect of transitioning to an in-house position? Conversely, what pleasantly surprised you?

Petrova: Transitioning to an in-house position revealed the fast-paced nature of corporate environments where the volume of internal clients and projects can be overwhelming. The need to adapt quickly to diverse challenges was unexpected but has proven to be a valuable learning experience. What pleasantly surprised me is the depth of involvement required beyond the legal domain. Engaging with marketing, sales, HR, and corporate communication has broadened my perspective, enabling me to contribute more holistically to the company's objectives.

The opportunity to work with professionals from various backgrounds on complex projects has been particularly rewarding. Witnessing the tangible outcomes of our collaborative efforts underscores the impact that legal and compliance teams can have on the broader business landscape.

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

Petrova: Our team at Yazaki is a testament to the power of diversity and collaboration. Reporting to the Head of Compliance for the EMEA Region, I've focused on expanding our network of compliance professionals. This expansion has not just been about numbers but about enhancing our collective capabilities and perspectives. Our team of nine compliance champions plays a critical role in translating complex policies into actionable insights for our plant managers, ensuring compliance is both understood and implemented effectively across the board.

CEELM: What has kept you and your in-house team busy over the last year?

Petrova: The past year has been marked by significant regulatory and operational challenges, from navigating the intricacies of the *EU Whistleblowing Directive's* transposition into national laws to adapting to the disruptions caused by geopolitical events. Our efforts have been focused on ensuring compliance, promoting a culture of openness, and contributing to sustainability initiatives. These efforts are reflective of our commitment to not just meet regulatory requirements but to embody the values of transparency, integrity, and responsibility in all we do.

CEELM: Looking ahead, what do you anticipate will be the primary factors influencing your workload in the next 12 months?

Petrova: The coming year is poised to be shaped by ongoing geopolitical tensions and the evolving regulatory landscape, particularly with the introduction of the *EU Corporate Sustain-*



What pleasantly surprised me is the depth of involvement required beyond the legal domain. Engaging with marketing, sales, HR, and corporate communication has broadened my perspective, enabling me to contribute more holistically to the company's objectives. The opportunity to work with professionals from various backgrounds on complex projects has been particularly rewarding.



ability Reporting Standards. These factors will necessitate a proactive approach to compliance and legal strategy. Staying abreast of legislative changes and understanding their implications for our operations will be crucial. Additionally, the potential for increased cyber threats in a rapidly changing geopolitical climate underscores the importance of robust cybersecurity measures and comprehensive risk management strategies.

In the realm of compliance and legal strategy, the adoption of technology has been a game-changer, enabling us to handle complex data analysis and streamline our processes. Digital tools have revolutionized how we monitor compliance, assess risks, and ensure our operations align with global standards. Still, no matter how much the use of digital solutions can help us out, we, legal and compliance professionals, should put in place the required checks and balances to ensure well-informed and ethical decision-making.

CEELM: How do you decide if you are outsourcing a project or using in-house resources?

Petrova: The decision to outsource or rely on our in-house team is guided by a strategic assessment of risk, urgency, and complexity. This process involves considering the specific expertise required, the potential impact on operations, and the ability to deliver timely and effective solutions. Collaboration with external legal partners offers valuable insights and complements our internal capabilities, enriching our approach to navigating legal and regulatory challenges.

CEELM: What do you foresee to be the main opportunities in Bulgaria in the near- and mid-future?

Petrova: Looking ahead, the landscape in Bulgaria and the wider region is ripe with opportunities. The prospect of full Schengen area membership for Bulgaria and Romania stands out as a pivotal development that could significantly enhance logistical efficiency and economic competitiveness. This advancement would not only facilitate smoother trade within the Single Market but also underline the importance of solidarity and cooperation within the European Union. ●

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**KNOW YOUR LAWYER:
DIANA DIMOVA OF
KINSTELLAR**

Career:

- Kinstellar; Managing Partner; 2014-present
- Wolf Theiss; Senior Associate; 2011-2014
- DLA Piper; Associate to Senior Associate; 2007-2010
- KPMG; Legal Assistant to Senior Lawyer; 2004-2007

Education:

- The College of Law London; Practice Diploma in International M&A; 2009
- King's College London; PG Diploma in EU Law; 2006
- Sofia University St Kliment Ohridski; LL.M.; 2002

Favorites:

- Out-of-office activity: Having fun with the kids, exploring new places
- Quote: *“To laugh often and much; to win the respect of intelligent people and the affection of children; to find the best in others; to leave the world a little better; whether by a healthy child or a garden patch; to know even one life has breathed easier ...”* – Ralph Emerson's definition of success
- Book: *Man's Search for Meaning* by Viktor E. Frankl

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

Dimova: Without a doubt the Sofia Airport 35-year concession. It is difficult to describe the feeling of advising on a project that might outlive us and that has such an impact on society. The project involved an asset-by-asset transfer of the entire airport activity; however, in practice, it was *a bit* more complicated than that. On every step of this three-year journey – advising throughout the international tender, the sleepless nights before bid submissions, entering into the concession agreement, followed by massive financing (signed right on Christmas Eve, to no lawyer's surprise) and, finally, reaching the concession commencement date – our team had to handle multiple, cross-cutting workstreams spanning almost every area of law. On top of that, COVID-19 sent all teams to work from home, while the project required impeccable teamwork.

CEELM: And what was your main takeaway from it?

Dimova: Strong teams emerge from overcoming difficulties and I am astonished at how much we grew as advisors and as a team by working on this challenging project. I also had the privilege of collaborating with some brilliant minds along the way.

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

Dimova: One day I would like to get more closely involved in the area of education – it saddens me to witness the decline of the Bulgarian educational system and how unfit it is for the 21st century. At present, our team in Sofia has embraced education as part of our community investment efforts – each year we support schools and initiatives as well as our long-standing NGO partner Teach for Bulgaria.

- Movie: *Interstellar*; The Before trilogy: *Before Sunrise*, *Before Sunset*, and *Before Midnight*

Top 5 Projects:

- Advising KBC Bank on several acquisitions of financial institutions, including the EUR 1.01 billion acquisition of Raiffeisenbank Bulgaria – the largest transaction in the Bulgarian banking sector to date.
- Advising TAWAL on the acquisition of the telecommunications tower assets of United Group B.V., consisting of more than 4,800 towers across Bulgaria, Croatia, and Slovenia, for EUR 1.2 billion.
- Advising Meridiam on its winning bid in the tender procedure for the concession of Sofia Airport – the largest PPP in Bulgaria in recent years, valued at EUR 4.3 billion.
- Advising Kin+Carta, a B Corp company, on its acquisition of the Bulgarian Melon Group together with its subsidiaries in North Macedonia and Kosovo.
- Advising the global online research company YouGov on the acquisition of the European Consumer Panel Business of GfK for EUR 315 million in several CEE countries.

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

Dimova: At least three people who have had an impact on my legal career deserve a shout-out. I am grateful to Patrik Bolf, until recently Kinstellar's Firm Managing Partner, for introducing me to the new role and its challenges when I was getting to grips with law firm management ten years ago. He continued to share his wisdom and practical tips over the years. Jason Mogg, Kinstellar's Senior Partner, always impresses me with his bold vision and out-of-the-box thinking. I truly admire his ability to expand and transform the organization through unusual and, I would say, pioneering strategies for our firm's development. I will also long remember my interactions with Anthony Cann, the former Senior Partner of Linklaters and a non-executive director at Kinstellar until recently. It's been a privilege to learn from his amazing experience at the helm of an elite global firm.

CEELM: Name one mentee you are particularly proud of.

Dimova: I am truly proud to observe the professional growth of Nina Tsifudina, currently a Corporate Partner in the Sofia office. I am not sure if I have been a true mentor to her but we have been in the trenches together for quite a long time and I think we both learn from each other. If the new generations of lawyers ask me what it takes to reach the top of the profession, Nina will be my prime example – smart, with unwavering legal curiosity, extremely hard-working, and self-driven.

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

Dimova: You can afford a little bit more time for yourself, your true self.

