

CEE

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LEGAL MATTERS

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



■ Guest Editorial: Milan Samardzic of SOG ■ Across the Wire: Featured Deals ■ On the Move: New Homes and Friends ■ Popescu's Plans ■
■ The Buzz in CEE ■ Addressing Stressing: A Mindfulness Program at Dentons ■ Inside Insight with Maros Pogany of KIA Motors Slovakia ■
■ Market Spotlight: Hungary ■ Guest Editorial: Akos Eros of Wolf Theiss ■ Hungarian Market Snapshot ■
■ Pearls on the Danube: CMS Celebrates 30 Years in Budapest ■ Inside Out: K&H Financing to Photon Energy Group ■
■ Expat on the Market with Sam Baldwin of Szecskay ■ Market Spotlight: Slovenia ■ Guest Editorial: Marko Ketler of Karanovic & Partners ■
■ Synecdoche in CEE: Foreign Law Firms in Slovenia ■ Experts Review: Energy ■

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EDITORIAL: BIG NEWS IN THE BIG SMOKE - DOTYS ARE COMING TO LONDON!

About a week before the 2019 CEE Deal of the Year Awards Banquet in Budapest last month Radu and I took a break to go get a coffee, and I mentioned that, ideally, I would like to announce the location of next year's Banquet at this conclusion of this year's event – and I asked if he had any ideas about where we should have the event next year. He replied, flippantly, "of course, we could try London."

I was gob-smacked (I'm practicing my British English; I think they say that). The idea of hosting this CEE-centric event outside of CEE – and in one of the most expensive cities in the world to boot – had never occurred to me. Once suggested, however, the appeal of hosting the 2020 DOTYs in The Swinging City was hard to resist.

First, was ego. Transporting this relatively new event from Central and Eastern Europe to the banks of the Thames would be a step to center stage, allowing us, for one night, if we do it right (and we plan on doing it right), to put the event, CEE Legal Matters, and the best of CEE lawyering into the spotlight, right in the middle of the international legal press and community. Stressful? Yes, very. Exciting? Even more. That alone made it hard to resist.

Second, was – believe it or not – increasing the usefulness of the event for attendees. In creating the DOTYs, paired last year (though not this year) with the Dealer's Choice Law Firm Summit, we imagined an annual gathering for outward-looking and sophisticated modern law firms of the region, giving them an opportunity to exchange information about best practices, meet potential referral partners, learn about new tools, and so on. A second IBA conference, in other words – this one focused exclusively on the region. Since many/most of the leading firms in CEE already make regular visits to London to introduce themselves to or to check in with the international law firms whose referrals they hope to get, hosting the DOTYs in London would allow them to kill two birds with one stone, combining that trip to London with the annual conference, and – again, if we do our jobs right – actually facilitating the process, bringing everyone together in one place.

The more we thought about the idea, the more

we liked it. But we were also aware that making the event a success would require making it even bigger, even more valuable, and even more attractive. We recognized we would need to reunite the Awards Banquet with the Dealer's Choice Summit, and we would need to find a way to manage the incredible costs and logistical challenges associated with hosting two exciting, successful events in one day in London, and we would need to do everything in our power to get LegalTech companies and international firms to participate, to make the event as useful to attendees as possible.



Needing an on-the-ground-partner, we reached out to our friends at Slaughter and May, which quickly and enthusiastically agreed to help us make these two events happen next spring – and help make them a success. Thus, with that agreement literally finalized during the cocktail function that preceded the 2019 DOTY Awards Banquet, we were able with some excitement (and some trepidation) to announce at the end of the evening after all that next year's events, indeed, will be held in London.

So get ready. Needless to say, you're going to be seeing a lot more information about the two events coming over the next year, including messages about sponsorship and advertising opportunities, about location and structure, about Early Bird ticket prices and tables, and much, much more. And that communication won't be only going in one direction; if you'd like to discuss ways to increase your own formal involvement in these events, by all means let us know as well.

Because we are committed to making the 2020 CEE Deal of the Year Awards Banquet and Dealer's Choice Law Firm Summit a spectacular success. And we need you to make that happen.

But we're confident it will. So start checking your umbrellas and practicing your Britishisms. Because cor blimey! On April 28, 2020, the CEE Deal of the Year Awards Banquet is coming to London!

David Stuckey

GUEST EDITORIAL: DIGITALIZE



Although I am a bit old to claim that my generation has two birthdays – a natural one and an Internet one – I believe, for that same reason, that we have the experience to assess progress in respect of ongoing digitalization trends.

Information and communications technology has made a significant impact on the lives of people around the world. Positive changes have been felt in almost all aspects of our daily routines, but none have been felt so significantly as the structural changes of modern business and commercial transactions.

In Serbia, digitalization has been most significantly noticed in the area of eCommerce. It has been estimated that there are more than 2.9 million eCommerce users in Serbia. Current parameters and trends lead to the prediction that the number of users will be up to 3.9 million by 2021, which would represent almost 70% of Serbia's population.

Even certain world-class clothing brands are considering completely abolishing their retail shops and becoming e-vailable online. This might have seemed somewhat extreme several years ago, but now it makes perfect sense. The Internet will certainly become only faster and more widely-spread, and with online shops there are almost no labor fees, no leases, no utility bills, *etc.* It really is cost-cutting at its finest.

Due to the immense flow of online trade, the government of Serbia had to learn, adapt, and adopt legislation in order to set up the legal framework for eCommerce. The first piece of legislation has been in force since the end of the last decade and it is now undergoing a mid-age overhaul, with new amendments expected to enter into force during the next couple of months.

The main subject of this overhaul will be the introduction of generally standard institutes in EU eCommerce – an alternative dispute resolution mechanism, an “e-Trustmark” and the “mystery shopper.”

The ADR mechanism essentially represents mediation proceedings held online before a market professional or a licensed mediator. Its main characteristics are flexibility, efficiency, and general informality, which are better suited to a wide consumer base.

The “e-Trustmark” enables professional traders to distinguish themselves on the market as licensed professional traders. Mystery shoppers on the other hand are market inspectors authorized to act as online shoppers for the purpose of discovering any infractions by the traders.

Apart from these institutes there are also two new technologies – blockchain and smart contracts – the regulation of which is being considered under the new amendments. Blockchain and smart contracts are already considered the backbone of the new digital revolution and it is my personal belief that the adoption of blockchain-friendly policies could turn Serbia into a global FinTech hub.

Although practical implementation of blockchain is in its early stages, its development is often compared to the early days of the Internet. Blockchain can be used in many ways, including facilitating trade finance, securities recordkeeping and governance, consumer banking, *etc.* The demand for blockchain technology has created thousands of jobs, with IBM reporting that it increased the number of employees focused on blockchain projects from 400 to 1,500 in the span of a year. TechCrunch estimates that venture capital funds and other private investors invested USD 1.3 billion between January and May of 2018 into “blockchain and blockchain adjacent” early stage companies.

Smart contracts, on the other hand, have come a long way in a short time. They help realize the many possibilities of blockchain and distributed ledger technology (DLT) in general. The certainty of the outcome, automation of performance, and efficiencies in the streamlining of processes are reasons enough for smart contracts to be fundamental to the uptake of DLT. Their potential is now being actively considered and developed in sectors as diverse as financial services, life sciences, and telecommunications.

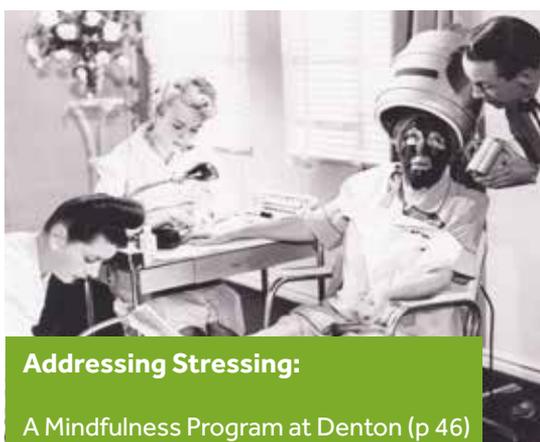
However, there are still many open legal issues: When can a smart contract be a legally binding contract? Can it transfer assets or perfect a transfer of title to them? These are just some of the questions of fundamental importance and the manner of their regulation will affect the pace and the extent to which smart contracts will be deployed, beyond a role confined to self-executing, automating code.

But if history has taught us anything, it is that eventually laws adapt to progress and not the other way around. Progress is inevitable – the question is just who will be the first to understand its nature and its direction. Ironically, digital progress comes from the most fundamental part of nature – evolution – and evolution is merciless to the unprepared and unwilling. Forget winter. *Digitalization* is coming.

**Milan Samardzic, Partner,
SOG / Samardzic, Oreski & Grbovic**

**On The Move:**

PeliFilip Splits Into PELI and Filip and Company (p 24)

**Addressing Stressing:**

A Mindfulness Program at Denton (p 46)

**Synecdoche in CEE:**

A Consideration of Foreign Law Firms in Slovenia (p 64)

**Experts Review:**

CEE Experts Review Round-up on Energy (p 68)

Preliminary Matters

2 - 5

- 3 Editorial: Big News in the Big Smoke - DOTYs are Coming to London!
- 4 Guest Editorial: Digitalize

Across the Wire

6 - 29

- 6 Across The Wire: Featured Deals
- 9 Across The Wire: Summary of Deals and Cases
- 20 On the Move: New Homes and Friends
- 26 Popescu's Plans: Octavian Popescu Talks About His New Firm

Legal Matters

30 - 45

- 30 Legal Matters: The Buzz
- 40 Addressing Stressing: A Mindfulness Program at Denton
- 44 Inside Insight: Interview with Maros Pogany of KIA Motors Slovakia

Market Spotlight: Hungary

46 - 61

- 47 Guest Editorial: Winners Hunt in Packs
- 48 Pearls on the Danube: CMS Celebrates 30 Years in Budapest
- 52 Market Snapshot: Hungary
- 54 Inside Out: K&H Financing to Photon Energy Group
- 56 Expat on the Market: Sam Baldwin of Szecskay Attorneys at Law

Market Spotlight: Slovenia

62 - 67

- 63 Guest Editorial: Welcome to the Slovenian Legal Market
- 64 Synecdoche in CEE: A Consideration of Foreign Law Firms in Slovenia

Experts Review: Energy

68 - 81



ACROSS THE WIRE: FEATURED DEALS



Schoenherr Advises UniCredit Bank and Erste Bank on Sale of Majority Stake in OHT



Schoenherr advised UniCredit Bank Austria AG and Erste Bank der Oesterreichischen Sparkassen AG on the sale of approximately 70% of Oesterreichische Hotel-und Tourismusbank Gesellschaft m.b.H. to Oesterreichische Kontrollbank AG.

Oesterreichische Kontrollbank is a special-purpose bank in Austria that operates internationally through three segments: Export Services, Capital Market Services, and Other Services. Oesterreichische Hotel-und Tourismusbank specializes in financing and funding in the tourism and leisure industry.

Upon completion of the transaction, Oesterreichische Kontrollbank will acquire the stakes of former shareholders UniCredit Bank Austria AG (50%) and Erste Bank der Oesterreichischen Sparkassen AG (18.75%). Raiffeisen will retain its 31.25% stake in Oesterreichische Hotel-und Tourismusbank.

The deal was signed on March 11, 2019. As this issue goes to print, closing of the transaction remains subject to approval.

Fellner Wratzfeld & Partner advised Oesterreichische Kontrollbank.

Avellum Advises EBRD on Financing for Ukraine's Negabarit-Service



Avellum acted as the Ukrainian legal counsel to the EBRD in connection with a senior secured loan of up to EUR 2.6 million to Negabarit-Service LLC, a Ukrainian company specializing in oversized and complex auto cargo transportation.

According to Avellum, the loan will help finance Negabarit-Service's investment program for the acquisition of up to 42 trucks

equipped with advanced GPS systems and 18 trailers. Industrial customers across Ukraine and the EU will have access to a wider range of oversized cargo transport services following the transaction. The new trucks will decrease Negabarit-Service's operating costs by at least 30% due to a reduction in fuel consumption and maintenance expenditure. The new vehicles will be compliant with EURO-6 or higher emissions standards, which will help decrease nitrogen oxide emissions by 80% and carbon oxide by 22%.

The Avellum team was led by Senior Partner Glib Bondar, supported by Counsel Maria Tsabal and Associates Oleksandra Kupriichuk and Anna Kalabska.



JPM Supports Gastrans Novi Sad as Compliance Officer



Jankovic Popovic Mitic has been appointed as a compliance officer of Gastrans d.o.o. Novi Sad. The appointment of JPM was approved by the Serbian regulatory authority.

According to JPM, the appointment of the compliance officer is part of the exemption granted to Gastrans by the Energy Agency of the Republic of Serbia on March 5, 2019. According to the firm, the exemption is in respect to the future gas inter-connector from application of third party access rules, which are general rules for capacity allocation and general terms and conditions for natural gas submission. The exemption also includes regulated prices and implementation of ownership unbundling requirements in accordance with the Energy Law, all in compliance with the Directive 2009/73/EC of the European Parliament and of the Council of July 13, 2009 concerning common rules for internal market in the natural gas and repealing Directive 2003/55/EC as implemented into the Energy Community by Decision 2011/02/MC-EnC.

PwC Legal Advises Dyckerhoff on Squeeze-Out Procedure



PwC Legal Ukraine advised the majority shareholder of PJSC Dyckerhoff Cement Ukraine on the forced redemption of shares from minority shareholders.

As a result of the squeeze-out, the majority shareholder and the affiliated company now hold a 100% stake in PJSC Dyckerhoff Cement Ukraine. According to PwC Legal, the mechanism on squeeze-out appeared in Ukrainian law recently with the law of Ukraine On Amendments to Certain Legislative Acts of Ukraine on Increasing the Level of Corporate Governance in Joint Stock Companies, which came into effect on March 23, 2017.

Suciu Popa Successful for Enel Green Power Romania in Tax Dispute



Suciu Popa successfully represented Enel Green Power Romania in litigation involving wrongful calculation and improper collection of local taxes related to a wind farm and related accessories.

The Romanian court cancelled the tax decisions and enforcement proceedings and ordered full reimbursement of all wrongfully executed amounts. The court's ruling means, that a tax debt secured by a bank letter of guarantee issued in favor of the country's fiscal authority cannot be initiated and legally enforced by the creditor.

ACROSS THE WIRE: DEALS SUMMARY

Date covered	Firms Involved	Deal/Litigation	Value	Country
19-Mar	Freshfields; Kalo & Associates	Kalo & Associates and Freshfields Bruckhaus Deringer, both acting on behalf of the Republic of Albania, persuaded an ICSID arbitral panel to dismiss a case brought by the Anglo-Adriatic Investment Fund, which was claiming about EUR 220 million for foreign investment expropriation.	EUR 220 million	Albania
10-Apr	Kalo & Associates	Kalo & Associates helped the YURA Corporation, a South Korean auto-supplier, launch the first stage of the operation of its plant on a 4.9 hectare site near Fier, in southwest Albania.	EUR 6.5 million	Albania
10-Apr	BDK Advokati; Divjak Topic Bahtijarevic; Kalo & Associates; Maric & Co.; Polenak Law Firm; Selih & Partners	Law firm members of the SEE Legal Group, acting on behalf of Netlog Logistics, completed a due diligence analysis of the Intereuropa group of companies, upon the announcement of a banking consortium that it is selling 72% share capital in Intereuropa d.d.	N/A	Albania; Bosnia and Herzegovina; Croatia; Kosovo; Macedonia; Montenegro; Serbia
22-Feb	Fellner Wratzfeld & Partner	Fellner Wratzfeld & Partners helped UIV Urban Innovation Vienna GmbH find a location for a new multifunctional mega arena.	N/A	Austria
28-Feb	Dorda; Pistotnik & Krilyszyn	Dorda advised Universal Investment on the acquisition of Euro Plaza 6 from Austrian Kapsch Immobilien, an international road telematics, information technology, and telecommunications company in Vienna. Pistotnik & Krilyszyn advised the sellers on the deal.	N/A	Austria
28-Feb	Schoenherr	Schoenherr advised Styria Vitalis on the registration of its quality seal "Grüner Teller", which the firm claims is Austria's first registered certification mark.	N/A	Austria
6-Mar	Schindler Attorneys; Schoenherr	Schoenherr advised Toyota Motor Europe on the acquisition of Austrian marketing and sales company Toyota Frey Austria from the Frey Holding GmbH. Schindler Attorneys advised the sellers.	N/A	Austria
8-Mar	Dorda; Eisenberger & Herzog; Latham & Watkins; Linklaters	Dorda and Latham & Watkins advised private equity fund Triton and ADIA — a wholly-owned subsidiary of the Abu Dhabi Investment Authority — on the acquisition of 100% of IFCO, a unit of Australian Securities Exchange-listed Brambles Limited. Brambles Limited was advised by Linklaters and Eisenberger & Herzog.	N/A	Austria
8-Mar	Baker McKenzie; Binder Grosswang; Kirkland & Ellis	Baker McKenzie advised the Delachaux Group on its acquisition of a majority stake in Upper Austria's Frauscher Sensortechnik from the Greenbriar private equity fund. Kirkland & Ellis advised the sellers on the deal.	N/A	Austria
15-Mar	Dorda; Wolf Theiss	Dorda advised Odeon Cinemas Group on the sale of its three Austrian UCI cinemas. Wolf Theiss advised Constantin Film-Holding GmbH, which bought UCI Kinowelt.	N/A	Austria
18-Mar	Fellner Wratzfeld & Partner; Schoenherr	Fellner Wratzfeld & Partner advised Oesterreichische Kontrollbank AG on the acquisition of approximately 70% of Oesterreichische Hotel-und Tourismusbank Gesellschaft m.b.H from UniCredit Bank Austria AG and Erste Bank der Oesterreichischen Sparkassen AG. Schoenherr advised UniCredit Bank and Erste Bank on the sale.	N/A	Austria

Date covered	Firms Involved	Deal/Litigation	Value	Country
21-Mar	Fellner Wratzfeld & Partner	Fellner Wratzfeld & Partner advised a syndicate of banks consisting of Erste Bank der oesterreichischen Sparkassen AG, Raiffeisenlandesbank Obersterreich AG, Raiffeisen Bank International AG, and UniCredit Bank Austria on financing and a consequent takeover of Waagner Biro Bridge Systems AG by a group of investors.	N/A	Austria
21-Mar	Brandl & Talos	Brandl & Talos assisted Wolfbank-Adisa Holding AG in its listing on a new segment of the Vienna Stock Exchange,	N/A	Austria
21-Mar	Schoenherr	Schoenherr successfully advised the Vienna International Airport and the province of Lower Austria on the successful application for permission to construct a third runway at the Vienna International Airport.	N/A	Austria
21-Mar	Addleshaw Goddard; Cerha Hempel Spiegelfeld Hlawati; Linklaters; Morais Leitao, Galvao Teles, Soares da Silva & Ass	Cerha Hempel Spiegelfeld Hlawati, Addleshaw Goddard, and Portugal's Morais Leitao, Galvao Teles, Soares da Silva & Associados advised Value One Holding AG on its joint venture with Nuveen Real Estate to invest EUR 600 million on the development of purpose-built student accommodations in Portugal and Austria. Linklaters advised Nuveen Real Estate on the deal.	EUR 600 million	Austria
22-Mar	Schoenherr	Schoenherr provided Austrian advice and Hengeler Mueller was lead counsel to private equity group Bain Capital on its sale of a 32% stake in the Wittur Group to an investment company of the Canadian Public Sector Pension Investment Board.	N/A	Austria
25-Mar	Baker McKenzie; Jank Weiler Operenyi	Baker McKenzie advised France's Compagnie des Alpes on its purchase of all shares in M. Muller GmbH, the operator of the Familypark amusement park in Austria. Jank Weiler Operenyi advised the sellers.	N/A	Austria
10-Apr	Eversheds Sutherland; Binder Groesswang	Eversheds Sutherland advised Omicron Electronics GmbH on the acquisition of b2 Electronic GmbH from sellers Stefan Baldauf, Rudi Blank, and Maybridge Investments. Binder Groesswang advised the sellers on the deal.	N/A	Austria
14-Mar	Allen & Overy; Bredin Prat; Eisenberger & Herzog; Freshfields; Galicia Abogados; Gleiss Lutz; Hengeller Mueller; Junhe; Schoenherr; Wuersch & Gering	Schoenherr, working with lead counsel Hengeler Mueller and Belgium's Bredin Prat, China's JunHe, Mexico's Galicia Abogados, and Wuersch & Gering in New York, advised Sweden's Ericsson on its acquisition of Germany's Kathrein SE's antenna and filters division. Noerr and Ziems & Partner acted as lead counsel to Kathrein, assisted by, among others, Eisenberger & Herzog, Freshfields Bruckhaus Deringer, Allen & Overy, and Gleiss Lutz.	N/A	Austria; Poland; Romania
20-Feb	Gorazd Buda; Odi Law	ODI Law advised Austrian multinational Knapp AG on its acquisition of a majority stake in Slovenian logistical software solution company Epilog.	N/A	Austria; Slovenia
20-Feb	Cerha Hempel Spiegelfeld Hlawati; Leskovec Law Office; Selih & Partners	Cerha Hempel Spiegelfeld Hlawati and Law Office Leskovec advised CA Immo on the sale of the Austria Trend Hotel in Ljubljana to a joint-venture of Slovenian asset manager KD Sladi and German real estate investment manager Peakside Capital. Selih & Partners advised the joint venture.	N/A	Austria; Slovenia
11-Mar	Sorainen	Sorainen is advising the EBRD on Belarusian and Lithuanian aspects of its loan of USD 11.3 million to the Modus Group for use in the construction of two biogas power plants with total installed capacity of 3MW in Belarus.	N/A	Belarus
10-Apr	SPP Stepanovski, Papakul & Partners	SPP Stepanovski, Papakul & Partners assisted with establishment of H&M in Belarus. The Swedish clothing retailer is registered as H and M Hennes & Maurits Bel.	N/A	Belarus
5-Apr	Sajic	Law Firm Sajic successfully represented Aquana doo Banja Luka in the Supreme Court of the Republic of Srpska, which upheld the decision of the lower court that Aquana doo owed only EUR 50,594.85 to plaintiff Atzwanger S.P.A. as damages related to the construction of an aqua-park in Banja Luka, and not the EUR 1,158,863.90 that Atzwanger had been seeking.	N/A	Bosnia and Herzegovina
18-Feb	Georgiev, Todorov & Co.	Georgiev, Todorov & Co. is representing BMF Port Burgas in oral arguments before the Court of Justice of European Union in a Preliminary Reference Procedure related to a ruling by the Administrative Court of Sofia.	N/A	Bulgaria
19-Feb	Kambourov & Partners	Kambourov & Partners advised one of the founders of the Union Ivkoni Ltd. bus company on the sale of his share in the company as part of the company's merger with competitor Etap Address.	N/A	Bulgaria
25-Feb	CMS	CMS supported both Shell and Repsol on the transfer of 20% of Shell's interest in the Khan Kubrat block, offshore Bulgaria, to Repsol Bulgaria Khan Kubrat S.A	N/A	Bulgaria
14-Mar	Dimitrov Petrov & Co.	Dimitrov, Petrov & Co advised Neveq Management OOD on the registration of the company as an Alternative Investment Fund Manager.	N/A	Bulgaria
20-Mar	CMS	CMS Sofia helped SPM Bulgaria LLC obtain a permit to prospect and explore Block 1-25 Vratsa West, which covers a large territory in northwestern Bulgaria.	N/A	Bulgaria