EXPERTS REVIEW: REAL ESTATE

This issue's Experts Review section focuses on Real Estate. The articles are presented ranked by the share of total land area that is covered by forest in each jurisdiction, according to World Bank 2021 data. Forest area is defined as land under natural or planted stands of trees of at least five meters in situ, whether productive or not, and excludes tree stands in agricultural production systems (for example, in fruit plantations and agroforestry systems) and trees in urban parks and gardens.

Montenegro and Slovenia take the lead with over 61% of their land covered with forest, with Ukraine being the last with 16.7%.

Country	Percentage	Page
Montenegro	61.5	Page 67
Slovenia	61.4	Page 68
Estonia	57.0	Page 69
Kosovo	45*	Page 70
Bosnia and Herzegovina	42.7	Page 71
Slovakia	40.1	Page 72
North Macedonia	39.7	Page 73
Bulgaria	36.0	Page 74
Czech Republic	34.7	Page 75
Croatia	34.7	Page 76
Serbia	32.4	Page 77
Greece	30.3	Page 78
Turkiye	29.1	Page 79
Albania	28.8	Page 80
Hungary	22.5	Page 81
Ukraine	16.7	Page 82

*Kosovo's Ministry of Agriculture Forestry and Rural Development 2023 data is available only.

Montenegro: Legal Insights into Investing in the Hotel Industry

By Milos Komnenic, Managing Partner, Komnenic & Partners



In the last decade, Montenegro has focused on creating a favorable business environment, attracting renowned foreign investors and resulting in significant economic development and growth. The government has been focusing on high-level tourism, transitioning from seasonal to year-round hotels that offer luxurious stays and services.

Navigating the country's legal framework is crucial for any investor. Here are some of the major aspects to consider when investing in Montenegro:

Prerequisites and Assessment

Whether it comes to the purchase of the real estate, construction, or the purchase of shares, investors should conduct thorough due diligence and analyze each investment opportunity, given that in many cases the available information is not up to date.

Current title deeds do not always mean that the real estate is free from all encumbrances and limitations, nor do they always reflect the factual state. Reviews of urbanistic parameters, zoning, environmental regulations, and health and safety standards are essential as well.

Even though Montenegro is moving toward digitalization in approaching its EU agenda, legal procedures remain very bureaucratic and formalistic, which may lead to delays and should be taken into consideration in business plans.

Business Form and Categorization

It is notable that investors almost always choose to establish limited liability companies due to the convenience of procedure, limitation of responsibility, and minimal founding capital required.

Frequently, investors establish cooperations with local partners either through the formation of SPVs or through joint construction mechanisms, with an adequate division of responsibility and income.

The common hotel models include condo or mixed-use models, which allow for the selling of certain portions of hotel units and the forming of a rental pool. However, this does not mean that other models are disregarded.

Purchase of Hotel Units

Investment may also be made by purchasing hotel units in condo and mixed-use hotels, as provided by the *Montenegrin Law on Tourism and Hospitality*.

ism and Hospitality.

The management and maintenance of a hotel according to a condo and mixed business model are carried out based on a sale and purchase agreement, management and maintenance agreement, and rental agreement. Ownership rights can be obtained only for accommodation units with associated parking spaces (excluding rights over common rooms and complementary facilities of the hotel).

Investing through these models offers the possibility to own real estate in Montenegro for personal use as well as to make profits from renting through world-renowned hotel operators. It is also worth noting that renting units in a mixed-use model is optional, unlike in a condo model, where it is mandatory.

Tax Considerations and Incentives

Understanding Montenegro's tax landscape is vital for financial planning. In its devotion to attracting foreign investments, certain tax reliefs and incentives are granted according to currently applicable legislation. Notably, a VAT rate of 0% is applied to the delivery of products and services for the construction and equipping of a hospitality facility of five or more stars where the investment value exceeds EUR 500,000. Furthermore, accommodation services in hotels, motels, tourist settlements, guesthouses, camps, tourist apartments, and villas are subject to a VAT rate of 7%, as well as the service of preparing and serving food, drinks, and beverages, except for alcoholic drinks, carbonated drinks with added sugar, and coffee in hospitality facilities. Additionally, investors are not required to pay a fee for communal equipment of construction land for hotels with at least four stars, except in the case of condo or mixed business models where the investor is obliged to pay the fee for accommodation units that are subject to individual sale, and for the net area of the accommodation units with the associated parking space. Also, the real estate tax rate may be reduced for a hospitality facility, specifically for three-star facilities up to 15%, four-star ones up to 30%, and up to 70% for categories over four stars.

It is important to note that the period of political changes has left a mark on real estate projects – as can be expected of all transitioning systems. To mitigate all risks, potential investors must prioritize legal analysis of the entire investment.

Nevertheless, in approaching and securing compliance with EU law, Montenegro's evolving legislation should be closely monitored as there will most certainly be new developments and incentives in the real estate and investment markets. ●

Slovenia: Above-Standard Construction in Slovenia and ESG Requirements

By Masa Kramar, Partner, Law Firm Senica & Partners



The Slovenian real estate market is characterized by an excess of demand over supply, especially in the residential real estate sector, which has pushed property prices sky-high. Low interest rates on financing in recent years have led to a number of easy-profit-seeking (half-professional) investors – usually project companies building so-called “above-standard” construction.

No Slovenian regulation or case law defines the term “above-standard.” In most cases, buildings that had ceilings, doors, or windows larger than specified in the *Rules on minimum technical requirements for the construction of apartment buildings and apartments*, or where certain materials that were deemed “above-standard” by the investor, are advertised as “above-standard.” The same buildings, however, often have parking spaces built according to outdated minimum technical requirements, that are actually too small for modern vehicles and a modern standard of life. Building regulations are simply lagging behind the development of the building profession and the needs of life.

Given such state of the market, investors are seeking to maximize their profits by adhering to minimum technical standards of construction and adding a few centimeters here and there for the purpose of advertising “above-standard” construction. While the *Protection of Buyers of Apartments and Single Occupancy Buildings Act* protects consumers of apartments and single occupancy buildings in Slovenia against unfair business practices, buyers are often faced with the principle of “take it or leave it.” So, in a market with excess demand over supply and very few investors thinking about sustainability, how do we encourage investors to start building modern properties that are actually superior to the outdated minimum legal requirements rather than simply having ceilings a few centimeters higher?

The *EU CSRD* with ESG reporting requirements will certainly help if reporting is done consistently and the data from the reports is verified. Although around 99% of the Slovenian market consists of companies that are not directly subject to reporting under the *EU CSRD*, this directive indirectly targets all companies. In Slovenia, banks and insurance companies are the main lenders and issuers of instruments used in construction. Together with big export companies, they represent the 1% of Slovenian

companies that have the obligation to report on their activity and their considerations on ESG. This means that when giving out loans, they will also be interested in how investors comply with ESG standards and how proposed construction follows the newest ESG practices – not just the profit margin.

While Slovenia has a large number of laws that set minimum environmental requirements for new buildings, we are still very far behind “above-standard” constructions from an ESG perspective. If the law sets the minimum required standards, only construction of buildings that go beyond these can be deemed as “above-standard.” Rarely anyone asks what the carbon footprint of the whole construction process is, how and where the materials for the construction were made, what materials are used and how long they will last, who makes up the supply chain of the investor, how suppliers and subcontractors take care of the protection and remuneration of their workers, what their reputation is, how investors treat their employees and share the profits, whether the investors take into account the sustainable environmental and social impact of their construction, whether they follow modern construction standards that go well beyond the minimum legal requirements, whether the construction is multifunctional and adapted to the aging population and their inclusion in society, whether the investor checks the source of the money of the cash buyers, etc.

All of the above are practices which, if followed by investors, would in fact constitute an “above-standard” building which would justify higher sales prices and substantially higher returns for the final buyer in the future. There already is a remarkable trend worldwide toward higher purchase and rental prices for so-called “green buildings,” which not only have significantly lower operating costs than outdated brownfield buildings but also retain more value in the long term. Green leases, in which the tenant and the landlord agree to comply with certain ESG practices, such as water and energy conservation, waste reductions, and other green building renovations, have already become a regular practice abroad. It is therefore high time that all investors in Slovenia begin with the construction of real “above-standard” buildings and see ESG not as an unnecessary cost but as an opportunity for more social responsibility, sustainability, and long-term higher value. Investors also need to understand that ESG needs to be implemented in every step of their real estate development project – from due diligence onward; otherwise, the market will start excluding them. ●

Estonia: Challenges of Large-Scale Construction Projects in Estonia

By Aivar Taro, Partner, and Sandra Sillaots, Senior Associate, Cobalt Estonia



In a compact nation like Estonia, the prominence of construction projects can swiftly transcend local interests and become matters of national interest. The escalation of public attention toward large-scale construction projects invites heightened scrutiny by different interest groups.

Notably, several recent projects have become entangled in legal disputes, profoundly impacting anticipated timelines and financial forecasts. This article aims to delineate emerging patterns from recent cases and offer recommendations aimed at preventing and avoiding legal contentions.

In 2020, the Supreme Court partially upheld appeals by environmental groups against the Rail Baltic route's spatial plans in Pärnu County, annulling sections impacting the Luitemaa bird area due to a lack of adequate environmental impact assessment. It emphasized that a specific environmental assessment procedure for Natura 2000 areas is necessary when the impact on protected areas cannot be ruled out. The Supreme Court also referred to a possibility that when overriding public interests prevails, either the Government of the Republic of Estonia or the European Commission (depending on the decision-making authority, contingent upon the priority of the affected species or habitats) may, under exceptional circumstances, authorize activities that would impact such areas by implementing compensation measures.

Planning procedures continued and initial results were published at the end of 2023. As a result, the initial route was changed, giving confirmation that deficiencies pointed out by the Supreme Court were not merely formal, and more in-depth analysis confirmed the need to change the initial route. It was concluded that the negative effects of constructing a new railway corridor on species protected at a pan-European level have not been ruled out, but that does not necessarily preclude the implementation of the project as negative impacts can be compensated.

Under Estonian law, in order to actually start construction, in addition to relevant planning documentation, a construction permit is required. Until recent years, the overall approach has been that key environmental aspects are covered in the course of planning procedures and, once relevant planning documentation is enacted, the construction is more or less considered to have received a green light.

When a construction permit is challenged in court, it is rare for its validity to be suspended during a court dispute. As time plays

a key role in large-scale construction projects and due to the feeling that enacted planning documentation provides sufficient guarantees for the project to come to life, developers often take the risk of starting construction during ongoing court disputes.



However, environmental matters do not necessarily arise only in the course of planning procedures. At the end of 2023, another large-scale construction project was put on hold when the Supreme Court annulled the construction permit for a shale oil plant. Regardless of the fact that potential environmental impacts were assessed in the course of planning procedures, the Supreme Court concluded that the *Estonian Building Code* requires that the potential environmental impacts of the construction work must also be assessed in the course of building permit proceedings. Since the construction permit was annulled, the proceedings were reinstated. The annulment means that building of the plant cannot continue. Since the construction of the plant is underway and the future of the incomplete construction is uncertain, the Supreme Court has set a two-month deadline during which exceptional construction work may be carried out to ensure the safety and preservation of the incomplete construction, which is a precedent in itself – previously, the preservation period was not separately regulated.

Both of these examples indicate that during planning and construction permit proceedings, environmental aspects are not to be taken lightly. The tendency for large-scale construction projects was to avoid or downplay environmental issues as much as possible. Now, both projects face at least two to three years of delay in development.

As key takeaways from these experiences, firstly, unlike previous understandings, planning procedures are not the only stage where environmental matters must be considered – even if a planning document along with relevant environmental impact assessment is enacted and in place, it does not necessarily mean the project has received a green light.

Secondly, these examples show that in cases where there are environmentally sensitive topics, it might be more feasible to tackle these issues head-on from the start. As the experience of the Rail Baltic project implies, it can also sometimes be more feasible to acknowledge the environmental impacts and foresee mitigative measures from the very beginning. ●

Kosovo: An Overview of Foreigner's Property Rights in Kosovo

By Kushtrim Palushi, Partner, and Erza Arifi, Junior Legal Associate, RPHS Law



The ever-growing real estate market in Kosovo shows no signs of stopping. Even amid high prices, demand for real estate keeps growing. This demand is largely driven by Kosovo's diaspora living in the EU and other Western countries. It is also fueled by foreign nationals and foreign companies who find properties in Pristina and other major cities in Kosovo attractive as investments.

As Kosovo continues to attract foreign interest in its real estate market, in 2022, Kosovo approved the *Law on Property Rights of Foreign Citizens in the Republic of Kosovo*, establishing the conditions under which foreigners may acquire property rights in Kosovo. This regulation represents an interplay between the *Law on Property Rights for Foreign Nationals* and the *Law on Cadastre*.

The main characteristic of the new law is that it conditions the right of foreign citizens and foreign companies to acquire immovable property in Kosovo on the principle of reciprocity. This means that foreign nationals and foreign companies can acquire real property in Kosovo provided that Kosovo's citizens and companies would be able to acquire real property under similar conditions in the foreign national's country. For instance, if a Swiss citizen would want to acquire a building in Kosovo, it must first be established if a Kosovar citizen can acquire the same category of real estate in Switzerland, and, if so, under which conditions.

Reciprocity can be established either in the manner and conditions established by law or by an international agreement between states. As a way of legal reciprocity, the law provides that foreign nationals and foreign companies from the EU states may acquire ownership rights under the same conditions as Kosovo's citizens. In all other cases, reciprocity must be established beforehand.

The *Law on Property Rights of Foreign Citizens* foresees that the procedure for determining reciprocity will be further regulated by a sub-legal act in the form of a regulation. This regulation has been approved and is in force since late 2023. The regulation foresees two main aspects.

First, that reciprocity can be determined and verified at the re-

quest of the foreign person or the person who intends to sell the property, and that determination will be made by the Legal Department of the Ministry of Justice of Kosovo. And second, a database on reciprocity would be established in collaboration with the Immovable Property Rights Register (IPRR).



As regards the first, the Ministry of Justice of Kosovo, upon request of a foreign person, shall obtain all necessary information from the legislation of the foreign country to establish whether that country offers the same real estate rights to Kosovo's citizens. In addition, it also assesses whether the conditions for acquisition by Kosovo's citizens are the same or similar to those in Kosovo.

As regards the second, the register will contain the existence of reciprocity with individual countries to streamline the procedure. This register will be open to the public and will be published on the official website of the Ministry of Justice. As such, the register will allow for a simple way to keep track of reciprocity state by state and will facilitate the procedure for foreign nationals who want to be part of the real estate market of Kosovo. To date, however, this register is not yet published.

After reciprocity is determined and verified, the procedure to register the property rights of foreign nationals in the IPRR is the same as for the citizens of Kosovo as regulated by the *Law on Cadastre*. This step is important to comply with the principles of registration and publicity, with the Ministry of Justice and the Kosovo Cadastral Agency working in close cooperation.

These recent developments in Kosovo demonstrate a considerable commitment to increase the confidence of foreign nationals to engage in property transactions in Kosovo. Particularly, the clear procedures for determining and verifying reciprocity, as well as the integrated process of registration, ensure a more secure and accessible acquisition process that further enhances the attractiveness of Kosovo's real estate market. These measures reflect Kosovo's progressive approach toward international real estate investment, fostering a mutually beneficial environment for both local and foreign investors. ●

Bosnia and Herzegovina: An Overview of Real Estate Legislation

By Adi Ibrahimovic, Managing Partner, and Tomislav Tomas, Attorney at Law, Ibrahimovic & Co



Bosnia and Herzegovina (BiH) is a country in the south-east of Europe (the so-called “Balkan region”) with an area of 51,229 square kilometers. In accordance with its political and legal structure, BiH is divided into two entities (the Federation of Bosnia and Herzegovina – FBiH – and Republika Srpska – RS) and the Brčko District (BD BiH). The real estate market is a significant part of the economic activity of BiH and is governed by a set of legal regulations which follow international standards for the protection of property rights. In the course of 2022 and 2023, there was a strong investment wave in the real estate market.