Date covered	Firms Involved	Deal/Litigation	Value	Country
15-Apr	Allen & Overy; Boyanov & Co.; Go2Law; Kambourov & Partners; Mayer Brown; O'Melveny & Myers; Spasov & Bratanov	Boyanov & Co. advised the lenders on a EUR 100 million syndicated financing of the Advance Media Group EAD's EUR 185 million acquisition of the Nova Broadcasting Group from MTG Broadcasting AB and Eastern European Media Holdings S.A. Advance Media was assisted by O'Melveny & Myers in London and Kambourov & Partners in Sofia. MTG Broadcasting was advised by Allen & Overy, Go2Law, and Spasov & Bratanov, and Eastern European Media Holdings was advised by Mayer Brown.	EUR 100 million	Bulgaria
5-Mar	Baker McKenzie; CMS; Covington & Burling; Odi Law; Schoenherr; Simkins; Van Bael & Bellis	Baker McKenzie, ODI Law, Simkins, Covington & Burling, and Van Bael & Bellis advised MHP SE on the acquisition of 90.68% of the issued capital of Perutnina Ptuj, d.d. Schoenherr Vienna advised the sellers on the deal and CMS London advised ING, MHP's financial partner.	N/A	Croatia; Macedonia; Serbia; Slovenia; Ukraine
19-Feb	bvp Braun Partners; CMS	BPV Braun Partners advised the Conseq Realitni real estate fund on the acquisition of the A7 Office Center, an administrative and commercial complex in the Holesovice neighborhood in Prague, from Revetas Capital. CMS advised Revetas Capital on the sale.	N/A	Czech Republic
21-Feb	Weinhold Legal	Weinhold Legal advised the JOJ Group on its acquisition of a 100% stake in Ceskoslovenska Filmova Spolecnost, s.r.o. the Czechoslovak Film Society.	N/A	Czech Republic
8-Mar	Eversheds Sutherland; Wilson	The Prague office of Eversheds Sutherland advised the Conseq real estate fund on its acquisition of the Retail Park Hradec Kralove s.r.o. from Tesco Europe B.V., which was advised by Wilsons.	N/A	Czech Republic
19-Mar	PRK Partners	PRK Partners advised Martin Barry, the developer of the Manifesto marketplace in Prague, on the acquisition of a minority equity stake in Manifesto by the Rockaway Group.	N/A	Czech Republic
26-Mar	bvp Braun Partners; Wilson	BPV Braun Partners advised fund management company Redside on the sale of Avenir E, a grade A office building in Prague, to Investika. Wilsons advised Investika on the deal.	N/A	Czech Republic
5-Apr	Dentons; Wilson	Dentons advised Penta Real Estate on its EUR 250 million sale of the Waltrovka office complex in Prague to Munich-based real estate fund manager GLL Real Estate Partners, acting together with LB Asset Management on behalf of South Korean investor Hanwha Investment & Securities. Wilsons advised the buyers on the deal.	EUR 250 million	Czech Republic
8-Apr	Allen & Overy; Dentons	Dentons advised CPI Property Group on an update of a revolving credit facility, the issue of USD 350 million Reg S bonds, and a EUR 170 million senior unsecured Schuldschein. Allen & Overy advised Barclays, Credit Suisse, Deutsche Bank, HSBC, J.P. Morgan, Komerční Banka, Nomura, Raiffeisen Bank, UniCredit, Goldman Sachs, and Bank of China on the credit facility update.	USD 350 million	Czech Republic
9-Apr	Freshfields; Havel & Partners; PRK Partners	PRK Partners, working alongside lead counsel Freshfields, advised RWE on Czech aspects of its acquisition of 50.05% of the shares in Innogy Grid Holding. Havel & Partners was Czech counsel for seller Innogy SE.	N/A	Czech Republic
9-Apr	Allen & Overy; White & Case	White & Case advised PPF Arena 1 B.V. on the establishment of its EUR 3 billion Medium Term Note Program and the debut issuance of EUR 550 million 3.125% notes due March 2026 thereunder. Allen & Overy represented the mandated lead arrangers, joint lead managers, and dealers under the program agreement in connection with the change of terms of financing of the acquisition of CEE and SEE assets of Telenor by the PPF Group, as well as the joint lead managers and dealers under the program agreement and the first issuance of notes under the program agreement.	N/A	Czech Republic
25-Feb	Clifford Chance; Greenberg Traurig; Weil, Gotshal & Manges	Clifford Chance Warsaw advised Czech Media Invest on the sale of Polish radio company Eurozet sp. z o.o. to Prague-based SFS Ventures s.r.o. and Polish media group Agora S.A. Weil, Gotshal, Manges advised SFS Ventures and Greenberg Traurig advised Agora S.A. on the acquisition.	N/A	Czech Republic; Poland
18-Mar	CMS; Evan Law Firm; Fine Law	CMS advised Zentiva Group a.s. on its acquisition of Romanian pharmaceutical company Solacium and its subsidiary Be Well Pharma from Sijyara Enterprises — a holding entity of A&D Pharma / Dr. Max Group — and entrepreneur Tony Trasca. The Czech Republic's Evan Law Firm advised Sijyara and Romania's Fine Law advised Trasca on the sale.	N/A	Czech Republic; Romania
21-Feb	Weinhold Legal	Weinhold Legal provided Czech and Slovak assistance to Henry Schein, a provider of health care solutions for office-based dental and medical professionals, in relation to the spin-off of the company's animal health business.	N/A	Czech Republic; Slovakia
22-Feb	Triniti	Triniti advised the owners of OU Utilitas on the acquisition of an 85% shareholding of the company by investment fund EDIF II.	N/A	Estonia
28-Feb	Sorainen	Sorainen and Gunderson Dettmer in Los Angeles advised Brainbase on a successfully completed USD 1 million seed round. The round was led by Tera Ventures, with participation from Sterling Road and several angel investors, including Severin Hacker, Andrew Rabin, and Hamid Barkhordar.	USD 1 million	Estonia
14-Mar	Ellex (Raidla)	Ellex Raidla advised Magnetic MRO, a global provider of technical care for aircraft operators and lessors, on a bond issue worth a total of EUR 8 million.	EUR 8 million	Estonia
29-Mar	Cobalt	Cobalt advised Nextclinics International GmbH on the acquisition of a 100% stake in reproductive medical services provider F-Est OU, the owner of Fertility Clinic Nordic.	N/A	Estonia

Date covered	Firms Involved	Deal/Litigation	Value	Country
2-Apr	Sorainen	Sorainen advised FinEst Bay Area Development on the creation of a memorandum of understanding for EUR 15 billion in financing with China's Touchstone Capital Partners for an undersea train tunnel linking Helsinki with Tallinn.	EUR 15 billion	Estonia
5-Apr	Cobalt; Ellex (Raidla); Quorum	Cobalt advised BaltCap on the sale of its 95% stake in Baltic-based Fitek Holding to the UnifiedPost Group, which was advised by Belgian law firm Quorum and Ellex Raidla.	N/A	Estonia; Latvia; Lithuania
25-Mar	Avance Attorneys; Manheimer Swartling	Mannheimer Swartling and Avance Attorneys advised the Finnish investment company CapMan on divestment of Maintpartner's operations in Finland, Estonia, and Poland to the maintenance and facility management company Caverion.	N/A	Estonia; Poland
11-Mar	Kyriakides Georgopoulos	The Kyriakides Georgopoulos Law Firm advised a consortium consisting of Snam, Enagas, and Fluxys on a >10-year non-recourse acquisition financing corresponding to approximately 65% of the enterprise value to fund the acquisition, through Senfluga Energy Infrastructure Holdings, of a 66% stake of the Hellenic Gas Transmission System Operator S.A.	N/A	Greece
19-Mar	KLC Law Firm	Greece's KLC Law Firm successfully represented France's Vinci Construction Grands Projets SAS before the Hellenic Competition Commission.	N/A	Greece
3-Apr	Karatzas & Partners	Karatzas & Partners acted as Greek legal advisers on the successful completion of TAP's EUR 3.9 billion project financing.	EUR 3.9 billion	Greece
20-Feb	Noerr	Noerr's Budapest office advised ErlingKlinger AG, a Frankfurt stock exchange listed innovative car part manufacturer, on its financing by a syndicate consisting of Commerzbank, Landesbank Baden-Wuerttemberg, Deutsche Bank, DZ Bank, HSBC, and Banque Europeenne du Credit Mutuel.	N/A	Hungary
28-Feb	Act Legal (Ban & Karika)	Ban & Karika Attorneys at Law, the Hungarian member of the Act Legal alliance, has been selected to provide and coordinate legal assistance to Air France-KLM in 11 countries.	N/A	Hungary
4-Mar	CMS; Oppenheim	Oppenheim advised investment firm AEW on its acquisition of two mixed-use buildings on Budapest's historic Andrássy avenue from an undisclosed seller. CMS advised the seller on the deal.	N/A	Hungary
5-Mar	KPMG Legal; Oppenheim	Oppenheim advised the Beghelli Group on the sale of Klotild Palace, an English neo-baroque building in Budapest's 5th district currently housing the Buddha-Bar Hotel Budapest, to ABA Gate Hungary Kft., a company owned by private investors from Qatar. KPMG Legal advised the buyer.	EUR 48 million	Hungary
26-Mar	Bird & Bird; Oppenheim	Oppenheim advised Immofinanz on its sale of the Arpad Center office building in Budapest to asset and property management company ConvergenCE. Bird & Bird advised ConvergenCE on the deal.	N/A	Hungary
26-Mar	Allen & Overy; Dentons; DLA Piper	Dentons' Budapest office advised Hungarian online consumer electronics retailer Extreme Digital and its shareholders in connection with Extreme Digital's merger with eMAG Hungary -- a member of South Africa's Naspers Group. Allen & Overy and DLA Piper advised eMAG on the deal.	N/A	Hungary
29-Mar	Baker McKenzie	Baker McKenzie advised MET Renewables AG on the establishment of a joint venture with Gazprom Neft-owned NIS, after helping MET acquire a 50% share in a Serbian wind farm project from an unidentified third party.	N/A	Hungary
15-Mar	CMS; Gide Loyrette Nouel; King & Spalding; Kinstellar; Python; SSW Pragmatic Solutions; Vischer; Wolf Theiss	Gide Poland, Wolf Theiss Hungary, Switzerland's Python law firm, and King & Spalding Germany advised Steinhoff International Holdings on the sale of its European companies to the Cotta Group. The buyer was advised by SSW Solutions.	N/A	Hungary; Poland
28-Feb	Cobalt	Cobalt advised joint lead managers Credit Agricole Corporate and Investment Bank, Citi, and Goldman Sachs International on the issue of a 30-year Eurobond by the Republic of Latvia in a total amount of EUR 700 million.	EUR 700 million	Latvia
8-Mar	Deloitte Legal; Ellex (Klavins)	Ellex Latvia advised Silverlake Axis Ltd on the acquisition of 80% of the equity interest in SIA X Infotech Group. Deloitte Legal advised Novaltisco Investments Limited, a shareholder of SIA X Infotech Group, on the sale.	N/A	Latvia
11-Mar	Kronbergs Cukste Levin; Uria Menendez	Kronbergs Cukste Levin and Uria Menendez successfully represented the European Central Bank in front of the European Court of Justice in a case against the Republic of Latvia involving security measures it took against the Governor of Latvijas Banka Ilmars Rimsevics.	N/A	Latvia
20-Mar	Ellex (Klavins); Glimstedt; Titov & Partners	Ellex Klavins provided Latvian advice and Titov & Partners provided Swedish advice to Latvian Forest Company AB on the sale of its operating subsidiaries to the Svenska Cellulosa Aktiebolaget SCA group, which was advised by Glimstedt.	N/A	Latvia
21-Mar	Cobalt	The Riga office of Cobalt helped SIA M257 obtain a commission for Akropole projects from the City of Riga's construction authority.	N/A	Latvia

Date covered	Firms Involved	Deal/Litigation	Value	Country
20-Feb	Sorainen; TGS Baltic	TGS Baltic advised UAB XXT, which is controlled by UAB M.M.M. Projektai, on the sale of the S7 office complex to Eastnine. Sorainen advised Eastnine on the acquisition.	EUR 128.3 million	Lithuania
21-Feb	Cobalt	Cobalt helped ValorPay UAB obtain a payment institution license from the Bank of Lithuania.	N/A	Lithuania
21-Feb	SPC Legal	SPC Legal, acting on behalf of the Mazeikiai District Municipal Administration, persuaded the Lithuanian Court of Appeal to dismiss the appeal of companies Eikos Statyba and Genra of a procurement process involving a construction project.	EUR 13 million	Lithuania
28-Feb	Cobalt; TGS Baltic	Cobalt advised the INVL Baltic Sea Growth Fund, the largest private equity investment fund in the Baltics, on the acquisition by its wholly-owned subsidiary BSGF Sanus of a 70% stake in the InMedica health care clinics chain from the Lithuania SME Fund. TGS Baltic advised the sellers.	N/A	Lithuania
4-Mar	Primus Derling; TGS Baltic	Primus Derling advised the Eksma Group on the acquisition of the Dvarcioniu Keramika factory building from laser systems manufacturer Sviesos Konversija. TGS Baltic advised Sviesos Konversija.	N/A	Lithuania
4-Mar	Glimstedt; Sorainen	Sorainen advised venture capital fund Open Circle Capital on its investment of EUR 170,000 in ad exchange startup SixAds. Glimstedt advised SixAds on the deal.	EUR 170,000	Lithuania
8-Mar	Sorainen	Sorainen helped global marketing tech company Supermetrics establish its office in Lithuania.	N/A	Lithuania
11-Mar	Sorainen	Sorainen advised venture capital fund Open Circle Capital on its investment of EUR 300,000 in the Whatagraph platform.	EUR 300,000	Lithuania
11-Mar	Sorainen	Sorainen successfully represented former board members of Investment and Business Guarantees – a company subordinate to the Lithuanian Ministry of Economy – in an appeal before the Vilnius Regional Court concerning a bonus payment to a former manager of the company.	N/A	Lithuania
21-Mar	Cobalt	Cobalt helped Earthport Payment Services UAB obtain a payment institution license from the Bank of Lithuania.	N/A	Lithuania
22-Mar	Ellex (Valiunas)	Ellex Valiunas advised Baltic Sea Properties on its 12-year lease of a 6500 square meter space in a logistics terminal to be built in Lithuania by the Oribalt Group.	N/A	Lithuania
1-Apr	Tvins	The TVINS law firm advised Eika Asset Management UAB on the setting up of the new Eika Real Estate Fund closed-end investment company.	N/A	Lithuania
4-Apr	Motieka & Audzevicius	Motieka & Audzevicius is reporting that it successfully represented JP Srbijagas in litigation before the Vilnius Regional Court in order to secure enforcement of two ICC and two VIAC awards.	N/A	Lithuania
4-Apr	Motieka & Audzevicius; Rudzinskas & Partners	Motieka & Audzevicius advised Satalia on its acquisition of software and automatization solutions company Data Dog from entrepreneurs Domas Janickas, Marius Buzaitis, Gytis Koryzna, and Mindaugas Zickevicius. Rudzinskas & Partneriai advised the sellers.	N/A	Lithuania
12-Apr	Ellex (Valiunas)	Ellex Valiunas advised Visa on its indirect acquisition of 100% of the shares of UAB Earthport Payment Services, a payment institution licensed in Lithuania.	N/A	Lithuania
8-Mar	CMS; Jones Day; Moravcevic Vojnovic i Partneri	CMS advised Steiermarkische Sparkasse und Bank AG on its acquisition of Societe Generale's shares in Ohridska Banka Societe Generale. Jones Day was lead counsel to Societe Generale, which was also advised by Moravcevic Vojnovic i Partneri in the Republic of Northern Macedonia.	N/A	Macedonia
10-Apr	Polenak Law Firm	The Polenak Law Firm advised Global Special Opportunities Ltd. on its acquisition of the assets of ferronickel production plant Feni Industries AD in its process of bankruptcy and reorganization.	N/A	Macedonia
19-Mar	Efrim Rosca & Associates; Gladei & Partners	Efrim, Rosca & Associates advised the Moldovan Government, acting through the Agency for Public Property, on its sale of 63.8865% of the authorized capital of Moldindconbank to Bulgaria's Doverie United-Holding AD. Gladei & Partners reportedly advised Doverie United on the deal.	N/A	Moldova
18-Feb	Gide Loyrette Nouel; Norton Rose Fulbright	Gide Warsaw advised Unibail-Rodamco-Westfield on the refinancing of the Galeria Mokotow shopping center in Warsaw.	EUR 200 million	Poland
21-Feb	Baker McKenzie; Dentons	Baker McKenzie Warsaw advised Baltisse on its acquisition of Polflam, a Polish fire-resistant glass manufacturer, from its two founders, Maciej Szamborski and Wojciech Wilczak, and from Syntaxis Capital, a private debt and growth capital investor. Dentons, which had advised Syntaxis Capital on its 2014 investment in Polflam (then trading as Glass-Team), advised the sellers on the deal.	N/A	Poland
21-Feb	K&L Gates	A team of lawyers from K&L Gates' Warsaw office, acting pro bono, successfully represented Tomasz Stepien in a case involving the recognition and enforcement in Poland of an arbitral award rendered by the Court of Arbitration for Sport in Lausanne in Switzerland.	N/A	Poland
22-Feb	Dentons	Dentons Warsaw advised Mitsui High-tec on its construction of a plant to manufacture generator and motor parts for electric and hybrid vehicles in Invest-Park, the Walbrzych Special Economic Zone in Poland.	N/A	Poland
22-Feb	Bird & Bird; DMS DeBenedetti Majewski Szczesniak	DMS DeBenedetti Majewski Szczesniak advised InterRisk TU SA VIG on its acquisition of shares in TUW TUW from the MACIF Group. Bird & Bird advised the sellers on the deal.	N/A	Poland
25-Feb	CMS	CMS Warsaw advised Aberdeen Standard European Logistics Income PLC on the acquisition of a logistics warehouse in Krakow from Panattoni Development Co and Marvipol SA.	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
28-Feb	Eversheds Sutherland; WKB Wiercinski Kwiecinski Baehr	WKB Wiercinski, Kwiecinski, Baehr advised Centrum Rozliczen Elektronicznych Polskie ePlatnosci S.A. on its acquisition of 100% of shares in Billbird S.A. from International Game Technology. Wierzbowski Eversheds Sutherland advised International Game Technology on the sale.	N/A	Poland
1-Mar	Celej & Kondracki; DLA Piper	DLA Piper represented TDJ Pitango Ventures in its EUR 3.5 million investment in Custom Sp z o.o. Celej & Kondracki advised Custom and its founders on the deal.	EUR 3.5 million	Poland
5-Mar	K&L Gates	K&L Gates advised Inovo Venture Partners – a Series A fund focused on Poland and CEE – in connection with its investment in Slovakian startup Eyerim.	N/A	Poland
8-Mar	Zieba & Partners	Zieba & Partners advised mBank on its lease of office space at the Warsaw complex from Golub GetHouse and Mennica Polska S.A. Greenberg Traurig advised Golub GetHouse and Mennica Polska.	N/A	Poland
11-Mar	Studnicki, Pleszka, Cwiakalski, Gorski	SPCG successfully represented former shareholders of PGE Elektrownia Belchatow SA and other companies from the PGE group in a dispute with PGE GiEK SA before the Supreme Court of Poland involving payment of interest due to delays in paying dividends.	N/A	Poland
12-Mar	Greenberg Traurig	The Warsaw office of Greenberg Traurig has represented Manila's ISOC Group in the acquisition of the Argon building in the Alchemia office complex in Gdansk.	N/A	Poland
13-Mar	Gide Loyrette Nouel; White & Case	Gide Warsaw advised KGHM Polska Miedz S.A. on a USD 450 million financing for Bank Gospodarstwa Krajowego. White & Case advised BGK on the deal.	USD 450 million	Poland
13-Mar	Allen & Overy; Greenberg Traurig; White & Case; Wolf Theiss	Greenberg Traurig represented Cromwell European Real Estate Investment Trust, acting through its subsidiaries, on the acquisition of 16 predominantly freehold office properties in Poland, the Netherlands, and Finland. The sellers, represented by White & Case in London and Finland and Wolf Theiss in Warsaw, were entities related to Goldman Sachs. Allen & Overy advised the financing banks.	N/A	Poland
18-Mar	Chajec, Don-Siemion & Zyto	Chajec, Don-Siemion and Zyto advised funds managed by TFI Capital Partners on a financial investment in the Piotr & Pawel Group, a Polish supermarket chain operating 145 stores.	N/A	Poland
18-Mar	Studnicki, Pleszka, Cwiakalski, Gorski	SPCG advised Sonae Sierra, a developer and provider of services for developing commercial real estate, on its acquisition of 50% of the shares in the Balmain Asset Management Group.	N/A	Poland
19-Mar	Act (BSWW)	Poland's Act BSWW advised the NEO Hospital Group, which runs Krakow's Szpital na Klinach clinic, on the acquisition of the da Vinci surgical system.	N/A	Poland
20-Mar	Dentons; DLA Piper	Dentons Warsaw advised HB Reavis on the EUR 350 million financing granted to its three subsidiaries by a syndicate of Santander Bank Polska, Helaba, Bank Pekao, and UniCredit for the construction of Varso Place in Warsaw. The banks were advised by DLA Piper.	EUR 350 million	Poland
21-Mar	Greenberg Traurig	Greenberg Traurig advised Madison International Realty on its indirect acquisition of a majority stake in Capital Park S.A., an investor in the ArtN complex in the Wola district of Warsaw.	N/A	Poland
21-Mar	Act (BSWW)	Act BSWW successfully represented PKP Polskie Linie Kolejowe S.A. in procedures aimed at securing interim relief against Astaldi S.p.A.	PLN 450 million	Poland
21-Mar	Clifford Chance; Dentons; Linklaters; Weil, Gotshal & Manges	Clifford Chance advised Australia's Macquarie Infrastructure and Real Assets and Australian pension funds MTAA Superannuation Fund, Statewide Superannuation Fund, and Westscheme Fund on the sale of DCT Gdansk S.A., Poland's largest container terminal, to a consortium of PSA International Ptd Ltd, the Polish Development Fund, and the IFM Global Infrastructure Fund (managed by IFM Investors). Weil Gotshal & Manges advised the consortium and the Polish Development Fund, Linklaters advised IFM, and Dentons advised PSA.	N/A	Poland
21-Mar	Eversheds Sutherland	Wierzbowski Eversheds Sutherland won a tender to provide legal services for road projects carried out by Poland's General Directorate for National Roads and Motorways.	N/A	Poland
21-Mar	Chajec, Don-Siemion & Zyto	Chajec, Don-Siemion & Zyto advised Nevu Sp. z o.o. on the acquisition of a 100% stake of pharmaceutical and dietary supplement producer Eubioco S.A. from Pelion S.A.	N/A	Poland
21-Mar	Jara Drapala & Partners	Jara Drapala & Partners advised Hive, a new supplier of electric scooters, on its entry into the Polish market.	N/A	Poland
22-Mar	DMS DeBenedetti Majewski Szczesniak	DMS DeBenedetti Majewski Szczesniak advised Vienna Insurance Group AG on its acquisition of 100% of the shares in Gotheer Towarzystwo Ubezpieczen S.A. from Germany's Gothaer Group.	N/A	Poland
25-Mar	Clifford Chance; White & Case	White & Case advised the Polish Ministry of Finance on the EUR 2 billion issuance of 10 and 30-year Euro-denominated Green Bonds, maturing on March 7, 2029 and March 8, 2049 respectively. Clifford Chance advised lead managers and bookrunners Citi, ING, J.P. Morgan, PKO BP, Santander, and Societe Generale.	EUR 2 billion	Poland
25-Mar	Gessel; Mrowiec Fialek	Gessel assisted mLeasing sp. z o.o. with its acquisition of a 100% stake in LeaseLink sp. z o.o., from Pragma Faktoring S.A. coupled with refinancing of LeaseLink's debt. Mrowiec Fialek and Partners advised Pragma Faktoring S.A. and the minority shareholders of LeaseLink sp. z o.o. on the sale.	N/A	Poland
25-Mar	Chajec, Don-Siemion & Zyto	Chajec, Don-Siemion & Zyto advised CP Fundusz Inwestycyjny Zamkniety and Capital Partners Investment I Fundusz Inwestycyjny Zamkniety on the sale of 100% of their shares and bonds in Symbio Polska S.A., as well as on an investment in an unnamed FMCG company.	N/A	Poland

Date covered	Firms Involved	Deal/Litigation	Value	Country
25-Mar	Dentons; K&L Gates	K&L Gates advised PFR Ventures on its investment in the Cogito Capital Partners fund, created to support startups in the growth phase. Dentons advised Cogito on the deal.	N/A	Poland
25-Mar	Act (BSWW)	Act Legal Poland helped Strabag PFA Austria GmbH — a member of the Strabag Group — acquire 100% of the shares of Caverion Polska Sp. z o.o. from Finland's Caverion Oyj.	N/A	Poland
26-Mar	CMS; White & Case	White & Case advised Vienna-based FLE on the purchase of the K1 office building in Krakow. CMS advised the seller, an unnamed global investment manager, on the deal.	N/A	Poland
29-Mar	Mrowiec Fialek	Mrowiec Fialek and Partners advised ZAP Sznajder Batterien S.A. on the acquisition of 100% of shares in NEF Battery Holding S.a r.l., the majority shareholder of Orzel Bialy S.A.	N/A	Poland
29-Mar	Weil, Gotshal & Manges	Weil Gotshal & Manges advised Tacit Investment and its subsidiary on the opening of a Nobu Hotel and Restaurant in Warsaw.	N/A	Poland
1-Apr	Chajec, Don-Siemion & Zyto; DZP Domanski Zakrzewski Palinka	Chajec, Don-Siemion & Zyto advised RED 8, a group of advertising and marketing companies, on the sale of Content Invest Sp. z o.o. to a company from the Dentsu Aegis Group. DZP Domanski Zakrzewski Palinka advised the Dentsu Aegis Group.	N/A	Poland
2-Apr	Act (BSWW)	The Warsaw office of Act Legal advised Finnish developer YIT on the acquisition of a six-hectare property in the Warsaw district of Bemowo.	N/A	Poland
2-Apr	Linklaters; Paul Hastings	Linklaters advised Patron Capital on the acquisition of the 5-star Sheraton Hotel in the center of Warsaw from a joint venture of Benson Elliot and Walton Street. Paul Hastings in London and WKB Wiercinski Kwiecinski Baehr in Warsaw advised the sellers on the sale.	N/A	Poland
2-Apr	Greenberg Traurig; Eversheds Sutherland	Wierzbowski Eversheds Sutherland advised Drukarnia Embe Press on the sale of 80% of the company's shares to Innova Capital. Greenberg Traurig advised the buyer on the deal.	N/A	Poland
3-Apr	Jara Drapala & Partners	Jara Drapala & Partners, working with SWS Strykowski Wachowiak, successfully represented Mostostal Warszawa S.A. in a dispute against Zaklad Unieszkodliwiania Odpadow regarding a contract for the construction of a waste incineration plant in the city of Szczecin.	N/A	Poland
9-Apr	Linklaters	Linklaters advised Globalworth Poland on its EUR 37 million acquisition of the Rondo Business Park office complex in Krakow.	EUR 37 million	Poland
9-Apr	Chajec, Don-Siemion & Zyto	Chajec, Don-Siemion & Zyto advised biotechnology company Pharmena S.A. on the transfer of its shares to the Warsaw Stock Exchange from the NewConnect market.	N/A	Poland
9-Apr	Crido Legal; SSW Pragmatic Solutions	SSW advised Skanska S.A. on its sale of 11 bituminous mass plants and other assets to Colas Polska sp. z o.o. Crido Legal advised Colas Polska on the transaction.	PLN 120 million	Poland
9-Apr	Crido Legal	Crido Legal advised Akademia Pilkarska Legii Sp. z o.o. — a special purpose vehicle of Legia Warszawa S.A. — on the establishment of a modern football training complex in the Grodzisk Mazowiecki municipality of Poland.	N/A	Poland
9-Apr	Greenberg Traurig	Greenberg Traurig represented Mazovia Capital in the sale of the Mazovia Plaza office building to M7, a pan-European investor and asset manager.	N/A	Poland
10-Apr	RKKW Kwasnicki, Wrobel & Partners	RKKW Kwasnicki, Wrobel & Partners successfully represented Leszek Gierszewski, the majority shareholder and president of the board of Drutex SA, in a family business dispute in the District Court in Gdansk and the District Court in Slupsk.	N/A	Poland
10-Apr	Baker McKenzie; Dentons; White & Case	Dentons Warsaw advised a fund managed by GLL Real Estate Partners on the acquisition of the Gatehouse Offices, the first building in the Warsaw Brewery complex, from Echo Investment. White & Case and Baker McKenzie advised Echo Investment on the sale.	EUR 76.8 million	Poland
10-Apr	Act (BSWW); Dentons	Dentons Warsaw advised Patrizia Immobilien AG, the Germany-based provider of real estate investments, on the sale of the Atrium International office building in Warsaw's central business district to Strabag Real Estate. Act BSWW advised Strabag on the acquisition.	N/A	Poland
10-Apr	Greenberg Traurig	Greenberg Traurig Warsaw advised Akron Investment Central Eastern Europe II and Heitman on the sale of 100% of the shares in the Warsaw Trade Tower office building to Globalworth Poland Real Estate.	N/A	Poland
15-Apr	Baker Tilly Woroszylska Legal; Gide Loyrette Nouel; Linklaters	Gide advised Yreal International on the sale of buildings A and B in Warsaw's LIXA office project to Commerz Real AG. Commerz Real was advised by Baker Tilly in Poland and Linklaters in Luxembourg.	N/A	Poland
20-Feb	Bondoc si Asociatii; Wolf Theiss	Bondoc & Asociatii advised Sarica Niculitel on the acquisition of the Zoresti winery from Domaine Vinarte, which was supported by Wolf Theiss.	EUR 1.5 million	Romania
20-Feb	Suciu Popa	Suciu Popa advised Central Bottling Company Ltd. on acquisition of sole control of Muller Romania, the Romanian subsidiary of Molkerei Alois Muller GmbH & Co. KG, a multinational producer of dairy products.	N/A	Romania
8-Mar	Deloitte Legal (Reff & Associates); Allen & Overy	RTPR Allen & Overy advised Prime Kapital on the sale of a real estate portfolio to MAS Real Estate. Reff & Associates — the Romanian office of Deloitte Legal — advised the sellers on the deal, which involves nine retail centers throughout Romania.	EUR 112.97 million	Romania

Date covered	Firms Involved	Deal/Litigation	Value	Country
25-Mar	Nestor Nestor Diculescu Kingston Petersen	NNDKP successfully represented Rompetrol Downstream Srl in a RON 62 million breach of contract claim filed against the company by Regie Autonoma de Transport Bucuresti.	N/A	Romania
28-Mar	Vernon David & Associates	Vernon David & Associates advised Banca Transylvania SA on labor and employment law issues relating to its integration with Bancpost SA.	N/A	Romania
8-Apr	Suciu Popa	Suciu Popa successfully represented Enel Green Power Romania in tax litigation.	N/A	Romania
9-Apr	Clifford Chance; Allen & Overy	Clifford Chance Badea advised Alpha Bank Romania in relation to the first covered bond program established in Romania. RTPR Allen & Overy advised Barclays Bank PLC as arranger on the program.	EUR 1 billion	Romania
12-Apr	Dragne & Asociatii	Dragne & Asociatii successfully represented Partidul Libertate, Unitate si Solidaritate before Romania's High Court of Cassation and Justice of Romania in a dispute regarding the right to constitute electoral alliances.	N/A	Romania
28-Feb	White & Case	White & Case advised Credit Bank of Moscow on its offering of EUR 500 million 5.15 percent Eurobonds due 2024.	EUR 500 million	Russia
5-Mar	Maxima Legal	Maxima Legal was selected by Institute Stroiyyekt to provide legal assistance following Stroiyyekt's winning of a tender to develop the technical and economic scheme for the construction of a tram line between Saint Petersburg and Leningrad oblast.	N/A	Russia
19-Mar	Baker Botts	Baker Botts acted for PAO Novatek, one of the largest independent natural gas producers in Russia, on the sale of a ten percent participation interest in the Arctic LNG 2 project to Total S.A..	N/A	Russia
27-Mar	Allen & Overy; Dentons	Dentons advised The Black Sea Trade and Development Bank on its extension of a USD 69 million loan to the Russian State Transport Leasing Company to finance the construction of the Lavna Coal Transshipment Terminal at the Murmansk sea port. Allen & Overy advised the borrowers.	USD 69 million	Russia
3-Apr	Dentons	Dentons represented a pool of leading international financial institutions including the Asian Development Bank, European Investment Bank, International Finance Corp, and responsAbility Investments AG as creditors to Azerbaijan's AccessBank, on the successful debt restructuring and recapitalization of the bank.	N/A	Russia
21-Feb	BDK Advokati; Norton Rose Fulbright; White & Case	BDK Advokati and Norton Rose Fulbright advised Coca Cola HBC AG on its EUR 260 million acquisition of Bambi a.d., the leading cookie producer in the countries of former Yugoslavia, from Mid Europa Partners. White & Case advised the sellers on the deal.	EUR 260 million	Serbia
26-Feb	BDK Advokati	BDK Advokati advised Ellis Enterprises d.o.o., a subsidiary of Valvoline, on signing an agreement with Serbian lubricant producer FAM to acquire its production plant and IP rights.	EUR 9.5 million	Serbia
26-Feb	Zivkovic Samardzic	Zivkovic Samardzic's dispute resolution team secured a victory in Serbia's Commercial Appellate Court for Vlade Divac, a former NBA star and current Vice President of Basketball Operations and General Manager of the Sacramento Kings in the NBA.	N/A	Serbia
6-Mar	Karanovic & Partners; Latham & Watkins; Schoenherr	Karanovic & Partners advised the Czech Republic's PPF Group on its acquisition of Telenor Banka, the first fully mobile and online bank operating in Serbia, from Norwegian mobile operator Telenor. Schoenherr and Latham & Watkins advised the sellers.	N/A	Serbia
11-Mar	Bojovic Draskovic Popovic & Partners	Bojovic Draskovic Popovic & Partners advised The Collection Ltd. Podgorica and The Collection Ltd. Belgrade on the launch of the Serbian edition of The Collection magazine.	N/A	Serbia
21-Mar	Zivkovic Samardzic	Zivkovic Samardzic achieved a victory for the Crime and Corruption Reporting Network and Stevan Dojcinovic, its editor in chief, in Serbia's Court of Appeals.	N/A	Serbia
25-Mar	Zivkovic Samardzic	Zivkovic Samardzic advised Astonko on the voluntary buyout of shares from 42 of the 43 minority shareholders of B92. Solo practitioner Aleksandar Sukiban advised the minority shareholders on the deal.	N/A	Serbia
29-Mar	Jankovic Popovic Mitic	Jankovic Popovic Mitic was appointed a compliance officer of Gastrans d.o.o. Novi Sad. The appointment of JPM was approved by the Serbian regulatory authority.	N/A	Serbia
1-Apr	Jankovic Popovic Mitic	JPM assisted the Gastrans d.o.o. gas inter-connector in its successful application for exemption from third-party access rules and regulated prices by the Energy Agency of the Republic of Serbia.	N/A	Serbia
4-Apr	Bojanovic & Partners	Bojanovic Partners Partner Filip Blagojevic successfully represented Slavko Perovic in a dispute against Turkey's Denizlispor football club in the FIFA Dispute Resolution Chamber.	N/A	Serbia
5-Apr	Prica & Partners	Prica & Partners is advising the Serbian government on the privatization of Komercijalna Banka.	N/A	Serbia
18-Feb	Noerr	Noerr advised Swedish web-hosting service provider Loopia Group AB on its acquisition of 100% of the shares in WebSupport s.r.o. from Trantor Ventures GmbH.	N/A	Slovakia
5-Mar	Havel & Partners; Kinstellar	Kinstellar advised Veolia Energie International on the acquisition of Slovintegra Energy from local investment group Slovintegra. Havel & Partners advised Slovintegra on the sale.	N/A	Slovakia
21-Mar	CMS; Peterka & Partners	CMS advised Gramercy Europe, acting through its Gramercy Property Europe III fund, on the successful acquisition of the KiK Logistics Centre near Dunajska Streda, Slovakia, from Go Asset and ECE European City Estates. Peterka & Partners advised the sellers on the deal.	N/A	Slovakia

Date covered	Firms Involved	Deal/Litigation	Value	Country
1-Apr	Clifford Chance	Clifford Chance advised Vseobecna Uverova Banka, a.s., a Slovak subsidiary of Intesa Sanpaolo, in connection with the update of its EUR 5 billion covered bond program and its inaugural syndicated EUR 500 million issuance listed on the Luxembourg Stock Exchange.	EUR 5 billion; EUR 500 million	Slovakia
5-Apr	Taylor Wessing	Taylor Wessing provided Slovakian president-elect Zuzana Caputova and her team with legal advice on contractual matters and opinions and advice on the operative agenda connected with her successful campaign for President.	N/A	Slovakia
12-Mar	Jerman & Bajuk; Karanovic & Partners	Karanovic & Partners advised Conscia Holding on its acquisition of NIL Skupina from 24 private individuals. Jerman & Bajuk advised the sellers.	N/A	Slovenia
22-Feb	Baker Mckenzie; Baker McKenzie (Esin Attorney Partnership); Paksoy	The Esin Attorney Partnership, a member firm of Baker & McKenzie International, advised Secom Co., Ltd. in connection with the establishment of a joint venture, Emlak Girisim Danismanligi Anonim Sirketi, with the Calik Group. The Calik Group was advised by Paksoy.	N/A	Turkey
6-Mar	Allen & Overy; Allen & Overy (Gedik & Eraksoy); Baker Mckenzie; Baker McKenzie (Esin Attorney Partnership)	Baker McKenzie and the Esin Attorney Partnership, a member firm of Baker McKenzie International, advised Turk Telekomunikasyon A.S. on its Rule 144A offering of USD 500 million 6.875 percent Notes due 2025. Allen & Overy advised joint bookrunners Bank of America Merrill Lynch, Citigroup, ING, MUFG and Societe Generale Corporate & Investment Banking.	USD 500 million	Turkey
8-Mar	Allen & Overy; Allen & Overy (Gedik & Eraksoy); Clifford Chance	Allen & Overy and Gedik & Eraksoy advised a Coordinating Committee on the financial restructuring of Ojer Telekomunikasyon A.S. through a lender-led transaction. Clifford Chance advised OTAS on the deal.	USD 5.1 billion	Turkey
12-Mar	Paksoy	Paksoy advised Russia's VTB Bank on Turkish law aspects of its loan of RUB 10.2 billion (approximately USD 155 million) to Ronisans Holding for, among other things, the partial financing of its Neva Towers housing development project.	USD 155 million	Turkey
18-Mar	Allen & Overy; Allen & Overy (Gedik & Eraksoy); Dentons; Dentons (BASEAK)	Balcioglu Selcuk Akman Keki Attorney Partnership and Dentons advised Koc Holding A.S., Turkey's largest holding company, on its issuance of USD 750 million 6.500% Notes due 2025. Gedik & Eraksoy and Allen & Overy advised the joint bookrunners Bank of America Merrill Lynch, Citigroup, and J.P. Morgan.	USD 750 million	Turkey
26-Mar	Latham & Watkins; Milbank, Tweed, Hadley & McCloy; Travers Smith; Turunc	Turunc, working with global counsel Travers Smith, advised IT company Micro Focus on the USD 2.535 billion sale of SUSE, its open-source software business, to Swedish private equity group EQT Partners. Latham & Watkins and Milbank, Tweed, Hadley & McCloy advised the buyers on the deal.	USD 2.53 billion	Turkey
4-Apr	Baker Mckenzie; Baker McKenzie (Esin Attorney Partnership); Paksoy	Paksoy advised Ziraat Bank on a syndicated loan in the amount of USD 1.425 billion it received from forty banks in twenty-two countries. The Esin Attorney Partnership and Baker McKenzie advised the lenders on the deal.	USD 1.42 billion	Turkey
9-Apr	Esin Attorney Partnership; Paksoy	Paksoy advised the PSA Group on taking over the distribution of Citroen brand vehicles in Turkey from Baylas Otomotiv. The Esin Attorney Partnership advised Baylas Otomotiv on the sale.	N/A	Turkey
9-Apr	Allen & Overy; Mayer Brown; Paksoy; Yazici Attorney Partnership	Mayer Brown and Yazici Legal advised Vakifbank on its March 28, 2019 USD 600 million eurobond offering, made under its USD 7 billion Global Medium Term Note Program. Allen & Overy and Paksoy advised the book-runners on English and United States law,	USD 7 billion	Turkey
19-Feb	Integrites	Integrites supported Norwegian wind farm developer NBT on its acquisition of shares in a group of project companies for the development of 750 MW in the Zaporizhzhia region of Ukraine.	N/A	Ukraine
21-Feb	Gestors	Gestors assisted Ukraine's Oscar company in the process of a special protective investigation regarding the import of certain types of steel products into the EU.	N/A	Ukraine
25-Feb	Aequo	Aequo advised Dragon Capital Investments Limited on the acquisition of the Arctica warehouse complex in a Kyiv suburb from Oschadbank, a Ukrainian state bank.	N/A	Ukraine
25-Feb	Avellum	Avellum acted as legal counsel on the merger of PJSC MTB Bank and PJSC Commercial Bank Center.	N/A	Ukraine
26-Feb	Aequo; Jipyong; Sayenko Kharenko	Aequo and the Jipyong Seul office advised Posco Daewoo Corporation on the acquisition of a 75% stake in the grain terminal business located in Mykolaiv, south Ukraine, from the Orexim Group. Sayenko Kharenko advised the seller on the deal.	N/A	Ukraine
26-Feb	Ilyashev & Partners	Ilyashev & Partners advised Australia's largest listed bulk grain handler, GrainCorp Ltd, on unspecified business matters in Ukraine.	N/A	Ukraine

Date covered	Firms Involved	Deal/Litigation	Value	Country
26-Feb	Avellum	Avellum advised Kernel Holding S.A. on the acquisition of 100% of shares in Rail Transit Kargo Ukraine.	USD 64 million	Ukraine
28-Feb	Sayenko Kharenko	Sayenko Kharenko acted as Ukrainian legal counsel to Groupe BPCE with respect to its establishment of a long-term partnership with Auchan Holding through the acquisition of a controlling stake in Oney Bank SA.	N/A	Ukraine
4-Mar	Avellum; CMS	Avellum advised SM Invest Construction B.V. on the sale of shares in the holding company that is developing a 120MW solar power plant in the Mykolaiv region of Ukraine to solar energy producer Scatec Solar. The buyer was advised by CMS.	N/A	Ukraine
8-Mar	Aequo; Covington & Burling	Aequo and Covington & Burling successfully represented NJSC Naftogaz of Ukraine and its subsidiaries Chornomornaftogaz, Ukrtransgaz, Likvo, Ukgazvydobuvannya, Ukrtransnafta, and Naftogaz Group in an international arbitration against the Russian Federation.	N/A	Ukraine
8-Mar	Avellum	Avellum acted as Ukrainian legal counsel to the EBRD and the Black Sea Trade and Development Bank in connection with senior secured loans totaling EUR 36.3 million to Rengy Bioenergo LLC.	EUR 36.3 million	Ukraine
11-Mar	Aequo; CMS; Wolf Theiss	CMS Kyiv advised international real estate investment fund Meyer Bergman on Ukrainian and English law aspects of its sale of the Aladdin Shopping Mall in Kyiv to Ukrainian Commercial Property Investment Holding, part of Dragon Capital. Aequo advised the sellers on the deal, while Wolf Theiss advised Somp International on its provision of M&A warranty and indemnity insurance for the acquisition.	N/A	Ukraine
13-Mar	Sayenko Kharenko	Sayenko Kharenko advised Elopak A.S. on the squeeze-out of minority shareholders from PrJSC Elopak-Fastiv.	N/A	Ukraine
15-Mar	Avellum; Clifford Chance; Reed Smith; Sayenko Kharenko; White & Case	Avellum acted as Ukrainian legal counsel and White & Case provided English-law advice to the Ministry of Finance of Ukraine in connection with two syndicated EUR-denominated facilities arranged by Deutsche Bank in December 2018 and March 2019 for a total amount equivalent to approximately USD 1 billion. Sayenko Kharenko and Clifford Chance advised Deutsche Bank. Reed Smith was English law counsel to the facility agent, TMF Global Services Limited.	USD 1 billion	Ukraine
22-Mar	Avellum	Avellum acted as the Ukrainian legal counsel to the EBRD in connection with a senior secured loan of up to EUR 2.6 million to Negabarit-Service LLC, a Ukrainian company specializing in oversized and complex auto cargo transportation.	EUR 2.6 million	Ukraine
2-Apr	PwC Legal	PwC Legal Ukraine advised the majority shareholder of PJSC Dyckerhoff Cement Ukraine on the forced redemption of shares from minority shareholders.	N/A	Ukraine
2-Apr	Aequo	Aequo advised TMM on financial restructuring under a credit facility granted by Oschadbank, a state-owned bank bank in Ukraine.	N/A	Ukraine
8-Apr	Baker McKenzie	Baker McKenzie Kyiv advised Septa Communications on its sale to Israel-based Perion Network Ltd.	N/A	Ukraine
10-Apr	Avellum; Sayenko Kharenko	Sayenko Kharenko advised VR Capital on the acquisition of 50% of shares in Nicken Holdings LTD from Investment Capital Ukraine. Avellum advised Investment Capital Ukraine on the sale.	N/A	Ukraine
10-Apr	Kinstellar; Sayenko Kharenko	Sayenko Kharenko advised VR Capital on the establishment of a joint venture with the Volterra Energy Group to develop solar power plant projects in Ukraine. Kinstellar assisted the Volterra Energy Group.	N/A	Ukraine

Full information available at: www.ceelegalmatters.com

Period Covered: February 18, 2019 - April 15, 2019

DID WE MISS SOMETHING?

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



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ON THE MOVE: NEW HOMES AND FRIENDS





Szabo Kelemen & Partners Joins Andersen Global



Andersen Global has entered into a collaboration agreement with Budapest's Szabo Kelemen & Partners Attorneys, making Hungary the 38th country in which Andersen Global offers legal services and the 46th country in which it is present.

Andersen Global describes itself as “an international association of legally separate, independent member firms comprised of tax and legal professionals around the world,” and says that, “established in 2013 by U.S. member firm Andersen Tax LLC, Andersen Global now has nearly 4,000 professionals worldwide and a presence in over 129 locations through its member firms and collaborating firms.”

Founded over two decades ago, Szabo Kelemen & Partners began as the legal arm of EY in Hungary. “We started as part of the Big Four, and over the last several years, as we’ve watched Andersen Global grow and set the client service bar higher, it was fitting and natural that we join forces to provide our clients with the very best, seamless service across the globe,” said Tamas Szabo, Founder and Managing Partner at Szabo Kelemen. “We look forward working closely with our fellow collaborating firm in Budapest, OrienTax, as well as all the Andersen Global member and collaborating firms worldwide, to bring the very best service and solutions to clients.”

“Tamas and his team bring the type of expertise, professionalism, and dedication that makes others stand up and notice,” said Mark Vorsatz, Andersen Global Chairman and Andersen Tax LLC CEO. “We are continuing to expand our capabilities in this region with the objective of becoming the standout legal and tax practice in the area. The combination of Szabo Kelemen & Partners and OrienTax make a very impressive and competitive platform for Andersen Global in Hungary.” models, there are issues of a disruptive nature.”

By David Stuckey

Done on the Duna: Squire Patton Boggs Says “Bye” to Budapest



Squire Patton Boggs has closed its Budapest office.

According to a statement released by the firm, “since 1991, our Budapest office has played an important role in our cross-border offering and Central European practice, which also includes Bratislava, Prague, and Warsaw. We thank our colleagues in Budapest for all of their contributions to the firm and know they will continue to achieve success in their future endeavors. The firm remains fully committed to our Central and Eastern European clients and practice through our offices in Bratislava, Prague, and Warsaw.”

The decision to close the Budapest office follows the recent departure of Budapest Managing Partner Akos Eros, who took a team to Wolf Theiss, leaving Partners Akos Mester and Judit Kelemen responsible for the day-to-day management of SPB’s office. When contacted by CEE Legal Matters for comment about Squire Patton Boggs’ decision to close the office, Mester declined to comment.

In addition to Bratislava, Prague, and Warsaw, Squire Patton Boggs also has an office in Moscow. It closed its Kyiv office in 2017.

By David Stuckey

Dvorak Hager & Partners Changes Name to Eversheds Sutherland



Dvorak Hager & Partners’ offices in Prague and Bratislava joined Eversheds Sutherland in December 2018. The formal name of those two offices is now Eversheds Sutherland Dvorak Hager, advokátní kancelář, s.r.o. (in the Czech Re-

public) and Eversheds Sutherland Dvorak Hager, advokátska kancelaria, s.r.o. (in Slovakia)

“Joining Eversheds Sutherland was a major step forward for our office, our people, and particularly our clients,” said Managing Partner Stanislav Dvorak, commenting on the formal name change. “We have become part of a large international organization and are glad that we will now also bear its name.”

According to an Eversheds Sutherland press release, “the merger with Eversheds Sutherland gives clients access to professional legal services not only in Central and Eastern Europe, but also on the global market. The ownership of the firm, with its more than fifty lawyers in Prague and Bratislava, as well as its management, remains unchanged.”

By David Stuckey

Asters Opens Representative Office in London



Ukraine’s Asters has opened a representative office in London, run by Partner Olga Khoroshylova.

The launch follows Asters’ recent opening of offices in Washington D.C. and Brussels and will, the firm reports, “foster existing ties with London-based clients, as well as develop new contacts and opportunities.”

According to a press release issued by the firm, “Asters office in the world’s leading financial center will enable lawyers from multiple practices to be closer to decision-making centers of a large number of our clients and serve multinational clients investing in Ukrainian markets. The office will focus on [the] further development of longstanding relationships with London-based clients and international law firms and will not advise on English law.”

“With a large number of international organizations operating from or having substantial presence in London, its global connectedness and reputation as a business hub, it is a very convenient and attractive location to build business relationships,” commented Co-Managing Partner Oleksiy Didkovskiy.

“By having a presence in London, it makes our firm far more accessible for our international clients, and helps Asters to maintain strong relationships with the City based law firms.”

By David Stuckey

Walless and Dominas Levin to Merge in Lithuania



On April 1, 2019, the Dominas Levin law firm in Lithuania will merge with the new Walless firm in the country, with both operating going forward under the Walless brand.

The seven-person Dominas Levin team is led by Partners Gediminas Dominas and Vaidotas Puklevicius. The firm joined the pan-Baltic Levin alliance in the second half of 2018, after spending the previous two years as part of the pan-Baltic Derling alliance.