The real estate market in BiH is following the global rise in property prices, but due to a lower standard of living, it is still possible to rent property at 60% lower prices than in the European Union. According to the Deloitte Property Index 2023, BiH ranks high in terms of affordability of real estate with an average price of EUR 1,237 per square meter, followed by Greece (EUR 1,330) and Romania (EUR 1,417).

Regulations Governing Real Estate Purchase

1) The *Act of Law on Regulating Property Rights* (harmonized within both mentioned entities and at the district level) provides for:

- (a) the possibility of acquiring ownership rights by natural and legal, domestic or foreign persons (the purchase of real estate by foreign entities is subject to reciprocity), and
- (b) the possibility of renting real estate.

Real estate purchase contracts (or long-term leases) are drawn up in front of a notary (so-called “Latin notary”), where the notary, as part of the representative of the public service, harmonizes the contractual will of the buyer and the seller in such a way that the entire transaction is in accordance with the law. Also, the notary determines and warns the contracting parties about potential obstacles to the purchase – e.g., compliance of the state in the land register and the cadaster, the existence of encumbrances entered in the land register, previous necessary consents (such as consent of the spouse, consent of the competent authorities if the real estate is related to designated projects – e.g., concessions, etc.). After concluding the contract, it is necessary to pay real estate purchase tax, if applicable (in FBiH, the real estate sales tax is

5% of the purchase price; in RS, it is 0.10-0.20%, and, in BD BiH, real estate sales tax is not applicable), and register in the FBiH land register or in the real estate register in RS and BD BiH.



The above-mentioned *Act of Law on Regulating Property Rights*, in accordance with international standards, protects the buyer in terms of material and/or legal defects of real estate, i.e., it foresees the legal responsibility of the contractor.

2) The *Act of Law on Land Registers* (harmonized within both mentioned entities and at the district level) provides for:

- (a) the right entered in the land register is considered correct, i.e., the right that is not entered does not exist, and
- (b) obligation to register real rights in land registers.

In accordance with the aforementioned provisions of the *Act of Law on Land Register*, unique registers of real rights have been established, and the security of real estate investors is at the highest possible level.

With regard to real estate owned by the state (or real estate owned by the entities, or local government units), based on currently applicable acts, there is a temporary ban on the disposal of real estate owned by BiH until the state property register is regulated and the *Law on State Property* is adopted at the level of BiH. Applicable acts also foresee the right to build and purchase within the framework of a public tender when it comes to real estate owned by entities (FBiH, RS, or BD BiH). Lastly, for real estate owned by local self-governing units, the possibility of establishing the right to build and purchase is foreseen within the framework of a public tender.

Conclusion

The real estate market in Bosnia and Herzegovina is stable and regulated by acts of law, in accordance with international standards, which provide security to domestic and foreign investors, whether it is an investment in individual real estate (e.g., the purchase of an individual office, apartment, or house) or an investment within the scope of business operations. ●

Slovakia: The Problem with Building Permits

By Annamaria Tothova, Partner, Eversheds Sutherland



Permitting of any projects is a long-standing problem in the Slovak Republic. In international surveys, Slovakia ranks at the bottom, as it takes an average of 300 days to permit a simple building such as a family house. This problem becomes much more acute in the case of constructions that are more complicated and require the assessment of several administrative bodies or may have a significant impact on the environment.

It seemed that this problem would largely be solved by the new construction legislation that was approved in 2022. As the 1976 *Construction Act* was to be replaced, hopes were high. From April 1, 2024, this new legislation was to come into force, splitting the old *Construction Act* into *Act No. 200/2022 Coll. on Spatial Planning* and *Act No. 201/2022 Coll. on Construction*.

The main objectives of the new legislation were the professionalization of the state administration in construction and spatial planning, reduction of the administrative burden, simplification and merging of building permits, and digitization of data used as inputs related to spatial planning and construction. All these partial changes were intended to lead to a shortening of permitting procedures. The new construction regulations had to go hand in hand with changes to many other legal provisions. The biggest changes were to be made in the case of the permitting related to environmental impact assessment, either as a screening procedure or as a mandatory assessment.

These changes, for which the state apparatus did not prepare sufficiently, as well as the change of government, have led to the amendment of some parts of the old 1976 *Construction Act*. At the same time, the new *Act on Spatial Planning* is coming into force, more or less in its original wording, as proposed, from April 1, 2024, but the new *Act on Construction*, which was supposed to speed up many processes, is to be postponed by a year. In practice, this means that from April 2024, municipalities, self-governing regions, and the Slovak Republic will prepare and amend spatial plans in accordance with the new legislation, but building permits will continue to be issued under the old regime.

A recurring problem in securing building permits is the multiple, interconnected proceedings, which are separate administrative

proceedings involving many administrative authorities, participants (such as neighbors), and also, very often, the public. They have the possibility to challenge the decision at each stage (it can always be even for the same reason) and thus prolong the proceedings.

The concept of the “public concerned” as defined in the EU Directive on the assessment of the effects of certain public and private projects on the environment, whose aim is (supposedly) to protect the environment, has taken on an unprecedented dimension in the Slovak Republic and the setting of the permitting processes is in favor of its plans. The “public concerned” is often represented by several NGOs, known to the authorities and investors, which submit objections on all published projects, regardless of whether they are related to the planned construction or not. The reason is that the procedure for determining whether or not a project should be subject to an environmental impact assessment – a so-called “screening procedure” – is a separate administrative procedure, it allows for public participation, and the public also gets the status of a participant in all subsequent procedures related to the construction in question. At the same time, it appears that many projects in Slovakia are subject to at least a screening procedure, which is not the case in other countries.

In view of the postponement of the entry into force of the new *Construction Act*, the Ministry of the Environment of the Slovak Republic has responded to the issue by drafting an amendment to the *Environmental Impact Assessment Act* which was presented at the beginning of February 2024. The amendment should enter into force on May 1, 2024. The purpose of the proposed amendment is to remove gold-plating and accelerate impact assessment processes. Specifically, the proposed legislative update exempts the screening procedure from the *Administrative Procedure Code*, which can significantly speed up the assessment. It also eliminates the possibility for the public to challenge the outcome. Proposed changes to the thresholds for activities can also speed up the processes, as fewer projects will be subject to a screening procedure or an environmental impact assessment.

In conclusion, building permit procedures remain a sticking point, but there are efforts to improve the situation. Hopefully, the main obstacles leading to the currently lengthy procedures have been correctly identified and, if not already addressed by the new acts, the legislator will be quick to introduce additional updates. ●

North Macedonia: The Growth of Real Estate Prices and the Demand for Buying and Selling Real Estate

By Ljupka Naumoska Gjorgjievska, Head of Real Estate, and Elena Kuzmanovska, Attorney at Law, Tosic & Jevtic



In recent years, the real estate market in the Republic of North Macedonia, particularly in its capital city of Skopje, has witnessed significant activity. Statistics indicate a consistent trend of construction and sale of numerous residential apartments. Notably, despite the steady increase in real estate prices since 2021, there has been a notable surge in demand for residential apartment purchases. Concurrently, investor interest in constructing residential and office buildings remains robust, showing no significant signs of decline.

From a statistical perspective, there were 4,069 building permits issued in 2021, followed by 3,930 approvals in 2022, and 3,639 permits granted until November 2023. While these figures indicate a slight decline in the number of approvals in specific years, it's noteworthy that the estimated value of the buildings, as per the information provided in the approvals, consistently rose. In 2023, the estimated value of the approved buildings was 30% higher than those of the preceding year. In this context, during the last quarter of 2021, apartment prices surged by 11.3% compared to the corresponding period in the previous year. This upward trajectory persisted in subsequent years, notably in 2022, where prices soared by 20.5% in the last quarter compared to the same period in 2021. Furthermore, in the last quarter of 2023, prices continued their ascent, rising by an additional 7% compared to the preceding year.

Conversely, despite the consistent growth in housing prices without any signs of decline, there hasn't been a corresponding decrease in housing demand, which would have been economically anticipated. This is evidenced by the ongoing practice of purchasing and selling apartments even during the construction phase, prior to the laying of building foundations.