Walless was created at the end of 2018 by a large team, including eight partners, splitting off from Ellex Valiunas. According to a Walless press release, in joining forces with Dominas Levin, “Walless will significantly strengthen its dispute resolution group, which will be developed by Gediminas Dominas and his team. Gediminas Dominas is one of the most highly regarded international arbitration experts in Lithuania. Walless’ dispute resolution practice was recently joined by Associate Partner Dr. Simona Drukteinienė, who has 18 years of experience in dispute settlement and court representation. The team will also be joined by Mindaugas Cerniauskas, who has a track record of over ten years in construction and real estate-related litigation.”

“We share Walless’ values and high ethical standards,” said Gediminas Dominas, whose firm was a member of the pan-Baltic Levin alliance with Glikman Alvin Levin in Estonia and Kronbergs Cukste Levin in Latvia. “We have ambitious goals and are looking forward to starting their implementation – we want to join the creation of new standards in the Lithuanian legal field, where most emphasis would be put on such values as transparency, personal attention to clients, and the quality of services.” Speaking of his former Levin colleagues, he said: “No doubt our experience with Levin alliance was very enriching and positive. Those people are true professionals, real masters in their field. We will continue to serve our joint

clients.”

According to Walless, “Vaidotas Puklevicius is joining Wallless as a partner in the Competition and Regulatory team and will be responsible for the development of legal practice areas encompassing general commercial and renewable energy law. Puklevicius has many years of experience in [advising] the largest Lithuanian and foreign companies in commercial law, energy law, as well as corporate law – including the first listing on the First North (alternative stock market) in Lithuania and development and successful exit of several renewables investments.”

“Walless is a different law firm,” Puklevicius said. “It is known for its modern approach to law practice and its openness with clients. I am glad to be able to join their mission to change the way law is currently practiced in the market.”

“When we founded our firm in the beginning of the year, our goal was to create a full-service business law practice specialized in all major areas important to clients,” said Wallless Managing Partner Dovile Burgiene. “With Gediminas Dominas, Vaidotas Puklevicius, and their team joining, we became stronger in two areas that are of utmost importance to our clients. Wallless now has an experienced and large team focused on handling complex business disputes, and we will offer a broad spectrum of services related to commercial contracts and regulation. Our growth is focused on what our clients need, and we will continue to analyze their needs and offer services in all areas where business needs high quality legal advice.”

The merger with the Dominas Levin brings the number of lawyers at Wallless to 35, including ten partners.

By David Stuckey

Andersen Global Agrees to Work with Tuca Zbarcea & Asociatii in Romania



Andersen Global has announced a collaboration agreement with Romania’s Tuca Zbarcea & Asociatii law firm and its tax arm, Tuca Zbarcea & Asociatii Tax.

Tuca Zbarcea & Asociatii has over 110 lawyers, including 28 partners in its Bucharest office. It also operates a secondary

office in Cluj-Napoca and covers Romania with correspondent law offices in major cities. In addition, the firm has China, Israel, and Moldova Desks to address the needs of foreign investors from those countries looking to enter the Romanian market.

“We are extremely proud to become a collaborating firm of Andersen Global in Romania,” said Tuca Zbarcea & Asociatii Managing Partner Gabriel Zbarcea. “The collaboration with Andersen Global will give us access to global clients, cross-border projects, and know-how, thus strengthening our position on the business law market in Romania.”

“I am confident this collaboration in the tax and legal field will bring more value for our clients in an increasingly complex business environment,” added Alexandru Cristea, Tax Partner at Tuca Zbarcea & Asociatii Tax.

Tuca Zbarcea & Asociatii is one of the highest quality law firms in Romania, with an outstanding team and best-in-class service,” said Mark Vorsatz, Andersen Global Chairman and Andersen Tax LLC CEO. “We’re proud to bring them into the Andersen Global family.”

Andersen Global is an international association of legally separate, independent member firms comprised of tax and legal professionals around the world. Established in 2013 by U.S. member firm Andersen Tax LLC, Andersen Global now has more than 4,000 professionals worldwide and a presence in over 133 locations through its member firms and collaborating firms. In the summer of 2017 it entered CEE in the form of a collaboration agreement with Turkey’s Nazali Tax & Legal, which eventually took on Andersen’s name. Just last month Andersen Global announced a collaboration agreement in Hungary with Szabo Kelemen & Partners.

By David Stuckey

PeliFilip Splits Into PELI and Filip and Company



Partners Francisc and Carmen Peli and several colleagues have split from Romania’s PeliFilip law firm to create the Peli firm, with their former colleagues rebranding and operating as Filip and Company going forward.

Francisc Peli, who was Managing Partner at PeliFilip from 2008-2015, will assume the role of Managing Partner at Peli. In addition, according to the press release, “the Peli team will include Oana Badarau, Partner and Head of Real Estate – the same role held within PeliFilip, and Mihnea Galgotiu-Sararu, Partner and Head of Dispute Resolution, who was previously involved in coordinating PeliFilip’s litigation practice.”

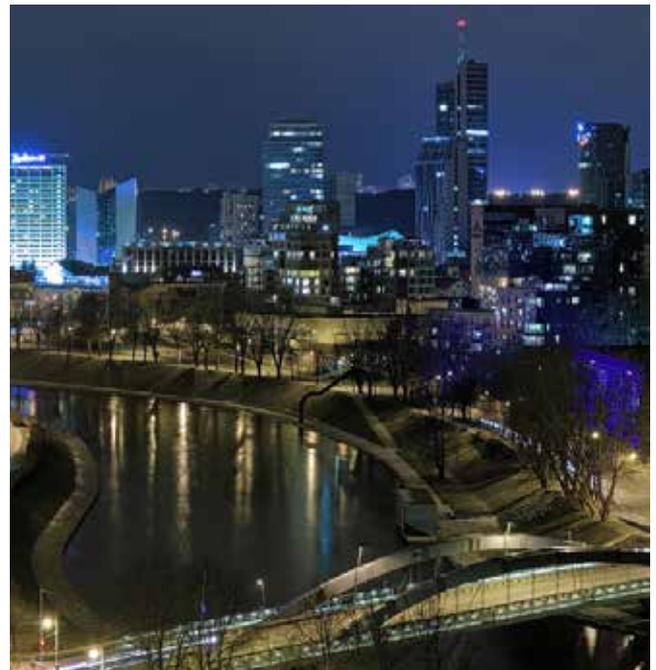
“We are grateful that Peli is regarded as a well-established name in business law,” said Francisc Peli. “We had exceptional opportunities for which we worked together with exceptional people. We were inspired to make the right decisions at the right time and this is one of them.”

“The business environment is radically changing, and our team pursues to create first-class legal solutions adapted to the new reality,” added Carmen Peli. “We thank all our partners and clients who credited us with their trust over the years – we will continue to give our unwavering commitment.”

In a statement sent to CEE Legal Matters, Filip and Company Managing Partner Cristina Filip said of the change that “certainly we are living the event of the year in the local legal industry,” but insisted that the departure of the Pelis and their team “has no impact on the other partners or the existence of the firm.”

By David Stuckey

Arcliffe Announces Vilnius Office



Arcliffe has announced the opening of a Vilnius office, headed by Partner and Coordinator Dainius Kenstavicius.

The law firm in Vilnius, previously known as Kenstavicius ir Partneriai, will operate under the Arcliffe brand.

Arcliffe Regional Partner Tomas Krutak commented, “the opening of our Baltics practice together with Dainius will facilitate our Central and Eastern European clients to have a better coverage in the Baltics, where Arcliffe is one of the first now facilitating the access of business in and out of [the] entire CEE [region].”

“Our Lithuanian practice matches perfectly the culture and the expertise that Arcliffe developed in the region,” added Dainius Kenstavicius. “Henceforth, we are happy to join Arcliffe and participate in the endeavors to set up a premiere Baltics practice.”

Arcliffe has CEE offices in Poland, the Czech Republic, Romania, Serbia, Bulgaria, Slovakia, Hungary, and Lithuania.

By Mayya Kelova

KPMG Law Estonia Adds Partners from TGS and Eversheds Sutherland



Former TGS Baltic Counsel Kristina Laarmaa has joined KPMG Law in Estonia as Head of Public Procurement,

Construction, Real Estate & Environment and Lauri Liivat has joined as Head of the firm’s Corporate Transactions and Technology Sector Group.

KPMG Law reports that the firm increased its turnover by 70 percent last year, a figure it aims to sustain. According to the firm, “hence the need for additional partners.”

Kristina Laarmaa began her career in 2002 as a lawyer at Paul Varul Attorneys-at-Law, and in 2007 joined Lawin (now Cobalt, in Estonia). In 2009 she moved to what is now TGS Baltic, where she eventually became Head of Public Procurement. According to KPMG Law, “Kristina is among the leading public procurement experts and has unrivaled experience in the IT, waste management, and public transport sectors. She has advised numerous clients on projects financed by the EU structural funds.”

“Joining KPMG and sharing my public procurement, construction and litigation experience will be an exciting challenge for me,” said Laarmaa.

Lauri Liivat started his career at KPMG as a Tax Advisor back in 2002, and in 2004 he moved to Swedbank. In 2007 he joined Eversheds (now Eversheds Sutherland Ots & Co) in Tallinn, where he stayed until this move. According to KPMG Law, “during more than ten years he advised clients in over two hundred transactions in the field of M&A and corporate law.” The firm reports that he “has experience in both international and local transactions and has advised not only real estate and technology companies but also start-ups.”

“At KPMG, my primary focus will be on the technology sector and developing KPMG’s M&A practice,” stated Liivat.

“We have attracted two top experts, who will strengthen the team with additional competencies, new synergy, additional practice areas, and management resources,” said Risto Agur, Managing Partner at KPMG Law. “It’s no secret that we are taking on new partners because KPMG Law is growing rapidly. This has created the need for increasing the team and expanding the range of services offered.”

Karin Kaup, Partner and Head of Corporate, M&A and Employment & Immigration at KPMG Law, welcomed the new partners: “With two more leading experts on our successful team, we can increase our focus on the key sectors. By knowing the sector and its main players, we can provide our clients with even more comprehensive service in business, financial and legal matters.”

With Laarmaa and Liivat, KPMG Law now has four partners in Estonia, five heads of practice areas, and 13 attorneys and lawyers.

By David Stuckey

OCTAVIAN POPESCU TALKS ABOUT SETTING UP POPESCU & ASOCIATII

In February of this year CEE Legal Matters reported that Partner Octavian Popescu had left Musat & Asociatii to set up his own firm: Popescu & Asociatii. CEELM sat down with Popescu to learn more about his new firm and his plans for the future.



CEELM: What brought this change about? What inspired you to set up your own office after over 14 years with your former firm?

OCTAVIAN: My first instinct is simply to say: the need to evolve and to move on. I've said it many times: I think that, like elsewhere in CEE, the Romanian legal market has experienced, during the past decade, a large number of spin-offs, both boutiques and full-service law firms, with most of them now competing with longer-established players in terms of quality of services provided, expertise, and portfolio of clients. Under these circumstances, as a colleague told me more or less as a joke, my departure from Mu-

sat wasn't a surprise, but an anticipated move by those who know me. Popescu & Asociatii came as a natural step in my evolution, as it is compatible both with the experience I have gained and the vision of what I want to do in the upcoming years.

Together with my colleagues – both partners and associates – I will continue to bring value to the quality of the legal services our clients are used to, and to be the legal consultant they need for their most difficult and sensitive matters.

CEELM: Now, as a few months have passed since your launch, can you tell us the composition of your team and how it will be structured?

OCTAVIAN: Our team consists of 16 attorneys – out of which four are partners, with proven experience both in the consultancy and litigation fields: me, Dana Bivol (Caciula-Stan), Adrian Chirvase, and Loredana Popescu.

Dana has great capabilities in the legal field. For the last decade, she has been covering dispute resolution, corporate & commercial, banking & finance, restructuring & insolvency, and competition & antitrust matters. As part of her experience as a pleading lawyer, Dana has represented clients in complex cases involving contractual and tort liabilities, corporate law, and cases involving the annulment of documents issued by administrative, fiscal, and custom authorities.

Adrian has handled, over the last few years, numerous criminal cases involving well-known companies and Romanian businessmen, focusing his activity on corporate compliance, regulatory, and surveillance and corporate investigations. He provides specialized advice both in front of prosecution bodies and in relevant courts in Romania, achieving remarkable results in high-importance projects that include economic crimes, tax evasion and money laundering, and cybercrime and corruption cases, as well as providing legal assistance to companies who are subject to criminal or administrative investigations.

Loredana brings a thorough and solid knowledge of the Romanian civil and commercial law, advising European companies during negotiations and business transfers, regularly representing a substantial number of domestic and international corporations (and individuals) in negotiations related to the prevention or termination of disputes. Loredana focuses on commercial, civil, and administrative matters, including capital markets and share capital issues and shareholder disputes, as well as real estate litigation, including claims involving the restitution of nationalized properties and expropriation, and incidents related to enforcement procedures.

I will continue to handle commercial, corporate, administrative, civil litigation, and restructuring & insolvency matters, and together with my colleagues from

our white-collar crime department, we will focus on establishing a preventive approach aiming to providing the earliest identification of legal risks with potential criminal relevance in companies' economic and commercial activity.

We designed Popescu & Asociatii for every lawyer to be an important piece of our business, and to have each be appreciated and valued for his knowledge and potential, for his personal abilities, and for his capacity to bring value. Every lawyer in the company is an important asset, and that's why we greatly appreciate the stability and the direction in which each of them intends to develop.

We want to approach and attract new and experienced professionals, who are passionate about their work, and who will easily adhere to the quality standards and values of Popescu & Asociatii: integrity, trust, and confidentiality. We are actively recruiting, and I can confirm that, starting this June, various top lawyers from the Romanian market will join our team.

CEELM: What practice areas do you already cover, and which ones are you planning on adding in the near future?

OCTAVIAN: From the first beginning, we founded Popescu & Asociatii as a full-service law firm to provide our partners with integrated and complete legal services in all the relevant areas of practice, and especially in all industries of interest for active economic players.

We started by focusing on the well-established practices such as Litigation, Criminal Law, Restructuring and Insolvency, Competition and Antitrust, and Banking and Finance – areas that generate and will bring business in the upcoming period. Indeed, the workload exceeded our expectations during our first few months. We pay special attention to and invest in all the legal aspects related to prevention and compliance, including in the field of criminal business law, as our main advantage is having a solid knowledge of local regulations, together with an ability to advise clients, understand the risks, and

reduce the impact that non-compliance can have on transactions and day-to-day operations.

We target both local and international players, including private equity funds and financial institutions, and we do not neglect the potential of local entrepreneurs. We are very active on M&A/corporate & commercial and real estate, and we are currently assisting one of the largest retailers in Romania during the expansion of its network of stores and the acquisition of other competitors on the Romanian market, and we are assisting one of the most important players in the debt collection market in CEE in connection with the merger of its Romanian subsidiaries. Our current activity also includes representation in important criminal cases, commercial and administrative litigation, claw-back tax, various unfair competition practices and state aid matters, computer fraud, restructuring and insolvency, GDPR-implementation, as well as providing tailor-made solutions for the restructuring of economic operators' activity, the settlement of numerous disputes between shareholders, and so on.

We already have a consistent portfolio and we are happy to see that a significant number of clients have decided to ask for our advice from the very beginning, which makes us confident and gives us the energy to continue with great optimism.

CEELM: Everyone talks about their excellent expertise and client service. What are you most driven to do differently in your new firm than what you already see in the market? What will your unique selling point be?

OCTAVIAN: It is true; all law firms want to highlight their expertise and high level of client service to position themselves as a leading player on the market and to make a difference. But for *clients* there is nothing more important than having a lawyer they can trust. The *clients*, whether we talk about corporations or businessmen, are *individuals* with emotions, and

are thus constantly looking for a human relationship with their attorney.

We consider our clients to be our *partners*, in fact, and we believe that we have a duty to protect their assets and the confidentiality of their legal affairs – to be more than legal-service providers, and to make a positive impact on the business of those who we come into contact with. We strive to accomplish this through our work.

At Popescu & Asociatii, we don't just solve legal problems, we prevent them, by developing compliance mechanisms for our clients to follow to ensure smooth running of their day-to-day activities. Being alert to potential problems allows us to solve problems before they ripen into disputes or other legal consequences, saving our clients money and allowing them to focus their attention and resources where they belong: on their business.

CEELM: What are your growth plans? Where do you see Popescu & Asociatii in five years?

OCTAVIAN: In three words: *Strong, Stable, and Recognized.*

We began with major advantages: the founding partners have managed, over the last decade, mandates and cases from well-known companies and have always delivered actual results, finding *one of a kind legal solutions* and building intelligent strategies to protect and develop the businesses of their clients.

Popescu & Asociatii will follow the same path as its lawyers, who are known to be strong and trustworthy professionals, and will provide its clients an innovative approach to the legal issues they face, always keeping the focus on results, integrity, and confidentiality.

In other situations, I would say that time will tell. This time, Popescu & Asociatii's story will be written by the results, and by the feedback from its most important assessors: its *clients*.

Radu Cotarcea

PARTNER APPOINTMENTS

Date Covered	Name	Practice(s)	Firm	Country
15-Feb	Gudrun Stangl	Corporate/M&A	Schoenherr	Austria
15-Feb	Arabella Eichinger	Real Estate; Construction Law	Schoenherr	Austria
20-Mar	Philipp Baubin	Banking/Finance; Corporate/M&A	Herbst Kinsky	Austria
20-Mar	Stephan Lenzhofer	Litigation/Disputes; White Collar Crime	Herbst Kinsky	Austria
3-Apr	Quido Gero	Corporate/M&A	Fellner Wratzfeld & Partner	Austria
21-Feb	Radoslav Alexandrov	Litigation/Disputes	Boyanov & Co.	Bulgaria
12-Mar	Bilyana Angelova	TMT/IP	Dimitrov, Petrov & Co.	Bulgaria
4-Apr	Antonia Mavrova	Real Estate	Kinstellar	Bulgaria
28-Feb	Robert Pelikan	Litigation/Disputes; Competition	Wolf Theiss	Czech Republic
19-Mar	Eveli Lume	Litigation/Disputes	Squire Patton Boggs	Czech Republic
19-Mar	Maria Polakova	Litigation/Disputes	Squire Patton Boggs	Czech Republic
4-Apr	Tomas Cihula	Competition; Life Sciences	Kinstellar	Czech Republic
5-Apr	Jan Prochazka	Corporate/M&A; Private Equity	Dentons	Czech Republic
15-Feb	Miklos Boronkay	Litigation/Disputes	Szecskey Attorneys at Law	Hungary
15-Feb	Robert Dezso	Tax	Szecskey Attorneys at Law	Hungary
5-Apr	Balazs Csuday	Compliance	Dentons	Hungary
21-Mar	Nauris Grigals	Corporate/M&A	TGS Baltic	Latvia
18-Feb	Pawel Wec	Competition Law	Studnicki, Pleszka, Cwiakalski, Gorski	Poland
19-Feb	Dawid Demianiuk	Real Estate, Corporate/M&A	Magnusson	Poland
19-Feb	Marzanna Sobaniec	Litigation/Disputes; Arbitration	Magnusson	Poland
21-Feb	Andrzej Posniak	Tax	CMS	Poland
5-Mar	Piotr Zapalski	Real Estate	Chajec, Don-Siemion & Zyto	Poland
6-Mar	Michal Pawlowski	Litigation/Disputes; Arbitration	K&L Gates	Poland
27-Mar	Ron Given	Banking/Finance; Corporate/M&A	Wolf Theiss	Poland
18-Feb	Sergey Medvedev	TMT/IP	Gorodissky & Partners	Russia
22-Feb	Andrey Bazhenov	TMT/IP	Gorodissky & Partners	Russia
22-Feb	Albert Ibragimov	TMT/IP	Gorodissky & Partners	Russia
28-Feb	Sergey Spasenov	Corporate/M&A	Pepeliaev Group	Russia
29-Mar	Vladimir Zakharov	Corporate/M&A; Compliance	Ilyashev & Partners	Russia
5-Apr	Daniel Lipsic	Litigation/Disputes	Dentons	Slovakia
18-Mar	Burcu Okyay	Labor Law; Administrative law	Bener Law Office	Turkey
18-Mar	Yevgen Solovyov	Corporate/M&A	Ilyashev & Partners	Ukraine

IN-HOUSE MOVES AND APPOINTMENTS

Date Covered	Name	Company/Firm	Moving From	Country
4-Apr	Vladimira Chlandova	T-Mobile	Trelleborg Group	Czech Republic; Slovakia
2-Apr	Marton Kocsis	MOL Group	CHSH Dezso and Partners	Hungary
5-Apr	Balazs Pista	Egis Pharmaceuticals	Mol	Hungary
26-Feb	Kristine Sakarne	Primus Derling	SIA Tamro	Latvia
4-Apr	Adina Calfa-Dudoiu	E-INFRA Group	Rosia Montana Gold Corporation	Romania
20-Feb	Ilya Kudryashov	VK Partners	Silvercliff Capital	Russia

PARTNER MOVES

Date Covered	Name	Practice(s)	Firm	Moving From	Country
26-Mar	Pavel Bachleda	Corporate/M&A	Fellner Wratzfeld	Fiebinger Polak & Partner	Austria
6-Mar	Borivoj Libal	Corporate/M&A	Noerr	PWC Legal	Czech Republic
27-Mar	Jan Kotous	Corporate/M&A; Banking/Finance	Deloitte Legal	Wolf Theiss	Czech Republic
18-Feb	Lauri Liivat	Corporate/M&A	KPMG Legal	Eversheds Sutherland	Estonia
18-Feb	Kristina Laarmaa	Public Procurement; Real Estate	KPMG Legal	TGS Baltic	Estonia
22-Feb	Zygmantas Stankevicius	Banking/Finance	TGS Baltic	Luminor Bank	Lithuania
19-Feb	Marcin Aslanowicz	Litigation/Disputes; Arbitration	Schoenherr	Wolf Theiss	Poland
4-Mar	Pawel Lipski	TMT/IP	Bird & Bird	Wierzbowski Eversheds	Poland
19-Feb	Vlad Peligrad	Arbitration	KPMG Legal	Clifford Chance	Romania
19-Feb	Catalin Oroviceanu	N/A	KPMG Legal	Abris Capital Partners	Romania
5-Mar	Cristiana Fernbach	TMT/IP	Fernbach & Partners	Stratulat Albuлесcu	Romania
15-Feb	Artem Zhavoronkov	Corporate/M&A; Banking/Finance	Borenius	Dentons	Russia
20-Feb	Vadim Konyushkevich	Foreign Investment; TMT	VK Partners	Liniya Prava	Russia
15-Mar	Gunes Yalcin	Banking/Finance	Akol Namli & Partners	Yazici Legal	Turkey
15-Mar	Omer Gokhan Ozmen	Banking/Finance	Akol Namli & Partners	Yazici Legal	Turkey

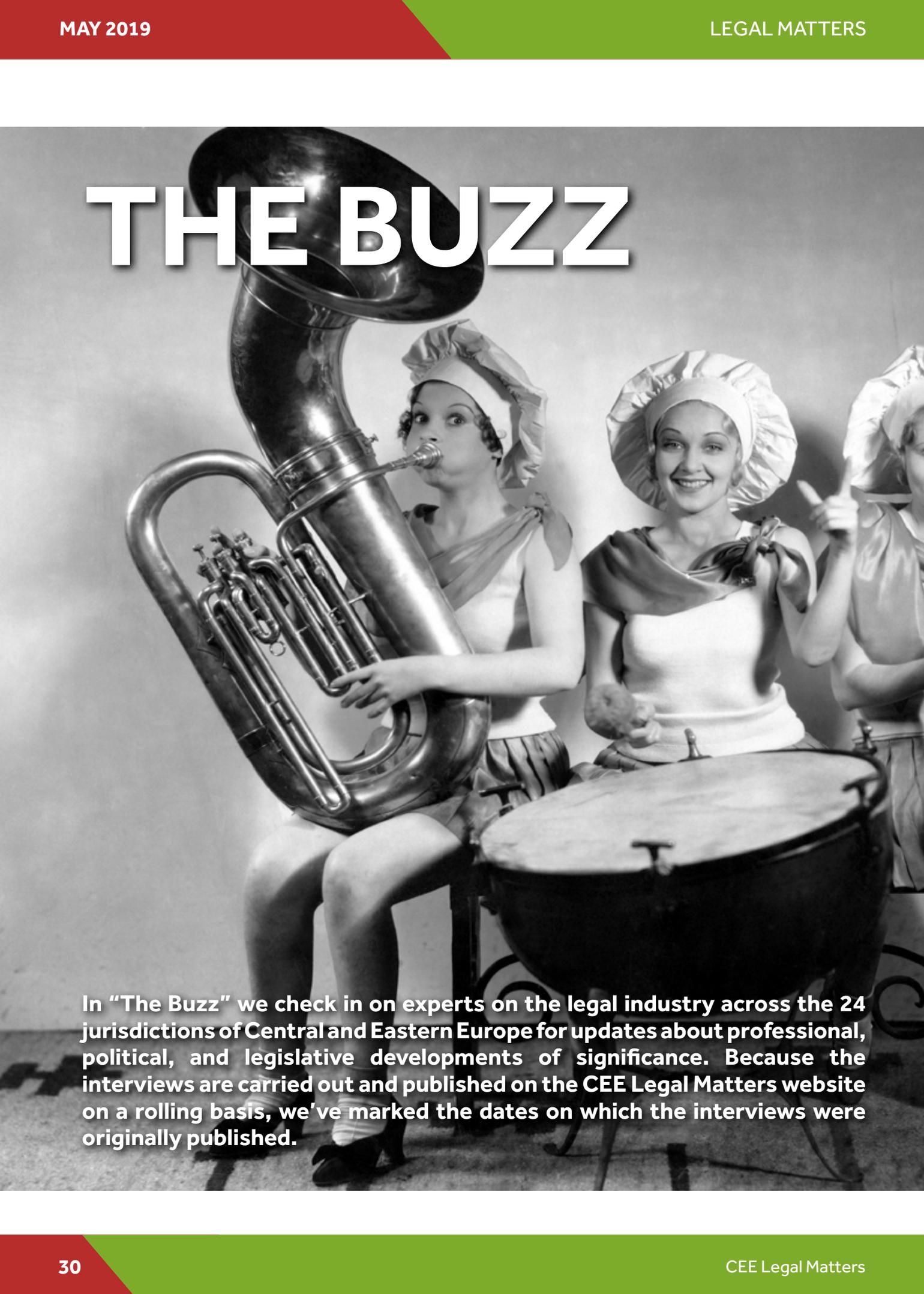
OTHER APPOINTMENTS

Date Covered	Name	Company/Firm	Appointed To	Country
20-Feb	Natascha Doll	Freshfields	Co-Head of CEE/CIS	Austria
21-Feb	Stela Sabeva	Boyanov & Co.	Head of IP	Bulgaria
28-Feb	Robert David	Wolf Theiss	Head of Banking/Finance	Czech Republic
4-Mar	Marton Kertesz	Deloitte Legal	Head of Labor Law and Compliance	Hungary
4-Mar	Anne-Marie Weber-Elzanowska	NGL Legal	Leader of German Desk	Poland
26-Feb	Sebastian Gutiu	Schoenherr	Head of Real Estate	Romania
26-Feb	Matei Florea	Schoenherr	Head of Banking/Finance & Capital Markets	Romania
11-Mar	Zuzana Simekova	Dentons	Co-Head of European Life Sciences Group	Slovakia

Full information available at: www.ceelegalmatters.com

Period Covered: February 15 - April 5, 2019

THE BUZZ



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



POLAND: FEBRUARY 25



“It has been a good economic year,” says Jaroslaw Iwanicki, Partner at Allen & Overy in Warsaw. “The market has been surprisingly good both for business professionals and lawyers.”

Iwanicki describes the private sector as “particularly robust,” which keeps the legal market active. Still, he says, the Polish legal market is “highly competitive,” especially on price, which he describes as particularly challenging for international law firms. The situation is worsened, he says, by state-controlled companies requiring their legal advisers to accept government-imposed caps and mandatory limits on fees, which, he says, “eliminates a large number of bigger firms from being able to work for them.”

Furthermore, Iwanicki says that many lawyers in the country “have spoiled the market by quoting very low,” which leads to problems for many law firms. “Profits are growing in other places, while in Poland it is pretty difficult to keep the fee levels up.”

Going forward, Iwanicki says that despite the stable economy, Poland still may be affected by two challenges, which he identifies as “the looming global crisis” and the slowdown of the German economy. On the latter subject, he explains that, “Poland is very much dependent on the German economy. We have 30% percent of our export going to go Germany. Hence, any German slowdown will cause a slowdown in Poland as well.”

Iwanicki says that “politically, the positive development is that the government did not screw up as much as they could have.” He explains that the current government is walking on a tight-rope, jeopardizing the country’s aspirations and achievements in relation to the EU. “So far, it has not had any negative impact on business, but it can get worse,” he says, adding, “it is hard to predict what awaits the legal profession and business in the near future.”

By Mayya Kelova

CZECH REPUBLIC: MARCH 5



There's nothing happening at the moment in the Czech Republic which could fall into the category of "big news," says Daniel Weinhold, the Managing Partner of Weinhold Legal. "But there a few pieces of news that are worth attention, and which are the source of some discussion among members of the legal profession."

Weinhold reports recent allegations made by several judges – "one in particular who is part of the Constitutional Court and another who is on the Supreme Administrative Court" – that pressure was exerted on them from the President of the Czech Republic and his close advisors with regards to specific cases, leading to parliamentary hearings and some discussions about whether the judiciary is sufficiently immune from top officials. Various investigations have led to no specific conclusions or results as yet, Weinhold reports, but he says "it could conceivably result in some constitutional action against the President." According to him, "this is quite important, obviously. One thing is to have good legislation and good businessmen, and so on, but sooner or later you're likely to end up in front of judges, and you have to know they are independent in their decision-making."

"Another important subject for lawyers," Weinhold reports, "involves problematic disciplinary proceedings against judges who cause unacceptable delays or cause other (non-criminal) problems." According to Weinhold, "various allegations have been made that they are treated much more leniently than the attorneys, notaries, and private bailiffs are by their tribunals, and inevitably avoid serious punishment, suffering at worse only minor or symbolic penalties."

In general, Weinhold says, the good times that were reported for Czech law firms in 2019 are "pretty much continuing – at least in terms of the things that keep lawyers busy." This despite the frequent warnings that a cooling period is likely to come to the Czech Republic (and everywhere in the region) soon. Indeed, he reports seeing "some indications of it," but he says that "in terms of the concrete impact on the amount of work for lawyers – we don't perceive it yet. It may come, obviously, but for the time being things are pretty reasonable."

Still, not everything is perfect. Weinhold says that "there could be some issues for lawyers dealing with personal indebtedness of their clients or their clients' customers." According to him, almost ten percent of Czechs are subject to some execution proceedings, "which causes problems in the economy, as instead of trying to find legitimate jobs, which would result in their salaries being seized, they instead search for work in the black market or in the cash economy." There is a fair amount of controversy about how best to resolve the problem, he reports, and the Czech Parliament has recently enacted some changes to the country's Insolvency Law, allowing for partial payment over a specific time frame, which, "if pursued in good faith, would result in the release of insolvency." The law will go into force in June, but Weinhold says that it's "not clear whether it will work or not," and he reports that many commentators are worried about the creation of a moral hazard, with people able to accumulate significant debt knowing they won't need to repay it all. He feels the changes represent a reasonable attempt to address the problem, though he points out that "as a lawyer I think about predictability – predictability for the lenders, and so on. This damages that, and changes the rules." As a result, he says, there should perhaps be a line drawn "between those cases where the debt is generated under the control of the creditor and those where the debtors' behavior alone led to it – such as damage claims or unjust enrichment."

Either way, he says, there are many law firms "working on both sides of these debts, and they are all watching these developments closely."

Weinhold says that one area experiencing rapid change, particularly in the Czech Republic, "is developments regarding things like transparency of ownership of clients, and other things related to collection of taxes and proper administration of public procurement." He points out that a new obligation came into force in the beginning of January this year to register beneficial ownership, although the registers themselves are not publicly accessible yet. "Another thing is the mandatory disclosure regime adopted by the Council of the European Union, with an implementation deadline of July 1, 2020," he says. "This could cause some issues, obviously, in terms of legal privilege and things like that." Indeed, he explains, as some transactions from this year will need to be reported when the law comes into force, "to some extent it's already alive." According to the update of the Directive on Administrative Cooperation (DAC6), intermediaries such as tax advisors, accountants and lawyers that design, promote or implement tax planning schemes are required to report potentially aggressive tax arrangements to the tax authorities." Weinhold describes this as "primarily an issue for tax advisors, but for lawyers as well, as we want to make sure that the solution that is found isn't inconsistent with the basic principles of our profession."

By David Stuckey

BULGARIA: MARCH 8

One of Bulgaria's biggest challenges, but simultaneously one of the biggest positive developments, is the country's intention to join the European Exchange Rate Mechanism," says CMS Partner Elitsa Ivanova. "This is basically the waiting area for the Eurozone and the EU banking union."

The first step towards joining the European Exchange Rate Mechanism (ERM II) was a joint letter of intention prepared in June 2018 by the Minister of Finance and the Bulgarian National Bank, Ivanova says, followed by the preparation of an Action Plan for joining ERM II and participation in the single supervisory mechanism through close cooperation with the European Central Bank. She reports that the Action Plan, setting out the various steps Bulgaria needs to take in order to join ERM II by July 2019, was approved by the Bulgarian government in August 2018.

"Us joining the Eurozone will have profound implications in relation to many sectors, and the whole country," Ivanova claims, noting that her particular field of expertise – banking and finance – is one that will experience serious change.

As drafted, Ivanova explains, the Action Plan already calls for serious interference in Bulgaria's legislation and institutional functions, primarily in the form of amendments to legislative acts dealing with credit institutions and the bank recovery and resolution regime, the non-banking financial sector, and the Bulgarian National Bank. Some of these amendments were enacted in 2018, while others are expected to be introduced this year, she says. In addition, she reports, six Bulgarian banks are undergoing asset quality review and stress tests based on ECB methodology to be completed by Fall 2019 – the second review since 2016.

Additionally, as part of the Action Plan, Bulgaria has committed to reviewing its legislation for any gaps in the insol-

veny framework and strengthening its Anti-Money Laundering framework. The review of the insolvency framework has been delegated to a working group, with changes expected to be implemented in May 2019. The Anti-Money Laundering framework was somewhat controversial, particularly among lawyers. "There is now a concern that requirements related to disclosure of information around anti-money laundering may cut across client-lawyer privilege," Ivanova says, adding that she thinks "the changes resulting from the steps identified in the Action Plan affect a number of areas, and create other issues that previously have not been uncovered."

Still, she says, some factors have not been explicitly indicated in the Action Plan for joining ERM II. Among them is judicial reform and increased efforts to combat corruption and organized crime. The failure to address these issues may be significant, she says, as the EU commissioner responsible for the Eurozone has indicated that "these will be an important element in the overall assessment of whether Bulgaria is ready to join ERM II."

In the midst of Bulgaria's accession to the ERM II mechanism, the Deputy Governor of the Bulgarian National Bank, Dimitar Kostov, announced his resignation on March 1, 2019. "The press says he intended to do that earlier," Ivanova says, "but he was asked to stay and help with the preparation for joining the ERM II." She refers to reports that Kostov felt that "now the time was right for him to resign and for a new person to take over the banking supervision, seeing how the cooperation with the ECB and the single supervisory mechanism have gained momentum."

Ultimately Ivanova says, even after joining the ERM II, it will take two or three years before Bulgaria can join the Eurozone.

On another subject, Ivanova reports that, as the final Brexit date is approaching, many English-qualified lawyers are concerned about their practices outside the UK. Ivanova, who is herself both English- and Bulgarian-qualified, says, "Brexit poses a lot of issues about what will happen when the UK leaves the EU, what happens with credit and financial institutions, which previously operated on a single passport, in relation to regulated services provided on a cross-border basis after the March 29, 2019." She explains that the mutual recognition of professional qualifications and the ability to practice and establish firms within the EU will also be affected. "I will not underestimate the effect that Brexit will have across the legal market. For us and other international law firms, where the governing law of key transactional documents continues to be English, and where we do a lot of cross-border work, Brexit is definitely a challenge. We are preparing ourselves for the worst-case scenario."

By Mayya Kelova

LATVIA: MARCH 8



In the October 6, 2018 parliamentary elections in Latvia, Klauberg Baltics Partner Theis Klauberg says, the ruling party lost its positions, giving the stage to new faces in the government. Still, he reports, “the biggest challenge was to form a lasting government.”

“The process of forming a coalition was unusually lengthy,” Klauberg reports. “But it could be explained by the fact that this time several parties received a similar amount of votes, with no pronounced winner of the elections.” According to him, the outcome of the elections was a surprise, as unlike the previous government, the parties that won the majority of votes this time are independent of particular business interests. According to Klauberg, this is an encouraging development. “The political society is developing in a positive way, away from particular interests of business groups, and simply is more democratic,” he says. “It is an improvement!”

Not all is rosy, however, and Klauberg reports concern among foreign investors about the ongoing crisis in Latvia’s banking sector. “There was an increase in oversight over financial institutions, and banking regulations are becoming stricter,” he notes, explaining that the increasing scrutiny is connected primarily to money laundering prevention. However, despite the government’s intentions, he says, the new rules are impacting investors in the country. “It has become much more difficult for foreign investors to do business with local banks when establishing a company in Latvia,” he says. “It is a huge problem, and a new phenomenon for Latvia.” As a result, he says, the increasingly demanding regulatory environment could potentially result in a slowdown of foreign investment, although he concedes that, “I would not expect this to happen.”

According to Klauberg, after some 20 years of minimal change in Latvia’s tax regime, a number of new rules came into force a year ago, primarily relating to an increase of social taxes for health insurance and pensions for self-employed individuals. Although he reports that there has been minimal public opposition to the changes – “Latvia typically does not have loud reactions,” he says – he describes the reaction to the

increase as generally negative.

Finally, Klauberg says that the country’s legal market is fairly stable, though he describes with pride as “the biggest news” his firm’s recent departure from pan-Baltic bnt attorneys to target German clients.

By Mayya Kelova

SLOVAKIA: MARCH 8



“The biggest current concern in Slovakia is the non-operating Constitutional Court,” says Cechova & Partners Senior Partner Katarina Cechova, who claims that for the first time in its history the Slovak Republic faces real concerns about the future of its major judicial institution.

The problems at the Court are the result of an inability to replace the nine whose terms concluded on February 15, 2019, leaving only four judges currently active. The Slovak Parliament failed to find sufficient consensus to confirm any of the 37 candidates for the post.

Cechova says the main issue that sparked the situation was the involvement of controversial former Slovak Prime Minister Robert Fico in the election process. Fico resigned as Prime Minister in March 2018, following national protests that arose after the murder of investigative journalist Jan Kuciak and his fiancée, Martina Kusnirova. Investigations into Kuciak’s death, she says, raised suspicions about connections between Fico and the Italian mafia and oligarchs.

“Fico’s ambition was to become the Chairman of the Constitutional Court,” says Cechova. His nomination was not initially accepted, she reports, as the Constitutional Committee of the Slovak Parliament expressed doubt about his ability to satisfy mandatory qualifying criteria. He was given extra time to collect evidence, she says, “which he did, although it was

still disputed by a high number of members of the Constitutional Committee.”

According to Cechova, in support of Fico’s controversial candidacy, members of parliament from the Smer party called for a secret ballot -- a call that was supported only by People’s Party Our Slovakia, the Slovak ultra nationalist party. When that proposal failed, both parties called for a general boycott of the February 12 election, and followed through on their promise to destroy their ballots. As a result, no judges were elected.

A new election has been scheduled for the end of March, shortly after the country’s upcoming March 16 presidential election. Tensions, Cechova reports, remain high, as even if candidates are elected by the Parliament, the final selection of judges is subject to the decision of the Slovak President, and, although Fico has now withdrawn his own candidacy, his party may seek to again postpone the elections until a new president – one who is potentially more sympathetic to the candidates they prefer – is in office.

In the meantime, Cechova says, the failure to appoint judges to the court “has a significant impact on the protection of human rights and constitutionality in Slovakia, because the Constitutional Court is already overwhelmed by petitions needing to be addressed, and now the required number of judges necessary to deal with the cases does not exist.” As a consequence, she says, the resulting paralysis of the court has a direct impact on the everyday work of lawyers and their clients, slowing down the already too-long process of case resolution in the Constitutional Court.

On the brighter side, Cechova says that Slovakia is doing well economically, with low unemployment rates and high stability, and an automotive industry that is thriving and demonstrating the potential to attract even more foreign investors. “We are the strongest economy in production of cars,” she says. “Of course, that will end at some point in time, but for the next four or five years we are set.” Yet, despite the country’s economic success, she sighs. “It is extremely sad that the country, which is so lucky with its current economic situation, is unable to better govern itself.” She claims that, in these circumstances, the role of lawyers is more valuable than ever. “Lawyers are the ones the society is looking to: they are the ones who ensure the rule of law and protection of human rights.”

Cechova says that “the legal market is very tough and competitive,” with space for both international and local law firms to do well. In addition, the market has become more attractive for young lawyers, as the mandatory traineeship period has been shortened from five years to three. Cechova explains that the five-year mandatory traineeship made the legal profession unappealing, “so there was a real pressure to reduce it.”

By Mayya Kelova

AUSTRIA: MARCH 13



“On the business side,” says Freshfields Bruckhaus Deringer Partner Friedrich Jergitsch, when asked what’s happening in Austria, “people are interested in artificial intelligence, data protection, and cyber-issues. These topics are always important to our clients.” He says that data protection responsibilities and concerns “reach far beyond the GDPR,” and he explains that “it’s an enormous subject in M&A, and M&A-related due diligence, because a lot of the M&A work involves clients purchasing data companies or cyber companies, and of course it’s a common post-M&A dispute topic, as well as a contractual topic, including in finance transactions.”

Jergitsch notes that several important EU laws are about to come into force imposing new duties on companies, “especially but not only in the banking sector.” The EU has drafted new legislation on cybersecurity, which is designed to protect information and web security throughout the common market. He reports that clients are already starting to seek advice about what their duties and obligations under the new directives will be, “so that’s a very big topic.” In addition, he says, “while the GDPR is about dealing with data in a safe manner and how it should be processed, these new cyber security requirements are about how to make sure your systems (and proprietary and/or confidential information) are safe from attack.” Like the GDPR, this is likely to create more work for law firms. “The Cyber law is more a technical thing than the GDPR,” he says. “But certainly when it comes to construing the duties, lawyers will be able to assist with it. And it will also part of the due diligence process: ‘How well are your systems protected?’”

In terms of Austrian legislation, Jergitsch says there’s nothing truly significant coming down the pike anytime soon, but he does say that “one of the things that’s being widely discussed is a recent watering-down of environmental protection legislation to facilitate business development.” He explains that “Austria tends to have very long administrative procedures, sometime lasting over several years, before the parties are able

to receive a yes or no.” On balance, he says, he favors changes which can shorten this process. “There are risks, I think, so it depends on the overall way it’s done,” he says. “On the other hand, it is reasonable to say, ‘we want a good procedure, but it needs to come in a reasonable time.’” The legislation was introduced in late 2018, and Jergitsch says it should soon become clear whether it works as intended.

Ultimately, Jergitsch reports, “business in Austria is going reasonably well – maybe because there is less overall business activity in Austria, so you don’t feel changes as much as you might in Germany or China. There may be a buffer.” Still, he agrees with those from across CEE who predict a slow-down in growth as the year continues. “People feel we’re due for a slow-down. There’s a wariness.” Even despite the buffer, he says, “it will inevitably filter down to Austria.”

By David Stuckey

RUSSIA: MARCH 22



“From the perspective of a finance lawyer, my general observation is that the biggest problem is of course the political issue,” says Herbert Smith Freehills Partner Olga Davydava, referring to the sanctions imposed by the United States and European Union. “The political situation really affects the legal market.”

“While it is a quite stable situation from the legislative perspective and no new sanctions having a significant impact on business (other than certain specific SDN nominations) have been imposed since August 2018,” Davydava says, “there are various new draft laws being introduced in the US, which may impose new sanctions against Russia.” This, she reports “raises a general concern in the business community, somewhat destabilizes the situation, and creates uncertainty as to the legal framework.”

Because of the uncertain circumstances, Davydava says, “it is

sometimes difficult to give specific advice to clients on risks, because a purely legal interpretation leads to one result, but when you take into account the political aspect then the result may be different.” As a result, she says, “risk assessment and analysis for clients when making business decisions associated with Russia has become more challenging.”

“We really can see how it affects investors and how it affects international banks considering lending,” she says, describing it as “an interesting time.” Having said that, Davydava notes that international banks have significant liquidity, which they need to invest to generate profit for their shareholders. “We see and hear from our contacts in different Russian and international banks that, despite the political challenges, Russia remains an attractive jurisdiction with good risk/margin balance.”

On the brighter side, Davydava says, there have been a few changes in Russian laws to help local businesses. One of these changes, she says, is a law on syndicated loans which came into effect last year. “The law changed the market to the effect that the main Russian banks have started lending on the basis of syndicated facilities more often. Previously this was not a frequently used instrument, because the law was not clear,” she explains. “Now the law has made it clearer how a syndicated loan would work under Russian law.”

Another significant change involves the introduction of a new instrument called a “project finance factory,” Davydava says, which provides a legislative framework for financing certain kinds of projects with government support through Vnesheconombank. “Obviously, Russia needs to develop its infrastructure,” she says. “And again, given the sanctions environment and the resulting limited access to international lenders – which are not as available to Russian borrowers as they used to be – the instrument is a necessary measure.” According to her, Vnesheconombank together with other lenders will finance new projects on the basis of the principle of project financing. “It is a good initiative, which helps the projects Russia needs obtain the financing to develop.”

Finally, she says, Russia’s legal market has not experienced any major changes recently. While some international law firms have left the market in the last few years, “the big players, who were always here, remain here.” In addition, the 2018 draft law which would, in Davydava’s words, have made it “super difficult for international law firms to work on this market,” was not approved. “We have not heard anything new, as it caused controversy among major corporations, including state-owned ones,” the Herbert Smith Freehills partner says. “They understood the value of having international law firms on international deals, since they require international experience. Therefore, big Russian corporations did not support the initiative, which is good for us of course.”

By Mayya Kelova

LITHUANIA : APRIL 5



There was a very big scandal few weeks ago that involved top Lithuanian judges getting detained in an anti-corruption crackdown,” says Metida Partner Erikas Saukalas, referring to the eight judges from Lithuania’s Regional Court, Court of Appeal, and Supreme Court who were arrested at the end of February. The arrests were apparently made, Saukalas reports, following the discovery that the judges had accepted bribes ranging from EUR 1000-100,000 in criminal, civil, and administrative cases. Saukalas describes the case as “a huge disappointment for our society.”

In happier news, Saukalas reports, a new Trademark Law came into effect on January 1, 2019, abolishing the requirement of graphic representation, providing for certification marks as a new kind of trademark, changing the procedure of trademark registration, and requiring a pre-trial procedure. The new Trademark Law implements provisions of EU Directive 2015/2436. “As a result,” he says, “we have a law which is harmonized with EU regulations, and our proceedings are becoming more efficient.” He points out that in the past registering a trademark could take a year in Lithuania, while under EU regulations the process takes only four months. “I think with the new law we can get same results in Lithuania,” he says.

In addition, Saukalas says, whereas previous efforts to validate trademark registrations had to be made by filing claims in court, now the patent office is empowered to provide that service, which should reduce court workloads. Additionally, the new law allows for the registration of different types of marks, including non-traditional marks such as holograms, motions, or sounds. “This new law is a modern law adapted to the digital environment and tries to make procedures effective,” he notes.

The new law has resulted in an increase of trademark fees, although Saukalas claims that “the increase is not significant, and it does not mean the service is not attractive overall.” The law also requires that changes be made to other regulations, and Saukalas says that, due to the lack of practice and case law in Lithuania, some situations remain unclear. “Quite often, we consult with the patent office about the application of provisions of the new law, but sometimes even the patent office

does not have an answer,” he sighs.

Finally, Saukalas mentions the upcoming presidential election in Lithuania scheduled for May 12, 2019. Among the candidates is current Prime Minister Saulius Skvernelis. According to Saukalas, “if he becomes president, I do not think there will be major changes.” Although he suggests that “two other candidates have an economic background, and maybe they will try to make our lives better,” ultimately, he says, “life will more or less be the same.”

By Mayya Kelova

CROATIA: APRIL 9



“These are really exciting times in Croatia,” says Kallay & Partners Managing Partner Ivna Medic. On January 1, 2019, she says, the rule book of electronic communications in commercial court procedures was changed to provide the conditions for communicating in electronic form. Medic explains that the regulation represents something completely new for the Croatian legal system. “For the very first time we have the opportunity to communicate with courts electronically, and most definitely this will speed up court proceedings and reduce costs for the proceedings,” she says.

However, this is not Croatia’s first entry into the digital world, Medic says. “The government is actively implementing digitalization when it comes to public administration,” she says, adding that, “these days in Croatia everything is about digitalization.” According to her, the government wants to make its administration accessible to the general public, as well as help those doing business in Croatia, by implementing such processes as e-signatures, e-trades, and e-invoices. “This is a big thing!” she exclaims.

Additionally, Medic says, the Croatian government is establishing a shared service center for approximately EUR 50 million. The goal, she reports, is to centralize a significant part of the IT system and digital data of all authorities in Croatia into one place, allowing for internal data exchange. According to

her, “this will speed up our slow administration and help make business easier.”