Purchase and Selling Apartments During the Construction Phase

According to Macedonian legislation, particularly the provisions governing sales agreements outlined in the *Law on Obligations, Law no. 18/01, 04/02, 05/03, 84/08, 81/09, 161/09, 123/13 215/21, 154/23*, sales may extend to future objects.



This legal provision enables the possibility of entering into pre-agreements for the sale of apartments, allowing parties to establish conditions such as purchase price, construction timeline, transfer of ownership, and handover of possession. However, the actual sale and transfer of ownership rights occur only after the completion of construction and registration in the title deed under the investor's name. The pre-agreements for the purchase and sale of real estate must be notarized by a competent notary public, and the conclusion of the pre-agreement by the contracting parties is also recorded in the *Construction Pre-notification Sheets*. This process aims to prevent issues like the double sale of an apartment or similar disputes that may arise when purchasing a unit within a future building.

The *Construction Pre-Notification Sheets* is a specialized document issued by the Real Estate Cadastre Agency of the Republic of North Macedonia. These contain essential information such as data on the investor, data on the cadastral parcel on which the construction is being carried out, the apartment area, auxiliary premises details, and similar data. They serve the purpose of identifying apartments under construction. Notably, it's crucial that pre-agreements for sale are recorded in these construction notice sheets. This measure safeguards buyers' interests from potential multiple sales of apartments by investors as the notice is accessible to anyone requesting the issuance of the *Construction Pre-Notification Sheet*. This service is easily available to any interested citizen and, of course, to legal professionals, which contributes to the reliability of the entire process of buying and selling and drawing up pre-agreements.

From our analysis, it's evident that in recent years, despite the ongoing development of the city of Skopje in the Republic of North Macedonia, the real estate market remains robust and far from saturated. Investor interest in constructing new residential and commercial properties remains high while, simultaneously, the prices of real estate continue to escalate. Furthermore, the demand from both citizens and legal entities for purchasing newly constructed apartments and commercial spaces shows no signs of diminishing. ●

Bulgaria: Real Estate Trends and Projects Status

By Elena Todorova and Dimitar Vlaevski, Co-Heads of Real Estate, Schoenherr Bulgaria



Although 2024 is just beginning, below we have summarized the trends and projects expected to have an impact on the development of the real estate market in Bulgaria:

1. Removing Legal Obstacles to EU Citizens Acquiring Agricultural Land

With a January 18, 2024 decision, the EU Court of Justice (Case C-562/22) has lifted the local law restrictions EU citizens faced when buying agricultural land in Bulgaria. This may entail possible shifts in the agricultural land market and the entry of institutional investors in this sector.

You may recall that since 2014, only natural or legal persons who had been resident or established in Bulgaria for more than five years were eligible to acquire title over agricultural lands in Bulgaria. Legal persons with registrations under Bulgarian law of less than five years were not allowed to acquire title over agricultural lands if the shareholders in or founders of the company were not resident or established in Bulgaria for more than five years.

2. Selecting Kozloduy Nuclear Power Plant New Capacities EPC Contractor

Bulgaria owns only one nuclear power plant – NPP Kozloduy. Currently, it operates two units of 1,000 MW each. In 2023, Westinghouse Electric Company announced that it had signed a Front-End Engineering and Design (FEED) contract with the plant for a new AP1000® reactor to be located at the Kozloduy site. At the beginning of 2024, NPP Kozloduy announced a procedure to select an EPC contractor for the design and construction of the infrastructure around two new nuclear reactors.

According to the tender description, the first of the two new units is to be executed by 2035. This means that in 10 years, the country will have a new nuclear unit that will work together with the existing units of the plant. Given the development of RES and new technologies for energy storage and energy efficiency, this will put the country in a stable position in electricity production, even in the event of complete closure of the coal-fired thermal power plants.

3. Constructing the Rousse-Veliko Tarnovo Highway

The construction of the Rousse – Veliko Tarnovo highway began in December 2023. The project route has a total length of 132.84 km. The highway will start from the town of Rousse (at the Donau) and will reach the town of Debeletz, where the traffic will be divided toward the two main passes through the Balkan Mountains. The highway is important for the development of the corridors along the North-South axis (between Romania, Bulgaria, and Greece) as Rousse is a cross-point of the highways that are planned to connect the ports of the Aegean Sea with Romania, Moldova, and Ukraine.



4. Sanctions Against Russia and “Russian Properties”

According to press reports, Russia’s Lukoil has begun “a process of selling its refinery” near the Bulgarian town of Burgas at the Black Sea. The media also speculate that the parliament is discussing the nationalization of the Russian camp “Kamchia Sanatorium and Rehabilitation Complex” located in the Bulgarian resort Kamchia. The complex, the sole owner of which is the Property Department of the City of Moscow, is located on land in Avren Municipality, near the mouth of the Kamchia River and bordering one of the largest and most beautiful beaches on the North Bulgarian Black Sea coast. The area of the camp is about 300,000 sqm. Changes in the ownership of some of the shopping centers due to these tendencies may be expected.

5. Schengen

Boycotts of Austrian goods, shops, and gas stations on the territory of Bulgaria have emerged due to Austria’s veto against Bulgaria’s full accession to the Schengen Area. This proposal was put forward by the Association of Industrial Capital in Bulgaria and gained popularity at the beginning of January. In addition, the Association has offered stricter checks on Austrian trucks traveling through Bulgaria.

Calls for a boycott of Austrian food retailers also appeared on social media. An affiliate of one such retailer in Sofia was covered in red paint because symbols of Russian occupations in Bulgaria were displayed at its entrance. ●

Czech Republic: Desired Acceleration of Permitting Processes in Jeopardy

By Roman Pecenka, Partner, and Kristyna Faltynkova, Attorney, PRK Partners



The annoying length of the construction permitting process in the Czech Republic became a notoriety. Thanks to this, the prices of new dwelling premises are sky-high, and foreign investors are leaving their projects because they are unable to plan their investment – a striking example of which is the recently abandoned Microsoft project of a new data center in Prague.

The year 2024 was promised to bring a revolution as the completely new *Construction Act* enters into its full force. Speeding up permitting, digitalizing the process, implementing a one building-one stamp principle, etc. – these were the main proclamations with respect to the new legislation.

An investor is supposed to submit its applications for a building permit electronically via the new Builder's Portal whereas the architect uploads the underlying project documentation into the interconnected system of Documentation Evidence. The filing of the application launches the process, during which the building office collects all the statements, requirements, and comments from all the involved administrative bodies and other affected persons, and implements them into its building permit delivered electronically to the investor.

Unfortunately, neither the system for the digitalization of the permitting process nor any of the remaining interconnected systems for electronic communication and collection of data exist. The systems are not even under construction because the public tenders for their delivery have been canceled or withdrawn as a result of various appeals or mistakes of the ministry in charge. Therefore, the communication with building offices with respect to new projects to which the new *Construction Act* already applies (such as highways, etc.) is still the same, and it is very unlikely that any of them will go live in July when the new *Construction Act* should apply to all types of projects. There are already voices claiming that any proceedings commenced in other than electronic form foreseen by the new *Construction Act*, including filing hardcopy motions and documentation, should be considered defective.



Further, the implementing regulations are missing. Some of them are at the beginning of the legislative process right now. It means that the content of required project documentation is unknown, the technical requirements for buildings are not set, the forms for electronic filings are missing, etc. Although there are transitional provisions saying that the project documentation drawn up based on the previous regulations could be used until June 2027, the new requirements of the new *Construction Act* still need to be met. Thus, the old project documentation might not be in the required format for the digital permitting process or be affected by another, yet unknown, insufficiency, since the requirements of the previous regulations have to be disregarded if they are in contradiction with the new *Construction Act* – one must not be a lawyer to imagine the uncertainty created by this mess.

The one building-one stamp principle is not respected either, as there are many exemptions that oblige the investor to get binding statements from certain administrative bodies; in particular, the environmental protection authorities have their own (brand new) type of joint statement, the issuance of which is governed by its own new legislation.

Finally, the deadlines for issuance of building permits are extended to double for the year 2024. In the next years, there is still no real consequence in case the deadline for issuance of the permit is not met by the building office, and the permit is not considered as issued after the lapse of the deadline.

To sum it up, the entire market is much more anxious than in the past, as the new system is not functional, the rules are unclear, and nobody is sure what regulation should be applied and to what extent. At the same time, the clerks from the building offices are not ready to apply the new *Construction Act*, and some of them are considering quitting due to the more-than-uncertain situation and worries it will cause additional strain on an already stretched thin capacity of their office. It seems that the entire new construction legislation is one step forward in theory and two steps back in practice. ●

Croatia: Decentralization of State Property Management in Croatia Benefiting Developers of Greenfield Real Estate Projects?

By Ana-Marija Skoko, Partner, and Antonija Kanjer, Senior Associate, CMS



Due to various historical reasons, a large percentage of undeveloped construction land in Croatia is still owned by the state. As a result, developers of (primarily greenfield) real estate projects have often had to go through a laborious and lengthy process to acquire construction land from the Republic of Croatia. Recent legislative changes could mark a decisive shift toward decentralization and a more efficient management system, potentially streamlining processes that were previously mired in bureaucratic complexities.

The recent *Act on Management of Immovable and Movable Property Owned by the Republic of Croatia* (Official Gazette of the Republic of Croatia, No. 155/2023; *Zakon o upravljanju nekretninama i pokretninama u vlasništvu Republike Hrvatske*), in force from December 30, 2023, was adopted to address the long-standing issues related to the management of state-owned assets, including real estate.

The disposal of state properties, including undeveloped construction land, was previously under the exclusive authority of the increasingly understaffed Ministry of Spatial Planning, Construction, and State Property. In most cases, the acquisition of state property took several months, and sometimes even years. This led to situations where the development of a project area comprising, say, 100,000 square meters would effectively be put on hold due to the developer's inability to acquire the title to, e.g., 100 square meters of state-owned construction land necessary to form a construction plot. We are referring to cases in which developers can acquire state property directly, without the need to participate in a public tender procedure (which is the general rule for the disposal of state-owned assets in Croatia).

The new act stipulates that the disposal of undeveloped construction land and buildings (together with the land necessary for the regular use of such buildings) is subject to the discretion of the ministry only if their value exceeds EUR 1 million. The disposal of properties valued at less than EUR 1 million falls under the authority of the counties, cities being the county centers, and large cities in whose area the property is located. The mayors or county mayors are authorized to adopt decisions on the disposal of prop-

erty valued at up to EUR 130,000. For properties whose value exceeds the threshold, the disposal decision must be adopted by the city council or county assembly.



This means that in the majority of cases where developers need to acquire undeveloped construction land to complete a development area, developers will have to deal directly with one of the 46 local administrative departments rather than the ministry. This change is expected to facilitate a more agile and responsive state property management system.

In addition, 40% of the proceeds from the disposal of state-owned construction land and buildings will be allocated to the local authorities, thereby also facilitating the financial decentralization of state resources. The new act also provides for the establishment of a central state assets register, managed by the ministry, which should enable an up-to-date database of state property and requests for its disposal, intended to foster more efficient and secure management of state property.

It remains to be seen how the new legal framework will work in practice, especially because a significant portion of the work will be delegated to the local authorities, who potentially do not have sufficient staff to deal with these new tasks. However, it is reasonable to expect that local authorities will ensure that their processes do not obstruct the development of projects in their local area which could bring economic development, employment opportunities, and new investments, as well as additional income for the cities or municipalities through communal fees, especially in less developed areas of Croatia.

Therefore, we believe that the decentralization of authority and the introduction of more efficient management practices are likely to simplify the acquisition of state property in the long run, potentially shortening the timeframe for project development. Hopefully, further simplification of bureaucratic processes in the coming years will reduce the amount of red tape involved in the acquisition of state property, making Croatia even more attractive to potential investors. ●

Serbia: (Un)Just Changes in Land Conversion and Registration in the Cadastre

By Nenad Vukcevic, Partner, Vukcevic Law Office



During 2023, there have been significant changes in the legal regulations in the field of planning and construction as well as in terms of the Real Estate Cadastre in Serbia. In August, amendments to the *Law on Planning and Construction* entered into force, while in November, amendments to the *Law on the Registration Procedure with the Cadastre of Real Estate and Utilities* (which is now called the *Law on the Registration Procedure with the Real Estate Cadastre and Infrastructure Cadastre*) entered into force.

According to the report of the Serbian State Audit Institution, for the period between January 1, 2021, and June 30, 2023, the state authority exceeded the prescribed deadline in about 62% of the cases of issuing location conditions and in about 59% of cases of issuing construction permits. Issuing use permits was not much better, with about 67% of cases also exceeding the prescribed deadline. For this reason, amendments to the law primarily aim to speed up the procedure for issuing these permits.

Besides that, the amendments introduced some new terms, such as “brownfield locations” (locations of industrial and commercial content, which have not been used for a long period of time but have the potential for urban renewal) and “green building certificate” (a certificate which verifies that the building has met the green building criteria). The amendments also introduced the obligation to obtain an insurance policy against damage to third parties. Environmental protection is also taken into account because now, proof of the movement of construction waste must be submitted before obtaining a use permit.

However, perhaps the most significant change to the law – or at least the one about which there was the most controversy in public – refers to the abolition of the conversion of the right of use into the right of ownership against a fee. Namely, with the entry into force of these amendments, the *Law on the Conversion of the Right of Use into the Right of Ownership with a Fee* ceased to be valid. As a result, the conversion on the construction land can

be done free of charge in most cases. According to the data of the Ministry of Construction, Transport and Infrastructure, in the previous years, during which this law on conversion was in force, the value of the income generated on the basis of the fee for converting the right of use into the right of ownership amounted to approximately EUR 30 million. However, despite the application of this law, more than 94% of conversions were done without compensation. Also, it is stated that the conversion procedures took a long time and that all these delayed investments in about 5,000 locations and resulted in missed income that could be generated on the basis of investments, income from contributions for construction land, VAT, or property taxes. Still, despite the positive aspects of the abolition of conversion cited by the Ministry, part of the public believed that the abolition of conversion with a fee is against the public interest because certain categories of persons are enabled to acquire property on construction land free of charge. Nevertheless, the Minister stated that the abolition of the conversion made it possible to start several large projects, but that the real effects of the abolition of the conversion with a fee will only be seen this year. Therefore, it remains to be seen whether by abolishing the conversion with a fee, the decades-long issue of the conversion of right of use of the construction land will be resolved in an appropriate manner.

The most significant change to the *Law on the Registration Procedure with the Cadastre* is that requests for registration in the Cadastre can now only be submitted in the form of an electronic document through professional users (registered lawyers and geodetic organizations), with the exception of legal remedies which can still be submitted in the form of a paper document. This change has been widely criticized in the public, but the Republic Geodetic Authority states that during the first months of implementation of the new system, lawyers submitted four times more requests than in the same period of the previous year, and more than 55% of the received requests were submitted outside normal working hours. This shows that the new system in the Cadastre is in accordance with the needs and habits of citizens because instead of traditional physical counters that work five working days for eight hours, citizens now have electronic counters that work 24/7. ●

Greece: Unveiling the Roadmap in Greek Tourism Investment – Trends and Challenges

By Helen Alexiou, Managing Partner, AKL Law Firm



Tourism in Greece is flourishing, and with international tourism expected to reach – and exceed – pre-pandemic levels, it is no wonder that investors from all over the world are flocking to Greece.

Traditionally, hospitality assets were considered a relatively simple investment in terms of legal risk and potential licensing issues. However, in recent years, things have become more complicated. In terms of obstacles and relevant recent developments, there are four main issues (the Big Four, as I like to call them):

A. The Special Spatial Plan for Tourism

The issue: Since 2017, hospitality investments in Greece have been developed and are operating without a Special Spatial Plan (SSP) – which constitutes the highest level of spatial planning in Greece – in force. For those active in the tourism sector, the story is a familiar one, but in brief: In 2015, the Greek Council of State annulled the SSP for Tourism approved in 2013 for reasons related to the formalities of its issuance. After navigating through various challenges and some court rulings later, a committee was established in 2018 to compile a new SSP. Nevertheless, five years later, hospitality investments keep being developed without any guidelines or directions from the higher level of spatial planning, risking being blocked by the Council of State in the event of an application for annulment by a third party having a legitimate interest.