In less positive news, Medic reports that Croatia is still struggling to secure a safe environment for foreign investors, who are often intimidated by the country’s high tax burden, over-staffed and ineffective state administration, and slow-moving justice system.

The main challenge, she says, is to find the right balance between the protections offered to investors and the protections offered to debtors. Medic says that recent actions undertaken by the authorities, primarily relating to the Law on Annulments of Loan Agreements that came into force in 2017, are “questionable from the investment protection point of view.” The Law on Annulments introduced the possibility of retroactive actions on annulments of loan agreements, she says, leading to uncertainty and inconsistency in Croatian courts, as well as violating the obligation to protect investments. “Investors could not know that laws would be enacted that have retroactive effect, potentially affecting their own investments,” she says.

The good news, according to Medic, is the judgment issued by the EU Court of Justice on February 14, 2019, concluding that “national laws cannot retroactively annul loan agreements that were deemed valid at the moment of execution.” Medic says that the law is under review by the Croatian Constitutional Court, which is expected to follow the judgment of EU Court of Justice to retain balance. Even though the courts in Croatia are obliged to adhere to the decision of the EU Court of Justice, there is an ongoing debate among the representatives of the Parliament on how and whether to apply the ruling. Ultimately, she says, “the Constitutional Court’s decision is crucial for the political and internal legal order.”

Further, Medic says, a new Enforcement Law, which is currently under parliamentary review, is expected to be enacted by the end of this year. Medic reports that the main goal of the law is to protect debtors from complicated and long-lasting procedures and eviction from their homes. Although the law sounds promising, Medic says that the public has expressed real skepticism during the consultations process, with debtors, creditors, judges, public notaries, and the Croatian Bar Association raising real concerns. “The law has a huge impact on the whole situation in Croatia and everybody is waiting to see the final decision the parliament will adopt,” she says. “Personally, I do not believe that the law’s goals will be accomplished,” she says, reporting that “the only positive aspects are for debtors.”

Finally, Medic reports, another piece of good news in the Croatian legal system is the establishment of the register of the ultimate owners of all companies. The rulebook on the register is in process and it is expected that the register will be established by the end of this year. In her opinion, the devel-

opment is a step forward for the business community, as the information contained in the register will be now made available to the public, bringing a measure of control and transparency into Croatia’s business sector.

By Mayya Kelova

MACEDONIA: APRIL 17



“The talk about the entrance of two regional players – CMS and Schoenherr – onto the Macedonian market last year is still on everyone’s lips (among lawyers),” says Founding Partner Emilija Apostolska-Temov of Apostolska & Partners’ in North Macedonia, adding that the presence of such law firms in the market will undoubtedly influence business, increasing both the quality of legal services and competition. “It also gives us a hint about investments coming in – such big law firms would not come without any plans,” she says. “They must know something that the rest of us will learn later. I think it will be a positive experience.”

There’s news coming from elsewhere in the country as well, Apostolska-Temov says. She reports that, earlier this year, North Macedonia abandoned its old flat taxation system in favor of a new progressive system. While the consequences of the new law have yet to be seen, she notes that, at least for the moment, it “is seen as something not positive for businesses.” She sighs. “We were not given time to prepare, as the law was published and the implementation process started immediately.”

The new law imposes higher costs for employers, Apostolska-Temov reports, which may affect foreign investment. For example, under the previous flat system, both personal income and income from other sources, such as royalties, sales, and capital gains, were charged at a consistent 10% rate. The new law introduces two tax brackets and rates, with annual salaries, royalties, income from professional services, and the sale of agriculture products exceeding EUR 18,000 to be taxed at an 18% tax rate. The law also introduced a new 15% rate on income from industrial property rights, capital gains, leases, and so on.

According to Apostolska-Temov, the most affected group will be software development industry employers and employees,

who, she reports, “get the highest salaries in North Macedonia.” In addition, she says, “in most labor contracts, regardless whether salaries are gross or net, employers are responsible for covering taxes in case of changes in taxation law.” As a result, she says, “a lot of money will come out from the pockets of employers – and the majority of them are foreign investors.” This, she notes, may make North Macedonia less attractive for foreign investors, as it will be “no longer a tax haven, and investors will move elsewhere.”

On the other hand, Apostolska-Temov notes, there may be a countervailing consideration for potential investors. She points to a growing interest of foreign investors in the cannabis growth and extraction segment, which she says is sparking discussion about the possibility for improved legislation on cannabis extraction. While there are no draft laws at the moment, she says that a change in the current law is possible, and she smiles that, “in such a small country as Macedonia, if there is smoke, there is fire.” If it does come, she says, it is likely to induce more investment. Although “the current regime is heavily regulated, this did not prevent investors from finding North Macedonia a good destination for investment in this sector,” and she believes that a new and clearer law, with faster procedures, would be even better.

Finally, Apostolska-Temov reports, a new Law on Public Procurement was adopted on April 1, 2019, harmonizing North Macedonian law with several EU Directives. According to her, one particular element of the law, relating to contract-awarding criteria, attracted the most attention. “In the past low prices were the most prioritized criteria in tenders,” she says. “With the new law, procedures will be more transparent and efficient, and the ways public funds are allocated will be more effective.” She considers this a positive step forward, noting that “the lowest price does not mean the greatest quality.”

By Mayya Kelova

MONTENEGRO: APRIL 18



While current affairs seem to be stable in Montenegro, according to Tripkovic & Raicevic Founding Partner Pavle Tripkovic, the recent bankruptcies of Invest Bank of Montenegro

and Atlas Bank have alarmed the local banking market.

“Such cases have not happened for a long time in Montenegro,” Tripkovic says, describing the bankruptcies of two banks (out of only 13 in the country) in a span of four months as “a big issue for the banking sector.” He explains that the bankruptcies may impact the Deposit Protection Fund and make the market less attractive to foreign investors, who were, he says, affected most. In the past, he reports, the Montenegrin banking system was open and attracted plenty of foreign clients to the market, but “suddenly Montenegrin regulators became very strict and the banking practice significantly changed.” According to him, the two bankruptcies were a result of this unpredictable change, and they may well “affect trust in Montenegrin banking system.”

The strict requirements and heavy due diligence obligations currently in place, according to Tripkovic, may become barriers to foreign investment. “I understand there were risky cases, but we need some balance in the system, otherwise foreign businessmen will start avoiding banks in Montenegro due to the unpredictable conduct of the Central Bank and other authorities competent for anti-money laundering oversight and prosecution.”

In addition, Tripkovic believes, the potential crisis in the banking system could influence Montenegro’s real estate sector. “The money that was previously kept in the banks could be rather used further for investments in real estate instead,” he says, adding, “real estate prices will probably grow in the next period.”

On the other hand, Tripkovic says, “although infrastructure is still a problem, Montenegro is improving at a slow pace.” Tripkovic points to the construction of the first motorway in Montenegro as an example, and notes that the motorway, which will be approximately 165 kilometers, will serve as a convenient transition corridor, linking the Port of Bar on Montenegro’s Adriatic coast to neighboring Serbia, which is also building its A2 Motorway. The first part of the motorway is expected to be finished by the end of this year, and two additional parts will be completed in the years to follow.

As for the legal market itself, Tripkovic says that, as the management of the country’s Bar Association has not been changed for over ten years, lawyers are struggling with what he describes as its “complete disinterest,” and he claims that the Bar is “not fighting for the interests of lawyers.” He reports with frustration that “the Bar Association is unnoticeable,” adding that “nobody knows anything about them and they have no influence on the legal market at all.”

By Mayya Kelova

ADDRESSING STRESSING: A MINDFULNESS PROGRAM AT DENTONS

Dentons' creates a pilot mindfulness program to address law firm stress.



"Mindfulness is an extremely valuable tool, especially for members of the legal profession, which is known as one of the most stressful professions."

Katherine Foran,
Deputy Global Chief Legal Officer and
Europe Director of Risk, Dentons

In this quickly-shrinking world, with production and the global economy growing at unprecedented rates, lawyers are increasingly under the gun, expected to turn out top-quality work on matters often worth many millions of euros quickly, and without mistakes. Unsurprisingly, then, many law firms spent significant amounts each year to find ways of helping their lawyers alleviate and manage the resulting stress.

Some at Dentons believes that, in mindfulness, the firm may have found a useful tool in this battle.

Mindfulness has been described as "the psychological process of bringing one's attention to experiences occurring in the present moment, which one can develop through the practice of meditation and through other training." And, at the end of 2018, in a creative attempt to help its lawyers deal with the stress that is part and parcel of the profession, Dentons implemented a unique mindfulness program to help participants from the firm manage and alleviate emotions and stress,

develop business skills, raise emotional intelligence and self-awareness, and improve social skills and empathy.

THE INNER CALL

For Dentons Partner Karina Furga-Dabrowska, who led the pilot program at the firm, practicing mindfulness is both a lifestyle and professionally fulfilling. She recalls that, before discovering the concept, she felt frustrated by the pressure she was facing. "I did not really manage my emotions properly," she recalls, "and I kind of burnt out due to stress. So I was looking for tools to improve myself and gain missing skills." Once discovered, mindfulness became an important part of her life.

Her enthusiasm for the practice kindled, after a few years of practice Furga-Dabrowska become a teacher, and then completed a mindfulness-based cognitive therapy training in the United States. She is currently enrolled in an MBCT studies course at Oxford University's Department of Psychiatry.

MAKING IT HAPPEN

According to Furga-Dabrowska, the idea of conducting a mindfulness program at Dentons occurred to her in August 2018, and the NextMind program – which she developed specifically for a law firm environment, along with Chris Tamdjidi from the Kalapa Leadership Academy (which produces mindfulness programs for professional spaces) and the Oxford Mindfulness Center of the Psychiatry Department at the University of Oxford – kicked off two months later.

The eight-week program attracted some 60 participants, divided into three groups: two in Dentons' Warsaw office, and one of lawyers outside the Warsaw office whose classes were held by webinar. Furga-Dabrowska led all three groups every Friday, with Tamdjidi and fellow Kalapa Leadership Academy trainer Sophie Maclaren taking turns joining her.

The weekly two-hour sessions included education, practice, and open discussion. During these sessions, participants considered various topics, including theoretical neuro-scientific aspects of long-term stress, issues related to perfectionism, the social and business consequences of cognitive bias, and the risks related to multi-tasking, as well as imparting practical knowledge about ways to handle stress, relationships with clients, collaborate within the firm, empathy, and basic mindfulness tactics.

Still, although the leaders were able to guide participants in their development and help them find solutions, Furga-Dabrowska emphasizes that “it is all the participant’s own work and own mindfulness practice.”

In addition, the program included a smartphone application and a knowledge platform with a particular focus on the legal profession, providing articles and videos on relevant subjects. Katherine Foran, Dentons Deputy Global Chief Legal Officer and Europe Director of Risk, one of the first at the firm to sign

up for the classes, remembers that although she didn’t initially use the application (which comes with recommended exercises and daily reminders), she soon began to recognize its value. “Having this little alarm going on and pulling you back to focus on yourself is a great way to release pressure and refocus,” she says. Now, she adds, the application makes it possible for her to practice mindfulness anywhere and anytime.

NOT ALL THAT FLUFFY

Furga-Dabrowska is aware that some believe “mindfulness” is either a waste of time, or downright counter-productive, potentially making participants “softer,” but she rejects the accusations. “We are not losing an edge,” she says. “We are actually becoming even sharper and are able to find solutions quicker.” In addition, she says, “we also become kinder.”

Foran is also dismissive of the suggestion that, as she characterizes it, mindfulness is something “warm and fluffy.” According to her, “I was interested in learning more about science and understanding the techniques of mindfulness.” Once introduced to the concept, she says, she discovered that mindfulness reflected a balance between science and logical thinking. Consequently, she says, “some of the newly-acquired techniques made me more focused and as a result more efficient.”

Still, Furga-Dabrowska admits that those kinds of criticisms about mindfulness can make it difficult to promote the initiative – but she reports encountering an open-mindedness and dedication among those at Dentons who took the chance. “Participants were enthusiastic, and ready to look into their inner worlds to self-develop,” she smiles. “They showed trust to cover delicate and emotional issues.” As a result, she says, all participants, from junior lawyers up to partners, became comfortable speaking up.

Foran appreciated that opportunity. “Surrounded by a trusting environment,” she

says, “people were willing to reveal a little bit more of their personal insecurities and talk about how they dealt with stressful situations. As a result, we all ended up learning not only from our trainers, but also from our own experiences, and helped each other to learn new techniques.”

Ultimately, Furga-Dabrowska is aware that “there were and will always be skeptical people in general, who are not ready or are not willing to change within themselves.” She’s not bothered by those who scorn the practice, however: “It just means that mindfulness is not for them.”



“While stress does not disappear with practicing mindfulness, the response is different.”

Karina Furga-Dabrowska,
Partner, Dentons

THE OUTCOME

To evaluate its usefulness, NextMind participants were asked to conduct a self-assessment of their well-being and stress levels both before and after the program. Participants reported an average reduction in stress of almost one third,

Furga-Dabrowska says: A 75% improvement in social well-being, an 18% improvement in emotional well-being, and a 16% improvement in self-efficacy.

Furga-Dabrowska says she was surprised and encouraged by the results. “I did not expect such an improvement,” she says. “We knew it would be better, but it was the end of the year – a particularly stressful period for lawyers – with time pressure and work load and much more, so we expected the results to be, perhaps, not quite so good.”

And that’s not all. According to Furga-Dabrowska, as a result of the positive feedback, NextMind was made part of Dentons’ NextTalent global talent program that was launched in March 2019 during the firm’s global partner meeting in Cancun. NextTalent, which includes trainings on mindfulness, emotional intelligence, resilience, and cognitive bias, is designed to, in her words, “leverage insights from neuroscience, behavioral economics, and new technology that is powering the fourth indus-

trial revolution.” As part of NextTalent, two global NextMind programs will be launched as webinars in September 2019: one for partners and one for global talent team members and other support professionals. In addition, she reports, in July 2019 Dentons will start training internal mindfulness teachers in Europe, including several participants of the pioneer program, who volunteered to become mindfulness ambassadors in their local offices and will be trained to become internal mindfulness trainers.

Of course, Furga-Dabrowska is aware that not all participants will continue employing the skills they learned in the NextMind program after its conclusion. “Everything is in people’s hands,” she says. “It depends on people, whether they will practice or not, but I am sure some skills will become part of participants’ second skin.”

And she believes that over time, mindfulness will become more popular in the legal environment. “We are simply pioneers in it,” she says, adding that many

Australian and US law firms have already introduced mindfulness training for their lawyers, although “Europe is not so much open to it yet.”

Katherine Foran, at least, is a convert. “We need to make use of all the tools that we have at our disposal that will help us,” she says. “Mindfulness seems to have potential as a useful and powerful tool.”

Ultimately, Furga-Dabrowska insists, mindfulness provides a great means to develop the emotional intelligence that she believes will reshape our future. “If you do not understand and do not listen to people, then you cannot develop close relationships. Our emotional intelligence will be crucial in the future.” She adds that in today’s legal market some firms are more traditional, while others are more comfortable trying new things. In her opinion, the choice is clear: “The future will belong to the firms which are more open.”

Mayya Kelova



Karina Furga-Dabrowska (third from right) leads the NextMind class in a mindfulness exercise



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INSIDE INSIGHT: INTERVIEW WITH MAROS POGANY, HEAD OF LEGAL AT KIA MOTORS IN SLOVAKIA



CEELM: Thank you for speaking with us, Maros. Can you walk us through your career, and tell us how you ended up at KIA Motors?

MAROS: After graduating from law school my obvious choice was a tire factory close to my place. But this job did not satisfy my hunger for legal experience so I accepted an offer from a local law firm, where I learned many things, both as a lawyer and a person. After passing the bar exam I ran my own law firm for a while. When Kia Motors decided to build a factory in Slovakia it caught my attention and I applied for job there – and this July I will have been there for 15 years. The initial years in Kia were very difficult and I survived thanks to my then-boss, a Korean-American lawyer who trusted me and supported my professional and career growth.

CEELM: What – other than your previous boss – has kept you there? What makes Kia such a good place to work?

MAROS: The beginning was tough due to cultural shock between Slovaks and Koreans. In addition, the construction site provided by the Slovak government was not cleared of land ownership issues, which eventually took six years to resolve. As I mentioned, I was lucky to have a boss who stood out. He was very ambitious and demanding as well as politically skilled. I learned a lot from him, and even now some of his traits are unachievable for me. What's more, lawyers never get bored at Kia; there are always new things happening in the company and the legal department's voice is carefully listened to (even though sometimes the business units do not like what we say). Over time Kia has established a generous remuneration and perks system which corresponds to the company's high demands on lawyers' output. Last but not least, some of my current and former colleagues have become my good friends, so while working I am spending time with my friends.

CEELM: Are there changes to the legal/

regulatory regime in Slovakia involving your role and Kia Motors that you would like to see, or alternatives present in other markets that you would like to see tried in Slovakia?

MAROS: Typically, in Slovakia, guidelines stemming from EU directives are stricter than those directives actually require. This means more work for lawyers, and it results in a greater administrative burden for companies, including Kia Motors. Thus, taking into account the tax burden, availability of manpower, and other factors, Slovakia has become less attractive to do business in than its neighbors – especially the other Visegrad countries. Whenever I have an opportunity to speak with government people, I request that they not impose more duties on business than EU law requires.

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

MAROS: It is a mixture of various forms

of communications. Almost every day I attend brainstorming meetings with other business units, discuss with members of our department how to handle issues assigned to us, and review and comment on various internal documents prepared by other business units where input by Legal is required. Checking and aligning of the legal department's weekly plan of work and progress of projects based on the yearly business plan is also a regular part of my job. Lunchtime is a great opportunity for me to chat with other Kia managers so we can keep each other updated on our work-related as well as personal matters. A few days a week I devote time to reading blogs on people management, legal tech, and the like. I am happy that most of the time the legal department can do the job without major interference.

CEELM: How big is your legal department? How is it structured, and who do you report to?

MAROS: We are four lawyers altogether. This year that number will be increased to five – we are now looking for a suitable candidate. There is no formal structure in the department; we train our members so that everyone should be able to do everything. However, a certain level of specialization has naturally developed over time. Each lawyer supports certain departments or handles specific legal matters for the whole company. At the same time our senior lawyer allocates time on strategic & development issues, as well as standardizing legal documents, while the juniors are assigned mainly with operative tasks.

In our company, I report to a Korean coordinator, who is not a lawyer, and who is in charge of three different departments, including the legal department. He serves as an intermediary between me and the Vice President, although, depending on the situation, I am free to communicate with the VP directly. I have a collegial relationship with our General Counsel Europe, who is located in Frankfurt am Main. I am not his subordinate, but the

legal department supports him when necessary; the same is true for the legal division of our headquarters in South Korea.

CEELM: In your many years with Kia, what was the largest single deal or project you worked on involving external counsel?

MAROS: Most of the deals are handled by our in-house lawyers. External counsel assisted us with the due diligence of land ownership of a site where our factory is located, which resulted in an amendment to the Investment Agreement between Kia Motors and the Slovak Republic. With this amendment the structure of the land acquisition deal was changed and the government gave further warranties so that Kia is safe from future claims by the former land owners.

CEELM: What's the one most important lesson (on business, team management, etc.) that you have learned during your nine plus years of leadership?

MAROS: It is important to realize that nobody can see what's inside other colleagues' heads, meaning that we cannot assume or prejudice other peoples' motives, thinking, or understanding. That's why I must ensure that my communication is clear and comprehensible to others.

CEELM: You publish a series of articles on LinkedIn on the "Organization of Legal Function." Why did you start doing this, and what sort of feedback have you gotten?

MAROS: So far, I have published just two articles. The first one deals with the "In-house or Outside Counsel?" dilemma. In the second one you can read my take on the proper number of in-house lawyers in a company, calculated based on the yearly workload. The articles are excerpts from my MBA thesis "Organization of Legal Function for Innovative Companies and Start-ups," so I have topics like



legal KPIs, how to organize the legal department to foster innovation, evaluation of in-house lawyers, and so on, in the pipeline. During my MBA studies, I studied and considered various approaches to those topics and by writing articles I hope to provoke discussion. The feedback shows that heads of legal deal with similar issues regardless of the type of business, even in non-profit areas. I plan to publish more articles, but after my second son was born it is not a priority for the time being.

CEELM: On a lighter side, what one bit of advice would you give to junior lawyers or recent law graduates?

MAROS: To all juniors, not only lawyers: Start small, aim high, and keep going.

CEELM: Finally, what's your favorite place to visit in Slovakia, and why?

MAROS: My family likes swimming so we like Piestany, a city famous for its spa. Or to have a walk in the beautiful Sulovské Skaly hills, ending with eating the traditional Bryndzové Halusky meal in some of the cosy chalets.

Vaida Stockunaite

MARKET SPOTLIGHT: HUNGARY

In this section:

- | | |
|---------------------------------------------------------------------------|---------|
| ■ Guest Editorial: Winners Hunt in Packs | Page 47 |
| ■ Market Snapshot: Recent Developments Regarding Hungarian Insolvency Law | Page 48 |
| ■ Pearls on the Danube: CMS Celebrates 30 Years in Budapest | Page 52 |
| ■ Inside Out: K&H Financing to Photon Energy Group | Page 54 |
| ■ Expat on the Market: Sam Baldwin of Szecskay Attorneys at Law | Page 58 |

GUEST EDITORIAL: WINNERS HUNT IN PACKS

As a first-generation lawyer I did not have a profound career perspective when I graduated from law school in the early '90s. I saw a job ad in a newspaper – “*International law firm looks for junior lawyers*” – and even though I had no clue what an “*international law firm*” was, I had nothing to lose, so I thought it would be worth seeing how a real job interview worked. In the end I was selected and I decided to stay ... and I have never regretted that decision.

The economic changes and evolution of the Hungarian legal market have been, relatively, the same as elsewhere in the CEE region, although Hungary's transition to a market economy was less painful than in other countries of the former Soviet bloc. A consolidated market, open towards capitalism, had already started to form in the late '80s, and this encouraged more trade with the West.

The bubbling business opportunities encouraged foreign investments and the sizable deals attracted international law firms to Hungary. Some big firms arrived on a deal basis only, but many of them established a local presence, and almost every Magic Circle and White Shoe law firm appeared in the region. Among others, the former in-house lawyers of the Hungarian state-owned trading companies – “Impex”-es – became the local managing partners of these newly established international law firms. They were the professionals in this field, with international experience, language-skills, and that type of commercial vein, business knowledge, and higher risk propensity that is crucial for this position. The situation was special because our generation was no less prepared than those local lawyers who had been on the market for decades; in this new world we were all rookies. The advisory experience of the customary client-attorney relationship had to be placed on a new, business-centered footing.

I had the chance to learn to practice law first-hand from the sharpest minds (both colleagues and clients) and that was precious. These brilliant international professionals showed us how to do business and how to lead transactions. I was full of enthusiasm and a sense of adventure, ready to absorb the best international standards and practices.

In the first ten years, international law firms focused mainly on privatization and foreign investment projects, all the other practice areas were secondary to M&A transactions. From the 2000s, after the era of privatization calmed down in Hungary, international law firms had to reconsider their strategy in the region and consciously extend their exper-

tise with other practice areas, such as litigation, competition, regulatory, real estate, or labor law, in order to keep their stability.

This was the time when I became managing/equity partner of the Budapest office of the US-based law firm Squire Patton Boggs. I was working with Americans from the very beginning, and I was impressed by their proactive and business-minded approach. We shared the same values in business.

The 2008-2010 crisis strongly affected FDI flows to Hungary, which was reflected in the number of sizable deals. The relatively small markets in the region make the stability and profitability of international law firms more complicated. Many UK-based law firms chose to spin off their offices in the region and transform them into independent local firms, as Freshfields, Linklaters, and Clifford Chance did in Hungary. As a global trend, US law firms like Squire Patton Boggs have diminished their presence in the region. They focus instead on the US market, and although they continue to work on sizable global deals, they now need local guidance in CEE, and often keep a preferred team for referrals. Today, the regional and local law firms in Hungary and in other CEE countries work in close cooperation with some of the world's largest law firms because the principle remains unchanged: “Winners hunt in packs.”

Americans tend to view their jobs as extensions of themselves, and therefore devote themselves completely to their careers. They consider their work not primarily as a career or financial opportunity but rather as a value in itself. The healthy combination of Hungarian roots and the American way of thinking is a great advantage, I believe. Lawyering in itself is just the base of everything. You have to feel your client's problem as if it was your own and use your best efforts to provide proactive, solution-oriented advice. If your team shares the vision and understands that commitment and alignment are critical, this can be a key for success.

We are lucky, because as attorneys we regularly have opportunities to be of service, to do things which can have a lasting impact. The opportunities are there. We just need to have the courage to pursue them and be proud of it.