The good news: The Minister of Tourism has announced that the new SSP will be made available to the public for consultation in the coming weeks.

B. The Regional Spatial Plan for South Aegean

The issue: Where are most hospitality investments developed? In the South Aegean. What does the South Aegean lack? A Regional Spatial Plan (RSP) – i.e., the second level of spatial planning in Greece – is compiled per region and determines the guidelines of all sectors for the relevant area of Greece, with which all lower levels of planning must comply.

The current RSP for the South Aegean was issued in 2003 and is seriously outdated. Apart from the fact that it does not (and could not) take into account the newer types of tourism, it is also quite general and does not provide any meaningful guidance.

The update: Despite the fact that the consultation on the draft RSP for the South Aegean was completed some three years ago, it's still unclear when and in what form it will be approved.

C. Roads as a Condition of Buildability

The issue: According to the case law of the Council of State, plots located outside of city boundaries (i.e., in non-urban areas) are only considered buildable if they have a “face on”/are directly adjacent to a road, characterized as part of the public common-use network by means of a presidential decree. Unfortunately, there are very few such decrees across the country, which means that very (very!) few plots around Greece qualify for the issuance of a valid building permit.

The good news: The Ministry of Environment is working intensively to identify a solution that will be accepted by the Council of State. The word is that a draft presidential decree is ready for submission to the Council of State for normative scrutiny. In addition, a new bill is expected to be made public for consultation in the coming weeks, which is said to address the issue in the interim period (i.e., until the issuance and implementation of the above decree).

D. Carrying Capacity

The issue: Several top Greek destinations, such as the Cycladic Islands (Mykonos, Santorini, Paros), have been characterized as sensitive ecosystems. Pursuant to the Council of State, only smaller-scale developments are suitable in such destinations as they have a lower impact on the environment and, therefore, when a project is proposed and submitted for assessment by all competent authorities, it should be accompanied by a carrying capacity study to verify that the proposed investment does not exceed the limits of the carrying capacity of the area in question. However, there is no officially established methodology for calculating their carrying capacity and, in practice, different criteria and methods have been used.

The good news: Last summer, a law was passed providing for the issuance of a presidential decree, which will define the methodology and parameters for calculating the carrying capacity as an index for sustainable – and acceptable – development. This decree is also supposed to be ready for submission to the Council of State for normative scrutiny.

So, 2024 should be an interesting year for us all! ●

Turkiye: The “Airbnb Law” – New Regulation on Short-Term Leases in Turkey

By Tarik Guleryuz, Partner, and Selin Nacar Ozturk, Associate, Guleryuz Partners



Ever since Booking.com’s activities had been suspended in Turkey by a court decision upon “unfair competition” claims raised by the Association of Turkish Travel Agencies (TURSAB), new regulations were anticipated in the short-term lease sector dominated by Airbnb, as unregistered and untaxed rental income obtained from short-term rentals has been a matter of discussion for a long time.

Against this background, long-awaited regulation was introduced on November 2, 2023, with *Law No. 7464 on Renting Property for Tourism Purposes and Amendments to Certain Laws* (Law), publicly known as the “Airbnb Law.” The Law includes important provisions regarding the conditions, obligations, and corresponding penalties in leases lasting up to 100 days, effective as of January 1, 2024.

“Renting Property for Tourism Purposes”

Although the scope of the Law is defined as “leases for tourism purposes,” renting of properties “for all kinds of purposes” for a maximum period of 100 days is deemed as renting for tourism purposes within the scope of the Law. Within this framework, the Law also forbids renting the same property more than four times within a year for a period longer than 100 days to prevent lessors from excluding lease agreements from the scope of the Law by drafting lease agreements with a term longer than 100 days, even if the lease relationship will last for a much shorter period.

Permit Obligation and Conditions

In order to register a property to be rented for tourist accommodation and to enable short-term vacation rentals of the property for a maximum period of 100 days, it has now become mandatory to obtain a permit from the Ministry of Culture and Tourism before concluding the agreement. It is also obligatory to hang a plaque to be prepared by the Ministry at the entrance of the residence. To maintain order and prevent possible disputes between condominium owners, a decision taken unanimously by all condominium owners must be present in order for the apartment to be the subject of a permit for vacation rentals. However, in a residential complex with several independent sections, only the unanimity of the condominium owners of the relevant building will be required.

In addition, in buildings with more than three independent sec-

tions belonging to the same person, the issuance of permits is subject to certain limitations in order to prevent the building from being converted into an unregistered hotel. In such buildings, a permit on behalf of the same lessor can only be issued for a maximum of 25% of the independent sections, and if the number of independent sections exceeding this rate is more than five, a business license will be required. However, high-standard property (i.e., “residences”) regulated in accordance with the *Condominium Law No. 634*, where short-term rental activities are permitted in the management plan and where services such as reception, security, and daily cleaning are provided, will not be subject to the aforementioned rules.



Sanctions in Case of Violation of the Rules

The Law provides an administrative fine of TRY 100,000 for the first violation and a 15-day period for obtaining a permit for the person who rents their property without a permit in violation of the Law. If the rental activity continues without obtaining a permit at the end of this period, a penalty of TRY 500,000 will be imposed and another 15 days will be granted to remedy the violation. If a permit is not obtained within this period and the activities continue, the administrative fine will increase to TRY 1 million. In the event that the vacation rental is used in violation of public order, public security, or public morality, the permit will be canceled.

Other Limitations and Obligations

Capacity limitation: The capacity of the property is calculated in such a way that each bedroom can accommodate two persons. Except for the number of bedrooms, a maximum capacity of two persons can be added, and the total number can in no event exceed twelve people, excluding children under the age of three.

Sublease prohibition: In order not to lose control and supervision over the property rented as vacation rentals, sublease is prohibited.

Identity notification obligation: Provisions of the *Identity Reporting Law No. 1774* will also be applied to the property for which a vacation rental permit is issued. Accordingly, the entry, exit, and accommodation status of persons will be recorded, and their identity information will be reported to law enforcement authorities, just like in businesses such as hotels. ●

Albania: Examining Albania's Real Estate Landscape – A Legal Perspective

By Alban Caushi, Partner, CR Partners in cooperation with Karanovic & Partners



Albania's real estate market has undergone a significant transformation in the last decade, attracting global attention across the residential, commercial, and tourism sectors. This surge in interest is a result of the country's economic and legislative reforms, political stability, successful justice reform implementation, and progress in the EU accession process. These factors collectively present investors with promising opportunities in Albania's dynamic and evolving market.

Over the past three years, the capital city of Tirana has witnessed a notable increase in construction permits for large-scale buildings exclusively designated for business activities. These include office spaces, commercial establishments, and hotels – all concentrated in and around the city center. While real estate prices in these areas are rising, and most properties are sold off-plan, concerns are emerging regarding the actual demand for such developments. The downside of centric development is evident in the inadequate alignment with urban planning standards, including infrastructure, density, and utility services.

The coastal regions along the Adriatic and Ionian coastlines have experienced a heightened demand for beach vacation rentals, significantly contributing to market growth. Assessing the potential of the tourism and hospitality industry, the Albanian Government has adopted a package of legislation designed to incentivize and facilitate investments, deeming it vital for national development and a mainstay of the country's economy.

Law No. 93/2015 "On Tourism" encourages potential investors to invest in tourism and hospitality facilities by offering state-owned land at a nominal rate of EUR 1 for a lease term of 99 years. Simultaneously, *Law No. 55/2015 "On Strategic Investment,"* as amended, offers streamlined administrative procedures to investors meeting the threshold for strategic investment status. The government, keen on ensuring high-quality development,

has adopted legal instruments to stimulate investments in 4- and 5-star branded hotels and resorts.

The legal framework introduces favorable fiscal measures, including a reduced VAT rate of 6% for supplies to 5-star hotels with special status. Noteworthy legal exemptions, such as zero infrastructure tax, zero property tax, and zero profit tax for a decade, are granted to investors holding strategic investor status, enhancing the legal attractiveness of Albania's real estate market in the tourism and hospitality industry.