Akos Eros, Partner, Wolf Theiss

PEARLS ON THE DANUBE: CMS CELEBRATES 30 YEARS IN BUDAPEST

A black and white photograph of two men in suits. The man on the left is in profile, holding a glass of dark liquid. The man on the right is wearing a headset and also holding a glass, clinking it with the first man's. They appear to be in a celebratory mood. The background is slightly blurred, showing what might be a library or office setting with bookshelves.

The Budapest office of CMS – formally operating, now, as CMS Cameron McKenna Nabarro Olswang LLP Hungarian Branch Office, to be exact – opened its doors in the Hungarian capital 30 years ago. What started as a small office of two people in 1989 has since become a market leader across a wide variety of practices areas and industry sectors, with 74 lawyers, including 11 partners, serving clients from Hungary, CEE, and the rest of the world.

Speaking for CMS:

- Dora Petranyi: Co-Head of Commercial, Head of Life Sciences, Head of Competition, Head of TMC and IP
- Erika Papp, Managing Partner, Head of Banking and International Finance
- Gabor Czike: Partner, Head of Real Estate
- Gabriella Ormai: Partner, Co-Head of Commercial, Head of Employment
- Jozsef Varady, Partner



In honor of CMS Budapest's 30-year anniversary – the Pearl anniversary, formally, in the city often called the Pearl of the Danube – we reached out to several of the prominent partners to learn a bit more about the changes they've seen over the years, and the practices they manage.

CEELM: Gabriella, you've been with CMS since the firm (then operating as Cameron McKenna) opened its doors in Hungary in 1989, and you played a significant role in establishing it as a highly-regarded (and consistently highly-ranked) provider of top tier legal services across a wide variety of practices, including Employment, where you still lead the firm's team. How did you build it up over the years?

"This then became our strategy: to develop practice areas that our clients actually needed on a daily basis."

GABRIELLA: We started to build up our Employment practice around the time of privatizations in the early nineties. We advised investors in the privatization process itself, and in most cases, we continued to work for them even after the transactions finished, as new problems and issues arose. Often those key issues involved employment, so we had to build up an expertise to be able to provide solutions.

This then became our strategy: to develop practice areas that our clients actually needed on a daily basis. The more we became specialized, the more practice areas we built up. In the beginning, commercial and corporate were together, and then areas became more defined, and we had to hire more and more people who were experts in each specific area. And then we slowly grew out of legal polymaths and became a firm of highly-specialized experts.

But the evolution didn't stop there. What we see now is that companies have regional GCs who are responsible for sev-



Dora Petranyi



Erika Papp



Gabor Czike

eral countries, so we had to be able to coordinate and advise them on a regional level. I think we recognized this trend pretty early and adapted ourselves to it. Now our comprehensive coverage of the region is one of our biggest advantages.

CEELM: Focusing on Employment in particular, can you give us a quick snapshot of where the market stands at the moment?



The partners are all smiles at CMS Budapest

GABRIELLA: The area of employment went through significant changes in the past couple of decades (as did all of the other areas, of course). Currently the biggest issue is the labor shortage. While Hungary is good in attracting foreign investors, the shortage of a qualified, trained, and skilled workforce may be a problem in the long term. There are two other trends which are closely connected to the labor shortage: one is the rising popularity of trade unions, especially in the manufacturing sector, and the second is the growing need of companies to find solutions to not to lose workers whose specialized training they have heavily invested in.

CEELM: Let's turn to Real Estate. Gabor and Jozsef, what can you tell us about the current Real Estate market in Hungary?

GABOR: We chatted with our Polish colleagues recently about the market, and while there are plenty of similarities between the two markets, such as low interest rates, the most striking *difference* is the ratio of domestic investors here. In the Hungarian market, domestic investors have played a rapidly growing role in the past ten years or so, and local institutional investors now account for 60% of the total deal volume. Just to put this in perspective, only 38% of deal volume was

tied to local investors in 2016-2017, and although we don't have the exact statistics for this, before 2008 it must have been around 10%. This is a very significant trend, but many worry that, as assets purchased by local investors are often held for a longer term, if Hungarian funds keeps buying at this rate, there won't be enough assets left on the market and the price competition will be even greater. The recent requirement of the National Bank of Hungary that the issuance of new investment units should be made subject to a redemption period of 180 days and the commencement of consultation discussions about the fees banks may charge for the trading of real estate fund investment units may have a negative impact on the flow short term investors' money into the real estate funds, which may create a climate change on the real estate investment market.

JOZSEF: Otherwise, the most important trend has been the huge influx of greenfield developments and industrial investments. We have advised several major companies from the industrial manufacturing and automotive sectors in the past few years, most of the time from the very beginning, even sometimes providing assistance in choosing the most suitable location for their investments. Of course, tax incentives always play an important

role in their decisions, but other issues, such as for instance the quality of workforce, can be just as important to their decision-making process.

"We have advised several major companies from the industrial manufacturing and automotive sectors in the past few years, most of the time from the very beginning, even sometimes providing assistance in choosing the most suitable location for their investments."

CEELM: Erika, you're both the Managing Partner of CMS in Budapest, and you are in charge of the firm's Hungarian Banking/Finance practice. What's that sector like?

ERIKA: I have been riding waves of the Banking and Finance Market for 23 years, alternating between financial crises, liquidations, and restructurings, and booming markets with strong competition for customers. I have also had to deal with the financial regulator's response to these changes, with regulation and overregulation following each other in waves. As far as I can tell these waves are largely the same across all the CEE countries,

although there are of course countries where events occur with a slightly different timing.

CEELM: And how has the firm's practice adapted to these waves?

ERIKA: Banking and Finance has become very specialized in the last several years. Twenty years ago our practice focused primarily on real estate finance and simple project finance transactions. Then, as CEE markets were populated by foreign banks, we started dealing with big banking M&A transactions. Then came the financial crisis, and with it a lot of restructuring and insolvency cases. After the financial crisis regulators in Eastern Europe – like everywhere else in the world – started a strong regulation wave which provided us lawyers with the opportunity to specialize in the interesting regulatory aspects of banking law, such as payment services, markets in financial instruments, market abuse, and so on. Since Banking and Finance moves in cycles, it is interesting to compare the ups and downs of the market and to prepare for the next move of the market.

CEELM: Finally, Dora, you specialize in Commercial and TMT. How have you developed those practices over the years?

DORA: I arrived at CMS ten years ago – just when Lehman Brothers filed for bankruptcy – so we had to grow our practice in a time of financial crisis, on the basis of the strong foundation of the existing team. We started out with strategic advice, both in sectoral and HCA matters, and focused on what kept GCs awake at night. This proved to be a good strategy, as we now we have a commercial team of over 30 lawyers, including the strongest TMT team in Hungary (with four people ranked in legal directories) and a competition team which has three lawyers recommended and ranked. This recognition is huge, and it is something that I'm truly proud of.

In terms of the TMT sector, we are still on the digitalization trip, like we were ten years ago. I used to say back then that

it's good to be a TMT lawyer, because in ten years every company is going to be a TMT company. I think the CEOs of both TESLA and Mercedes have said that their companies are essentially software companies – they just put cars around them.

Everything is about digitalization, and at CMS we want to not simply follow this trend, but also to shape it. Accordingly, we have initiated several campaigns on topics that keep GC's awake at night these days: cybersecurity, data privacy, and artificial intelligence. If we look at these topics, we see that there is huge competition between neighboring countries, and even neighboring regions. Almost all countries claim that they are the Silicon Valley of the east. As a Hungarian lawyer I cheer for Hungary to come out as the winner of this competition, but when I'm wearing my regional hat, I say "the more the merrier."

"Everything is about digitalization, and at CMS we want to not simply follow this trend, but also to shape it."

CEELM: In honor of CMS's anniversary in Hungary, let's end this with a different question: What are you proudest of at CMS, or what gives you the most pleasure, at the firm?

DORA: What gives me the most pleasure? Maybe the ability to react quickly to challenges and change, which is extremely crucial in our jurisdiction. I am very proud of our team spirit (both at work and outside work), but I was probably the proudest when our men and women soccer teams were both won the annual CMS Global Football Championship.

JOZSEF: The thing I enjoy the most is that every year we participate in some of the biggest real estate projects on the market, so I get to go around the city and show my kids some of the buildings and developments I played a role in creating.

GABRIELLA: I'm proud that I joined a



Gabriella Ormai



Jozsef Varadi

firm, where every minute I feel that I'm at the right place – for 30 years now. And every day I come in, I see that people are happy to be here too, which gives me the most pleasure.

ERIKA: As a woman lawyer, I take great pleasure in watching our young lawyers develop and grow in an office which I consider one of the top equal-opportunity law firms in Europe. One shouldn't forget that CMS Budapest's first managing partner was the brilliant Gabriella Ormai. That I have had the good fortune to continue Gabi's work proves that CMS remains an environment where women can rise as high as men, and that this firm judges people by merit, dedication and industry. It's also important to remember that equal opportunity benefits men as well as women, and so when I see young lawyers beginning their career with us, I know there is nothing that can hold them back.

David Stuckey

MARKET SNAPSHOT: HUNGARY

E-MOBILITY: OPPORTUNITY OR INCONVENIENCE FOR THE COMMERCIAL OPERATORS OF PARKING PLACES?



Laszlo Kenyeres,
Partner,
Wolf Theiss

The number of electric vehicles in Hungary is rising. In response to this, the National Building Regulation of Hungary (OTEK) has established new requirements for the provision of recharging points, with a January 1, 2019 deadline. Although these new rules have had some visible results,

there is significant delay in establishing full compliance. Those who fail to meet the requirement may anticipate the imposition of penalties.

OTEK requires that stores trading daily consumer products covering over 300 square meters such as food chains, mini-markets, hypermarkets, shopping malls, supermarkets, and wholesalers are obliged to establish at least two recharging points for every existing 100 parking places (or part thereof), as are the operators of parking meter zones (such as parking garages). For example, a parking garage with 110 parking places must provide four recharging points. With respect to the construction of *new* parking places, the requirements are even greater: Cabelling for at least 10 recharging points must be provided for every 100 parking places (or part thereof), so that, if operation of these recharging points becomes necessary (or mandatory) later, they can be made functional easily, without wrecking the road surface. With these provisions, the Hungarian legislator advanced ahead of EU law: the provisions were adopted in 2016, prior to the similar rules in the EU's Clean Energy Package of 2018, and they are also more demanding than the EU's law on recharging stations, which covers only newly-built parking places.

With regard to already-existing parking places, the deadline for stores and operators affected by the law – approximately 130 supermarkets and thousands of hypermarkets across Hunga-

ry in cities like Budapest, Gyor, Debrecen, and Kecskemet – to meet the requirement of establishing the necessary number of recharging points was January 1, 2019. Some of them have, in fact, already fulfilled their obligation. For instance, most of the shopping malls in Budapest offer complex solutions for EV owners, and the international supermarkets are constantly developing and extending their recharging capacities.



Adam Lukonits,
Associate,
Wolf Theiss

However, the vast majority of stores – many of which could not meet the requirement in time – are still only at the beginning of the process. The penalties they can anticipate, however, will not relieve them from the obligation; they will still have to establish the required number of recharging points irrespective of paying the penalty.

The implementation of the Regulation may be boosted by the fact that the Hungarian legislation covering e-mobility has become more elaborate in the past few years. And besides the Regulation there is a Government Decree on e-mobility that sets out the framework for the operation of recharging points. Based on these rules, most petrol stations have turned to the commercial operation of recharging points by setting payment conditions to their e-mobility services. This may offer new perspectives for the stores and parking meter zone operators as well. Additionally, there are tax benefits attached to e-mobility as the large majority of the costs of their establishment can be deducted from the corporate tax base and the public utility providers' special tax on recharging point operators.

All the above actions were made necessary by the rising demand for “green plate cars” (*i.e.*, cars that are hybrid or fueled completely by renewables). In September, 2018, there were 7916 green plate cars in Hungary, of which 3522 were in category 5E (the category of pure electric vehicles (EVs)). At the end of the year, there were around 10,000 and 3,700, respectively. This fits to the projections of the Ministry of Nation-

al Development of Hungary, which predicted approximately 200,000 EVs and 20,000 recharging points by the year 2030. Therefore, Hungary may anticipate an increase in the number of recharging points (there are around 550 at present), and the affected stores and operators can play a huge role in that. However, the fact that the return on investment of recharging points is not yet clear is causing some reluctance on the side of the investors.

Ultimately, it is still a chicken and egg question in Hungary: it is not clear whether the number of recharging points will lead to the penetration of EVs, or *au contraire*, whether the demand for EVs will result in new recharging points.

By Laszlo Kenyeres, Partner, and Adam Lukonits, Associate, Wolf Theiss Hungary

RECENT DEVELOPMENTS REGARDING HUNGARIAN INSOLVENCY LAW



Kinga Hetenyi,
Managing Partner,
Schoenherr

The Hungarian Government is considering creating new legislation to cover all kinds of insolvency proceedings, including bankruptcy, liquidation, winding-up, and dissolution proceedings. This move has been roundly welcomed, especially by creditors, as the current law is from 1991, and although it has been amended

numerous times, it counts as an outdated and much-criticized piece of legislation.

While work on the new law is still in its initial phase, the current Hungarian Insolvency Act has recently been amended to reconcile the interests of creditors secured by a pledge. The amendment came into force on January 1st, 2019.

The Purpose of the Amendment to the Hungarian Insolvency Act

In a liquidation proceeding, creditors secured by a pledge may acquire ownership of the unsold pledged assets at the end of the liquidation proceeding. Before the amendment, such creditors were not obliged to pay certain costs that arise in connection with the pledged assets and its purchase price, unlike those creditors secured by a pledge but receiving their claim only from the sale of the pledged assets. Thus, creditors acquiring ownership of the unsold pledged assets at the end of the liquidation proceeding were in a more favorable position than those creditors who received payment from the sale of the pledged assets.

The recent amendment aims to ensure equal treatment of all secured creditors by requiring them to pay a certain fee to the liquidator. The liquidator must notify the creditors that if they intend to acquire ownership of the unsold pledged assets, they must pay: (i) 3% of the minimum purchase price of the asset as an advance pay-



Virag Palguta,
Associate,
Schoenherr

ment for the fee of the liquidator, plus VAT; and (ii) 2% of the minimum purchase price of the asset. The creditor has 30 days from the receipt of the liquidator's notice to make the payment. This new obligation ensures that no creditor is placed in a favorable position to others at the end of the liquidation.

The Liquidator May Allocate the Proceeds Only if the Sale Is Not Challenged

The amendment clarifies one more important element of the liquidation proceeding. The reasoning of the Amendment Act states that the liquidator may allocate the proceeds stemming from the sale of the pledged assets to the creditors only if the sale is not challenged, or, if it is challenged, the challenge is rejected by the court. Therefore, the amendment extends the deadline for the allocation of the proceeds to 30 days from the elapsing of the deadline to file a challenge or from the date an order of the court rejecting the statement of claim is received by the liquidator – instead of the 15-day deadline that existed before. The extended deadline ensures that the liquidator has enough time to receive the court's order to allocate the proceeds.

Plan for a New Insolvency Act

Although amendments such as these (and the 2017 amendment enhancing the protection of beneficiaries of security interests and clarifying the position of creditors secured by call options, security assignments, or pledges over future receivables) brought the insolvency regime closer to the market's needs in the past few years, the Government still plans to create a new and comprehensive Insolvency Act. We know only a little bit about this initiative so far, but it appears that the Government intends to emphasize the protection of creditors' interests – in particular secured creditors – which is clearly positive from the market's perspective. In the meantime, debtors who still have a chance to rescue their business will actually be given the opportunity to do so, but cases concerning creditors who are unable to be restored will be closed faster, simpler, and in a more cost-efficient way than they are at present.

By Kinga Hetenyi, Managing Partner, and Virag Palguta, Associate, Schoenherr Budapest



INSIDE OUT: K&H FINANCING TO PHOTON ENERGY GROUP

The Deal: In January 2019 CEE Legal Matters reported that Deloitte Legal had advised K&H Bank on long-term non-recourse project financing provided to Photon Energy Group for Photon Energy's 11.5 MWp proprietary PV power plant portfolio in Hungary. Pontes Budapest advised Photon Energy on the deal. We reached out to both firms for more information.

The Players:

■ **Counsel for K&H Bank:** Luca Bokor and Balazs Varszeghi, Partner Associates, Deloitte Legal

■ **Counsel for Photon Energy:** Csaba Polgar, Partner, Pontes Budapest

CEELM: Luca and Balazs, how did Deloitte Legal become involved with K&H Bank on this matter?

LUCA: After taking part in a number of solar projects, Deloitte held a workshop for K&H on the financing of solar plants back in 2017. Throughout the workshop, which we put together with the financial and technical advisory team of Deloitte, we were able to answer complex and specific questions K&H raised regarding such projects, and we must have made a positive impression. I think that the workshop was a good example for the "AS ONE" concept of Deloitte, namely that clients may get advice on a wide scale of questions at one single spot, and the

various service lines of Deloitte rely on the knowledge and experience of one another. After being selected as one of the top three law-firms in the Photon tender the enthusiasm of our young team in the course of a personal meeting with Eszter Nagy from K&H and Clemens Wohlmuth from Photon convinced Photon as well, and we were thrilled to be selected for this project.

CEELM: Csaba what about you? How did you and Pontes Budapest start working with Photon Energy?

CSABA: Pontes Budapest has been advising Photon Energy Group since October 2017 in connection with all of their Hun-



garian dealings. Photon is a long-standing client of Pontes's Warsaw Office and the referral came from them. The introduction was made by Christian Schnell, who is the head of our Warsaw Office and co-head (along with me) of Pontes's Energy Practice Group. First contact was made by Georg Hotar, who is the CEO and majority owner of the Photon Energy Group, which is ultimately listed on the Warsaw and Prague Stock Exchanges. We had a fairly long phone conversation, followed by an introductory meeting where I was pretty thoroughly cross-examined on our energy (in particular solar) experience, knowledge, market insight, and contacts, and even our business-mindedness. The first mandate came shortly after that first meeting directly from the CEO, so we hopefully made a good impression.

CEELM: What, exactly, was the initial mandate when you were each retained for this project, at the very beginning? Balazs, what about you and Deloitte Legal, when you were retained by K&H?

BALAZS: By the time we were engaged the indicative finance term sheet had already been agreed between the bank and

the sponsor. Hence, we were mandated to perform the legal due diligence of the project and to represent K&H, the lender, in the transaction, including the drafting, negotiating, and finalizing of the finance documentation, and to verify closing conditions. As customary in such matters, we also provided additional *ad hoc* advice on regulatory and other matters when necessary during the transaction.

CEELM: And what about you, Csaba? What was the initial mandate from Photon Energy?

CSABA: Our first mandate was related to the acquisition of the solar portfolio, in connection with which we later provided borrower-side project-finance-related legal services. We first co-operated with Photon Energy's business development team, headed by Lukas Jelinek, who is responsible for identifying suitable targets, carrying out legal, financial, and technical due diligence on the target entities, negotiating the acquisition documentation, and pushing the transactions to reach financial closing under the sale and purchase agreements.

CEELM: Who were the members of your

teams, and what were their individual responsibilities?

LUCA: The energy team was led by Balazs, and I led the finance part of the project with the assistance of Managing Associate Linda Al Sallami.

CSABA: Our team consisted of Trainee Peter Ruff, Associate Alexandra Cseri, and Of Counsel Szilvia Kassai, all working under my overall supervision and responsibility. Szilvia was responsible for the acquisition-related tasks, including due diligence and translation documentation. Alexandra and Peter were responsible for the security documentation and conditions precedent collection in the project finance phase. I dealt mainly with the Loan Market Association standard facility agreement negotiations and supervising all aspects of the transaction, including the energy regulatory related elements.

CEELM: How was the final agreement structured, why was it structured in that way, and what were your roles in helping it get there?



Balazs Varszeghy



Csaba Polgar



Luca Bokor

LUCA: The credit facility agreement is based on LMA standards with ten borrowers as co-debtors. In the structure, we initially had to distinguish between the refinancing facility regarding the already existing plants and the plants under construction (each in a different phase of completion). Naturally different draw-down conditions apply to each. We were keen to minimize the number of documents related to the facility agreement as much as possible, without jeopardizing

the enforcement rights of the bank, thus the ten borrowers were combined in one single credit facility agreement and most of the security agreements were drafted on project-basis.

CSABA: The final agreement was an LMA standard term loan project finance facility agreement, accompanied by a full set of security documents securing repayment of the loan provided. The loan is a limited recourse loan, secured by the project cash flow and project assets. The loan was provided for three solar power plant portfolios to be built at three distinct locations in Hungary by ten special purpose vehicle companies, with different timing and technical content. We had a very large number of collateral documents and an unusually long conditions precedent list that are needed to be fulfilled to disburse the loan.

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

BALAZS: The most challenging was the fragmented nature of the project, and therefore the transaction as well. The project was compounded of over 15 smaller plants, distributed among ten borrowers, and spread among three locations. This complexity of the project had to be factored in during our due diligence and finance work, and the high number of PV plants and borrowers made the due diligence process and financial closing (CP collection) particularly burdensome.

CSABA: The most challenging part was agreeing on the terms of the loan agreement and the sponsor's undertaking agreement. We had to be particularly attentive to the fact that the ultimate mother company in the Photon Energy Group is publicly listed, which meant certain limitations in connection with the undertakings that a project financing bank would normally like to see in the project finance documentation. Also, in both the acquisition and the financing due diligence phase, we had to face a number of challenging energy regulatory issues related to solar developments. The solar industry is relatively young in Hungary and both

the authorities and the market players lack the necessary experience to deal with certain issues that are properly handled in more mature markets. Regulations are also silent on certain significant legal and technical issues and the parties involved often have to agree on unforeseen risk-allocation sequences that are inevitable to close the transaction successfully.

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

LUCA: I think the cooperation and communication was very easy between all parties involved in the transaction. Though Photon initially intended to close the transaction within a rather ambitious time frame, even the prolonged signing date did not cause too much tension. Each party tried to be as flexible as possible.

CSABA: The security package negotiation was somewhat easier than expected. Also, notarization of the documents (which can be a painfully long, full-day process) went surprisingly easy, largely due to the seamless co-operation with Deloitte Legal and the professionalism of the acting notary, Dr. Viktor Mate.

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

LUCA: Yes it did. As we were working on the drafts, the work on the construction of the plants did not stop either. So the financing for some of the project actually turned into *re-financing* by the end of the deal. Also the security structure was somewhat flexible when we started negotiating with K&H. Our view on the structure of the documents – namely some of the security agreements were drafted on a borrower basis, and others on a project basis – was completely accepted by K&H. This way we could reduce the number of security agreements to 33.

CSABA: As our initial mandate was the acquisition of the projects, it obviously changed and resulted in the project-fi-

nance-related mandate. It is actually one of the most satisfying things in a transactional lawyer's life: the follow through the whole lifecycle of a project, from the birth of the business idea, through acquisition and financing, up until actual construction of an asset, all done with our help. Moreover, it is even more rewarding if the tangible result of the transaction we have been assisting with is a sustainable, renewable, and green asset such as a solar power plant portfolio. It is actually in line with our so called "triple bottom-line impact" policy, which Pontes Budapest has pioneered to implement in the coming years as a law firm. In a nutshell, it means that we only undertake assignments from clients that are not only profitable from a financial point of view, but which can also be identified from a social and/or environmental point of view.

CEELM: Balazs, what specific individuals at K&H Bank directed your team's work, and how did you interact with them?

BALAZS: Eszter Nagy, Head of Structured and Project Finance at K&H, and Imre Baji-Gal, senior project finance manager – both familiar with the particularities of solar financing – instructed us on behalf of the client. Our knowledge of Eszter and Imre from other transactions, coupled with their knowledge of the market and experience in similar solar matters, made interaction with them really smooth and seamless, and we could always arrive at a common understanding rather easily.

CEELM: How about you, Csaba? Who instructed you at Photon Energy?

CSABA: Our work was directed and supervised by Clemens Wohlmuth, the CFO of Photon Energy Group, and Martin Morovics, project finance manager. We mainly communicated through e-mail and phone, with personal meetings arranged when and if necessary. As the full documentation was more than 1,200 pages, with the facility agreement itself being 300 pages, it was sometimes more efficient to meet personally and sit

through a day with the bank and its advisors.

CEELM: Luca, how would you describe the working relationship with Pontes Budapest on the deal?

LUCA: Pontes Budapest got involved in the transaction after the first round of negotiation of the credit facility agreement. The first round of discussion of the facility agreement was between the Deloitte Legal team, Eszter Nagy, and the Photon Team only, therefore mostly business-related questions were discussed. Most of our meetings were personal meetings, especially in the earlier rounds. Coming closer to the signing date telephone conferences became more frequent. Given the complexity of solar financing deals, the final negotiations actually took place in more than one week. The working experience with Csaba Polgar was very positive, as he is an experienced lawyer in both energy matters as well as financing deals, and therefore having him on the other side of the table was a good professional experience.