While the incentives for investing in tourism and hospitality are highly promoted, another significant trend has been emerging. Only local investors engage in direct investments, while foreign investors predominantly favor indirect participation through franchise and management agreements. The arrival of renowned hotel brands such as Melia Group, Hyatt, Radisson, Intercontinental, and Hilton into the Albanian tourism and hospitality market serves as a clear indicator of the potential growth in the real estate-focused tourism industry sector in the coming years.

It's essential to note that most of the statutory incentives will be applied until the end of 2024. The World Bank and various international organizations have consistently urged the government to strike a legal balance between economic interests and environmental sustainability. This equilibrium is imperative to ensure the long-term resilience of these sought-after coastal regions.

In conclusion, Albania's real estate landscape is at a crossroads, presenting both opportunities and challenges. The surge in construction permits and investments in the tourism sector indicates a promising trajectory. However, the government must tread carefully to ensure that growth aligns with environmental sustainability, as emphasized by experts. The allure of the coastal regions needs to be safeguarded for the long term, striking a delicate balance between economic development and the preservation of nature. As Albania moves ahead, the success of its real estate market hinges on making intelligent and sustainable choices. ●

Hungary: New Land Registration Procedure

By Levente Kalman, Partner, Szabo Kelemen & Partners Andersen Attorneys



Based on our experience and feedback from our clients, Hungary's real estate law has already provided a very favorable legal environment for secure real estate investments. In the integrated land registration system, introduced in 1971, based on a cadastral map, real estate transactions are administered by one single decentralized organization comprising 20 regional and 119 district land offices. It operates under the control of the competent ministry. The land registry offices are responsible for land surveying, map database maintenance, and data provision, as well as for maintaining the land register, processing registration applications, and dealing with land protection, land certification, and land use matters relating to agricultural lands. Land registration has been operating as an electronic system since 1997, based on a digital base map finished in 2007 and containing all real estate in Hungary. Decisions taken in land registry procedures are subject to judicial appeal, within the competence of Hungary's ordinary court system. The title-based integrated land registration system established in Hungary was the first in Europe and is widely recognized by professionals and investors as well. The data of the title sheets can be obtained even electronically by anyone at a low cost in a few minutes either on paper or an authenticated electronic format.

The rules of the land registration procedure have been extensively changed – most recently in 1997. The upcoming amendment on October 1, 2024, is no less relevant and will bring significant changes for both the legal profession and those involved in real estate transactions. We believe that the new procedural rules will make real estate investments even more attractive to both domestic and foreign investors.

The most important element of the current amendment is the full digitalization of land registration procedures. The paper-based procedure, which creates a significant administrative and logistical burden, will be replaced by a more efficient and faster electronic procedure based on electronic documents from beginning to end. Nowadays, in more complex legal transactions, it can be a significant cost and take significant time to obtain all required paper-based documents, applications need to be submitted personally (with a few exceptions), and a further disadvantage is that the archives can only be inspected physically at the land registry office where the documents are kept.

Beyond reducing administrative costs, the electronic procedure

will also significantly speed up registrations, simplify the administration, and allow for quick and convenient inspection of the archives, increasing Hungary's competitiveness in the field of real estate investment.

In the new procedure, registration consent (as a basis of registration) must be issued as an electronic document. Similar to the power of attorney, it will have to be created in an electronic form and will have to be signed before the attorney, legal counsel, or notary with a qualified electronic signature. One will not be prevented from signing contracts on paper, but these will need to be converted into an electronic document by the legal representative, while the registration consent will still be granted only with an electronic signature. From October 2024, all documents for land registration purposes will require the verifying signature of an attorney or legal counsel.

As a further feature, the land registry will communicate via a direct link with other electronic registries, such as the personal data and address databases and the trade registry. This will allow, for example, for changes in the registered data (e.g., the registered office of a mortgagee) to be automatically updated without any additional cost or procedure.

One of the greatest features is the instant display of applications on the title sheet, which may be submitted even during weekends or on public holidays. The order of applications is then easily identified. Additionally, it has a feature for so-called "automatic decision-making," which, in the simplest of cases, will result in the registration of a title or a mortgage within 24 hours.

The new procedural rules will not concern the essence of the substantive law, but it is worth mentioning that title retention will be recodified considering the experiences and practice of the last decades, providing more comfort in similar transactions.

Finally, there will be several welcomed changes in terms of professional regulations. Only those attorneys and counsels who have attended and passed training courses organized by the Hungarian Bar Association and have a higher level of liability insurance will be qualified to act in real estate registry proceedings. After many years of preparation, the introduction of the electronic real estate registration procedure seems to become a reality this year, and even though we see some uncertainties relating to the practical implementation, we are convinced that the investors will appreciate it as much as the legal profession. ●

Ukraine: Build Back Better According to International Standards

By Tymur Enkhbaier, Counsel, Head of Real Estate, Sayenko Kharenko



On January 19, 2024, the International Federation of Consulting Engineers (FIDIC) entered into a strategic partnership with Ukraine's Ministry for Communities, Territories, and Infrastructure Development. The deal aims to create National Particular Conditions for using FIDIC contracts in Ukraine. This is promising news for professionals familiar with drafting such contracts for Ukrainian construction projects. But can FIDIC forms be used in Ukraine while this initiative is in progress, and what challenges do professionals face in using these contracts in the country?

Overcoming Historical Hurdles

The use of FIDIC forms in Ukraine has long been a topic of uncertainty. Among the main reasons were mandatory requirements for any construction contract and the existence of a government-approved construction contract template. While the template was only recommended, it was common practice to align with its terms. Unfortunately, this approach clashed with FIDIC principles, causing complications in using the forms in Ukraine.

The situation began to change in 2015 when the Government initiated reforms that paved the way for the use of FIDIC forms in road construction. A significant milestone occurred in 2021 when an amendment permitted the use of internationally recognized contract forms in construction projects of all types – not only in road construction.

Pricing Reform: Another Piece of the Puzzle

Another significant achievement in aligning the Ukrainian regulatory framework with global best practices is the pricing reform. Despite its rather technical nature, the reformation of this regulation reflects the country's commitment to elevating construction standards and applicable legal frameworks. Similar to the FIDIC implementation, the road sector drove this reform.

On October 7, 2022, amid the ongoing war, the Ministry of Infrastructure introduced international pricing standards. This reform replaced the outdated resource-based pricing method with a globally recognized approach based on a bill of quantities ap-

proach that aligns with FIDIC contracts. Further supporting this effort, on April 6, 2023, the first official translation of the latest *Civil Engineering Standard Method of Measurement 4* (CESMM4) into Ukrainian was published. The next anticipated step is to extend these positive changes from road construction to all construction projects.

Challenges Remain

Despite positive developments, using FIDIC contracts in Ukraine remains legally complex. Adapting these contracts to Ukrainian regulations involves navigating numerous legal aspects. One fundamental challenge lies in aligning FIDIC project management models with Ukrainian legislation and market standards.

FIDIC contracts serve not only as legal instruments but also as effective project management tools. The *engineering, procurement, construction* (EPC) model is the project model requested by international clients most often as protecting the project owner, whereby the contractor takes on substantial project risk by performing design, procurement, and construction under the *fixed price* principle.

At the same time, the EPC model has no direct analog in Ukraine, where the traditional default model involves splitting design and execution stages. Nonetheless, Ukrainian legislation permits the development of the design in several independent stages, with one analogous to the *Basic Design* and another to the *Detailed Design*. The project owner has the right to engage the general designer to create the *Basic Design*. Respectively, the duly qualified EPC contractor is responsible for developing the *Basic Design* into a buildable *Detailed Design* and execution. This is a good example of how reliance on the *freedom of contract* principle, coupled with a strong understanding of technical regulations, helps find solutions for adopting a desired project model in Ukraine under the FIDIC contract in a compliant manner.

Moving Forward

Ukraine has made significant strides in incorporating international best practices into its legislation. The challenge now is to rebuild its infrastructure using this toolkit. Both domestic and international players can benefit from this progress with proper legal support. ●

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