CEELM: Csaba, how would you describe the working relationship with the Deloitte Legal team?

CSABA: The Deloitte team was led by Luca Bokor, supported by Linda Al-Salami. Both were reasonable, professional, and experienced in project finance matters. Where needed, they were supported by Balazs Varszeghi, head of Deloitte's energy practice. Given the magnitude of the documentation, we largely communicated by e-mail, but we also talked a lot over the phone and had a number of meetings in order to reach successful signing. The final negotiations took two full days. There were tense moments, but this is the nature of these things. Both parties had reasonable and ample arguments, both from a legal and business perspective, and it is ultimately always up to the clients to make the final call on the allocation of risks that are inherent in projects of this type. Deloitte's response time to our queries was simply superb and

they also had the necessary bandwidth to produce the particularly hefty documentation in time. I would be happy to work with them again on other translations. It's a young and dynamic team – a good example of a perfect counsel-to-counsel collaboration.

CEELM: How would you each describe the significance of the deal to Hungary, or to the region?

BALAZS: We are clearly experiencing a very tangible take-off of solar transactions and solar financing in Hungary (and in the region generally). While the communicated goals of the government and the regulator with respect to the share of solar electricity generation in Hungary's future energy mix may seem somewhat ambitious, it is nevertheless clear that the current hype around solar is yet far from being exhausted. The investments by well-known, professional investors such as Photon, and the emergence of specialized teams at finance providers and legal and technical advisors competent in solar projects demonstrates that there is trust in the current Hungarian solar electricity production market, and in its future development.

CSABA: From Photon Energy's perspective, the deal was very significant as this was their first successful project financing on the Hungarian market, which is now one of their key markets, with huge growth potential. For K&H Bank, which is I think one of the market leaders on the solar finance market, the deal was also important as Photon is one of their key accounts, with very ambitious financing plans for the future. Overall, I think the significance of the financing on the market is that it was done fully in line with international standards, showing that the Hungarian renewable regulatory subsidy scheme aimed at facilitating the implementation of at least 3 GW of solar power plants before 2030 is fully bankable and acceptable for large and sophisticated international investors such as the Photon Energy Group.

David Stuckey

EXPAT ON THE MARKET: SAM BALDWIN OF SZECISKAY ATTORNEYS AT LAW

Competition/Antitrust expert Sam Baldwin is a British national in Budapest's Szeciskay Attorneys at Law. Before joining Szeciskay he spent eight years as an attorney in Copenhagen with the Gorrissen Federspiel law firm. He has significant experience advocating before national competition authorities and the European Commission and is successful at fending off accusations of wrong-doing on behalf of clients. He has represented companies in national court proceedings as well as at the General Court and European Court of Justice in Luxembourg.



CEELM: Run us through your background, and how you ended up in your current role with Szeciskay Attorneys at Law.

SAM: My background is a little bit complicated. My parents are both British nationals who moved to Copenhagen, Denmark, where I was born and raised.

I met my wife in Hungary as I was living here for a while during my gap-year just before starting law school in 2004. She eventually came to Denmark where we lived as I finished university and started as an associate at Gorrissen Federspiel, a recognized Danish firm, where I practiced for eight years doing EU & Competition law.

As a senior attorney in 2017, I went for a six-month secondment at Szeciskay – one of Gorrissen Federspiel's partner/network firms – as this was an opportunity for my wife to spend some time with the big family she has here. As it turned out, we liked life in Budapest and as there was an opportunity for me to join Szeciskay's antitrust practice as Of Counsel, we decided to stay.

With my parents' migration from the UK to Denmark, and now mine from

Denmark to Hungary, it seems my family has exercised its EU free-movement rights more than most. It is therefore particularly sad for us that the UK is set to leave the EU.

CEELM: Was it always your goal to work abroad?

SAM: Yes & no. I certainly always imagined temporarily working abroad but I had not envisaged becoming a permanent/indefinite expat. My initial reluctance to relocation was probably due to the logistical inconvenience of being based – and particularly of raising a family – in another country than your original home-country. As a child in Denmark, I remember visiting family in England at least three to four times a year, which was great but not always convenient in terms of having to travel all the time in order to see family.



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

SAM: I do exclusively EU & Competition law, and I have built my practice on two pillars: advocacy and operational compliance. The advocacy stuff is often simply getting clients out of trouble if they are accused of wrong-doing by anti-trust enforcers. But there is just as much advocacy in complex merger control proceedings in persuading the regulator that a merger will not lead to anti-competitive effects. With the operational compliance work, it's about advising clients in the critical grey areas of competition law (of which there are many), and over the years I have developed a particular interest in price & discount design as I have helped clients avoid various forms of pricing abuse.

I have found it important to also base my practice on active contributions to the competition law community. Back in Copenhagen I founded the Young Competition Law Professionals network, which was a result of going to competition law conferences and always seeing debates by the same handful of (certainly distinguished and learned) middle-aged gentlemen.

I also enjoy offering my two cents on tendencies within EU antitrust in articles and blogs and I regularly publish on a prominent competition law blog. I don't know if anyone reads my posts, but at least I get to see my name in print (albeit digitally).

CEELM: How would clients describe your style?

SAM: As a huge fan of the cringe com-

edy tv-series *The Office* (the original UK version, not the US spin-off) I simply cannot resist answering this question like the character David Brent would by saying that clients describe me as “refreshingly laid back for a man with such responsibility.” But award-winning comedy aside, I like to think that clients experience me as an advisor who does more listening than talking. I generally ask a lot of questions so I can be completely in sync with the commercial and market realities the client is facing.

When advising on compliance matters, it is also important for me to calibrate my advice to the client's appetite for risk. And by risk I do not mean the risk of getting caught, but rather – in grey areas where there is no clear legal precedent – the risk that an antitrust enforcer is not persuaded by what the client and I think are pro-competitive reasons for certain

behavior. This risk needs to be weighed against the commercial downsides of being overly cautious. This is modern compliance management in a nutshell, I think.

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

SAM: One of the most notable differences in the legal market is the size of the (big) law firms. A firm of 30 lawyers or more is considered big in Hungary, whereas it is considered medium-sized in Denmark.

However, this is not due to there being fewer private practitioners in Hungary. In fact, relative to population, there are twice as many lawyers in private practice in Hungary as there are in Denmark. The difference is likely due to the fact that Danish law firms have historically grown through a series of mergers of already sizeable firms, whereas there has been relatively little merger activity in the Hungarian legal market. This may be due, perhaps, to another significant difference: the age of the firms.

By way of example, while Szecskay celebrated its 25th anniversary in 2017, Gorrissen Federspiel in Denmark is celebrating its 150th anniversary in 2019. The reason for the age difference may be at least in part that few corporate law firms in Hungary date back further than to the early 1990's following the fall of the Iron Curtain. For the same reason, in Hungary you will often find that the founding partners whose names form the law firm's brand are still active. Szecskay's founder, for example, Andras Szecskay, is still going strong and is Managing Partner of the firm.

Where there is no difference, however, is the high-performance culture and commitment to being the best. This seems to be the culture in BigLaw everywhere.

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

SAM: One cultural legal quirk I noticed immediately is the love that the Hungarian legal system has for stamping documents. Sometimes it seems like the validity of a document is directly proportionate to the number of stamps, seals, and ribbons on it (... perhaps a slight exaggeration).

As for cultural differences in general, the most obvious one is the fact that Hungarians are more direct in their communication – which certainly anyone with a British background will notice. Hungarians call a spade a spade – or as they say, “nevezuk neven a gyereket,” which means, “we call the child by its name.” This can also be reflected in how lawyers communicate with each other. Where a British lawyer might say to opposing counsel, “this precedent is unhelpful to your case,” a Hungarian lawyer might say “this precedent is detrimental to your case.” This cultural difference is even reflected in email salutations. In Hungarian, it is common to end your email salutation with an exclamation mark – like, “Dear Sam!” – whereas the ongoing debate among native English speakers seems to be whether to put a comma or nothing at all – i.e. “Dear Sam,” vs. “Dear Sam”. But certainly no exclamation mark!

As someone brought up with the British understatement, the direct style can take a little getting used to, although I like it. And Hungarian lawyers being more direct is of course a generalization, as the temperament and style of lawyers vary considerably like everywhere else.

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

Sam: Well, many corporate law firms claim to have an international profile but few actually walk the walk. At Szecskay, quite a number of us are qualified in other jurisdictions, and we think that this helps

to demonstrate to clients that the firm is truly international and outward-looking.

As for myself in particular, I benefit from a lot of prominent Scandinavian companies having significant presence here, often with regional HQs in Hungary serving as hubs for operations in CEE. Our Scandinavian-based clients really value our ability, for example, to provide legal compliance-management solutions that can bridge the Scandinavian way of doing things with the desire to expand and grow their business in CEE.

CEELM: Do you have any plans to move back to Denmark?

SAM: No, not at the moment. If I were to return, it wouldn't be for the climate.

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

SAM: Prague is certainly beautiful. And so is Vienna, where I also have some in-laws, so plenty of excuses to visit. That said, there are so many places that I have unfortunately not yet been.

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

SAM: One of the first places I take visiting family and friends is the Margaret Bridge, which connects Buda and Pest across the Danube and is also connected in the middle to the very green Margaret Island. The island is great for strolls during the day, and at night it is fantastic to stand on Margaret Bridge and look down the river at the Parliament Building, Buda Castle, and the Chain Bridge – all of which are generously lit up after dark.

At Szecskay we have actually published a little book called *Our Budapest* in which all senior lawyers have indicated their favorite places in the city. If anyone is interested, they are welcome to email me and I will send them a copy.

David Stuckey

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MARKET SPOTLIGHT: SLOVENIA

In this section:

- **Guest Editorial: Welcome to the Slovenian Legal Market** **Page 48**
- **Synecdoche in CEE: A Consideration of Foreign Law Firms in Slovenia** **Page 54**

GUEST EDITORIAL: WELCOME TO THE SLOVENIAN LEGAL MARKET

After a few troublesome years during the global financial crisis, it seems like Slovenia is on a positive economic route again. On December 14, 2018, S&P Global Ratings affirmed an “A+/A-1” credit rating for Slovenia with a positive outlook. Slovenian GDP has grown in the last two years between three and four percent annually, with a growth forecast for 2019 of 3.4 percent.

Growth of the Slovenian Legal Market

It appears that law firms in Slovenia have taken advantage of the country’s economic growth, as the combined revenue of the top 30 law firms grew by approximately 30 percent, up from EUR 100-110 million in 2012-2014 to EUR 130-140 million in 2015-2017.

A few years ago, when a large M&A transaction was taking place in Slovenia, only four or five firms would compete to get the job. Today this number is closer to ten, and sometimes even more, which demonstrates that the competition is fiercer, keeping law firms on their toes. There are no large international law firms with offices in Slovenia, which is no surprise as the market – Slovenia has only two million people – is too small for them and they would probably have trouble competing with the strong local and regional firms.

However, in developing their business models, the law firms that are in Slovenia see the bigger picture and look across the borders. Among the top ten law firms in Slovenia in terms of revenues, you can hardly find a firm that is not either an integrated regional CEE/SEE firm or part of a network of law firms covering the countries of former Yugoslavia. Hardly a week passes without us receiving an inquiry referring to at least two countries of former Yugoslavia. This is no surprise, as clients see this territory, with more than 20 million inhabitants, as a single market, and they are keen to receive integrated legal services. It only makes sense for law firms to try to accommodate such clients and provide cross-border advice in different practice areas.

Sophisticated Work and Big Clients

The work done by law firms today is ever more sophisticated and complex. Clients are demanding, and only the smartest (and quickest) minds will survive this battle. It is interesting to see how the very nature of the legal work has changed in the past few years and how closely it follows the condition of the economy. Between 2013 and 2015, firms were busy with large

financial and corporate restructurings, followed by non-performing loan portfolio sales in the years after. And in the last year or so, we have seen a lot of M&A and Real Estate deals in the market. Economic growth brought along a good inflow of investors making greenfield investments (including Magna Steyr, Yaskawa, and IKEA, among others), as well as vast interests from strategic investors and private equity firms (such as Apollo, HPS Investment Partners, York Capital Management, and KKR) for Slovenian companies.

Market Disruptors

Revenue growth is no guarantee of a good night sleep, of course. The Big 4 firms are trying to penetrate the legal market, so far with only mixed success. They definitely have a good platform of clients and financial resources, but they have not (yet) been able to attract the best lawyers in Slovenia to join them in building their legal arms. However, they have the potential to be a serious source of disruption on the Slovenian legal market in the long-term.

We have also seen a few spin-offs from largest Slovenian firms in past few years, either in the form of boutique firms or solo practitioners. Both are counting on their reputation and expertise and are taking their pieces of the pie.

Look to the Future

It is said that “clients will always need lawyers; only the nature of work changes.” Law firms in Slovenia have shown their ability to adapt through the turbulent times of the Slovenian economy and to demonstrate constant revenue growth.

As the Slovenian legal market is quite developed, one of the biggest challenges law firms may face in the future will be to attract, develop, and retain talented lawyers. Firms will need to demonstrate their ability to further develop viable career paths for young lawyers. The new generation of lawyers is less enthusiastic about starting their legal careers at the bottom and slowly make their way to the top. They want immediate action and quick progress.



**Marko Ketler, Senior Partner /
Attorney at Law in Cooperation with Karanovic & Partners**

SYNECDOCHE IN CEE

A CONSIDERATION OF FOREIGN LAW FIRMS IN SLOVENIA

Resentment by domestic law firms in CEE markets against the international and regional firms that have moved in on their once exclusive domain is a common, though perhaps diminishing, refrain. How do domestic law firms in Slovenia feel about the foreign firms that have opened up shop next door?

The Early Days

The Slovenian market was, for several years after the break-up of the former Yugoslavia, purely domestic, with top level commercial legal services provided by solo practitioners and a small but skilled set of firms, including Jadek & Pensa (which traces its origins back to 1958); Selih & Partners (1961); Miro Senica & Attorneys (1986); and Rojs, Peljhan, Prelesnik & Partners (1989), all of which of course frequently received work from regional and international firms based outside the country (“Foreign Firms”).

The nature of the legal market changed in June 2001, however, when Austria’s Schoenherr opened its Ljubljana office, followed by fellow Austrians Wolf Theiss in 2003 and CMS Reich-Rohrwig Hainz in 2008. Most recently, Belgrade-based

Karanovic & Partners became active in the country in 2015 as well. In addition, of course, the Big 4 are present in Slovenia, several (including Deloitte Legal, since 2013, and PWC Legal, since 2017) with dedicated legal arms.

The Foreign Firms

At least anecdotally, it appears the Foreign Firms were not initially greeted with open arms.

Many of the lawyers at the Foreign Firms in Slovenia recall some opposition from their local competition in their early days in the country, although their recollections are mainly anecdotal and second-hand. According to a partner of one Foreign Firm in Slovenia (let’s call him “Foreign Partner”), who chose to remain anonymous, “a few years ago there was

some kind of a glitch between domestic firms and international firms about the business model. I think basically it all comes from their insecurity. They saw how much of the market share [the Foreign Firms] could have.” He refers to a whispering campaign waged both by the Bar Association and local competitors against the Foreign Firms. “I’m not sure who was involved, but it came from the Bar Association. There were some notes and letters a few years ago. And there were rumors spread to clients, who would come to us and report that people were saying nasty things about us.”

According to Foreign Partner, the resentment grew out of anxiety about the number of offices, lawyers, and even back office staff the Foreign Firms can bring to bear. “They think our advantage is

that we're bigger – and of course they're right," he explains. "But if you look at the top ten firms in Slovenia, all three kinds of firms are represented (regional, local firms with foreign offices, and strong local firms with a network). To a certain extent, yes, we have an advantage. But to a certain extent this advantage can be mitigated. We cannot just walk into the office of a large client and get the business."

In other words, he insists, he faces the same bottom lines as his domestic counterparts do. "I heard a few people accuse us of coming with really low prices, but this is not true. We need to be profitable as well. I don't understand that at all. We're doing business just like they are."

Ultimately, though, Foreign Partner insists that any real conflict was in the past. "This has stopped now. I don't see it – I don't even hear it from my clients." And the Bar Association is on board as well, he claims. "I feel we have a modern president of the Bar Association. He understands that international law firms are no threat to the Slovenian market."

Though he concludes with a curious note: "I'm not sure I really believe what I said – but I hope that this is the case."

Bojan Brezan, the Office Managing Partner in cooperation with Schoenherr, agrees that there was some resentment by local firms in the past. "There were some issues in this respect," he says. "It's hard to say where they were coming from. A few years ago there was some negative campaigning going around."

Nonetheless, he says that, "in the last few years the local firms have, to a certain extent, come to terms with the fact that there are several international firms in the market," and he emphasizes that "I've never personally had any bad experience with any local firms."

And anyway, Brezan points out, the relationship between the Foreign Firms and the local firms may not be perfect, "but it's not perfect between local firms either." According to him, "obviously to the ex-

tent you're losing market share, whether from local firms or other international firms, it's always sensitive." And competition for that market share is increasing from a variety of sources, beyond the Foreign Firms. "It's not just the international firms," he says. "It's also a lot of new local firms that have popped up and taken away part of the market share from the national champions. So competition has increased, and it's a tougher market."

The Local Perspective

Andrej Kirm, Managing Partner at Slovenia's Kirm Perpar firm (which opened in 2012), knows that, in some CEE markets, there has been open conflict between the local and Foreign Firms. "We have strong partnerships with other law firms in CEE," he says, "and we are aware that there were severe difficulties with the international law firms, obstacles, which the local firms made for them for the mechanism of operation." Still, he insists, "in Slovenia I do not see any real issues with those." Indeed, he says, Schoenherr, CMS, and Wolf Theiss "have been present in the market for decades, so they are well-accepted as market players and we never really had any issues." In fact, he says, "we worked on certain cases for a client on the same side, in certain cases against these international law firms and my experience has always been good, those firms were always cooperative, I have no negative remarks about the cooperation with them."

And Kirm rejects the suggestion that local firms may be at a competitive disadvantage against Foreign Firms. "We have had experience of both winning on requests for proposals, as well as losing against international law firms. I do not think there is any specific advantage or disadvantage in bidding against international law firms compared to a strong local/domestic player." According to him, "the main competitive advantages that the ILFs have is that, if they are already working for an international client who is looking for a project in Slovenia, or looking to buy a certain company in Slovenia, the ILFs will be the natural choice." This,

however, is outweighed by other, compensating factors. "However, my view is that our strongest card of domestic law firms against ILFs are two key competitive advantages: one is that we can adapt and offer lower rates, and the other is that we can in several cases offer more senior staff, compare to what the ILFs would be able to offer."

Focusing on the first point – prices and fees – Kirm rejects the suggestion that Foreign Firms are able to drive prices down. "Generally, this is not a big issue," he says, "because the ILFs will have strict boundaries in which prices compete, and these prices generally would not vary much between the CEE markets – the hourly rates would not be too different with those in, let's say, Vienna, Prague, or Ljubljana." As a result, he says, if anything, it is *domestic* firms that have the advantage. "Costs of labor in Ljubljana are much lower, and the costs of operating a law firm in Ljubljana are much lower, which is why we do not really have the impression that these international clients would go for such prices, so there are more on the opposite scale."

In fact, he says, to the extent that unfair competition on fees exists, it is not coming from the Foreign Firms. He says it is "more of a problem with certain *local* law firms which are trying to win cases just for references. With international law firms this has never been the case."

All things considered, Kirm claims, the compelling benefits of independence have led him to reject invitations to tie-up in the past. "We have been approached by ILFs to serve as their formal local partners, so also using their brand names in Slovenia," he says, "but we haven't decided for such cooperation. Because we value our independence highly, and it enables us to work with several international law firms which are not present in Slovenia. And this is a strong channel of our work, so we are not tied to one particular player, but cooperate with several international players."

A Managing Partner at another local firm



Andrej Kirm



Bojan Brezan



Roman Zavrsek



Tine Misic

(let's call him "Local MP"), who prefers to speak anonymously, agrees that the Foreign Firms have an obvious advantage in serving clients from their home country. "Big international law firms already have major international clients coming from their region. If we have strong German ILFs, for instance, they have majority German clients. And they of course will enter the market with them. This is a normal business advantage, nothing else." Still, he says, the Foreign Firms have no real advantage in getting the local clients looking for top-level legal counsel. "I do not think [the Foreign Firms] have a business advantage in Slovenia, when they are trying to engage new clients, because local firms are very professional, with very high-level and skilled attorneys, which ILFs do not have in Slovenia, which is a main advantage for domestic firms."

Indeed, Local MP says, even the Foreign Firms that *are* in Slovenia sometimes are forced to turn to local competitors for assistance. "Slovenia is quite small, and none of the ILFs have strong staffs here, so for ordinary legal work, their teams here are suitable, but for complex legal advising and presentation they usually engage domestic experts."

Thus, like Kirm, Local MP says that, even if the Foreign Firms do have the advantage of a foreign pipeline, the domestic firms retain a strong advantage of their own. He focuses on market knowledge and experience. "If we have a problem that is domestic and locally-oriented, the advantage is obviously on our side. This is our playground; they cannot compete with us here." He continues. "The [Foreign Firms] here cannot compete with strong domestic law firms, and also the advantage Slovenians have in the Adriatic region – Serbia, Croatia, Bosnia, and Macedonia – they cannot compete with us. We have a history, we know them, we speak their language, we know their laws, and no ILFs can compete with that. They can be stronger, they can be bigger, they can have more resources and bigger clients, but from a professional point of

view they cannot compete with that."

For Local MP, the key comes down to institutional experience. He says of the Foreign Firms, "their local offices in Slovenia, and also Croatia, and Serbia, they have junior associates, and for a big client that is a problem. Such clients want to have the same level of service as they get from their country of origin, for example if a client is coming from Germany and the firm is from Germany too, they want to have the same service level as in Germany." As a result, he says, his firm often gets clients who started with the local offices of Foreign Firms before switching. "We have lawyers with more than 25 years of experience – and no one in the ILFs can compete with such expertise in Slovenia. They can compete in Austria or Germany, but not in Slovenia."

He continues. "Our law firm has been in Slovenia for more than 30 years – for Slovenia, this is a big number. Slovenia is a young country, and thirty years is quite a tradition, and no international law firms here can give you such tradition." Accordingly, he says, turning poetic: "If we look at this from a local perspective, definitely, tradition is something domestic firms have and international firms do not. They are like the wind, they come and go. When Slovenia is in the transitional period, they are very active here, and when there is nothing happening they go away and come back. They are not permanent here."

Indeed, a colleague of Local MP's insists that this advantage is widely-acknowledged across the market. She reports having worked at the firm for ten years, "and I have never thought of being employed by the international firms. Because the reputation of attorneys in strong domestic firms is actually much higher than in international firms; the team is much stronger, in domestic firms, and the knowledge."

Of course, not all Foreign Firms are created equal, and Local MP points to a growing threat coming from a different direction. "In recent years is the Big Four

firms are starting their own law departments,” he says. “These firms of course have some competition advantages, because of their very strong client base, because their existing client base in tax and audit, of course this is an advantage.” He sighs. “But it is a free market. We have to compete with our service and try to be the best we can be, that is the way the competition works as far as I am concerned.”

And of course Slovenian firms are not completely unarmed in their battle for clients against Foreign Firms claiming multi-jurisdictional coverage as a strength. Many domestic firms have, in recent years, joined strong law firm networks across the region specifically to challenge the Foreign Firms’ perceived strength. “Slovenia is a small market,” Local MP says. “All markets in the region are small, but *together* we are quite big, which is why domestic firms in these markets are connecting and acting as one – that is why there are several regional networks, which are getting stronger, including ours.” And Local MP claims that clients appreciate the structure. “Many clients who came into the region with one of the big international firms, or one of the Big 4, they were not satisfied with the services regionally. In Austria they would get excellent service – but locally and regionally not. A lot of them are now entering the whole region with our team and our network. We believe this is the future for this Adriatic region – not big international firms, but a partnership of the best domestic law firm in each country.”

Partner Tine Mistic of the ODI Law Firm claims not to be concerned about any advantage the Vienna-based firms may have in serving Austrian clients, or the Belgrade-based Karanovic & Partners may have serving Serbian clients. Indeed, he says, “Generally speaking, apart from this obvious pipeline, being in Vienna or Belgrade, I would say the playground is even.”

Mistic, like others, points to experience as a countervailing advantage for the local firms. “Selih or Jadek & Pensa have

been around for 50-60 years. They have been around since forever, they have partners who have been around forever, they know the market better.” Still, he’s not ready to write off the Foreign Firms. “I would not say that the quality provided by Foreign Firms is worse because of that fact, however. There are nuances and differences, but they were involved in big transactions, and for that reason I would not say that their level is worse, *per se*, just because they are foreign firms. They employ Slovenian lawyers as well.”

Of course, that’s not to say all is rosy. With now four Foreign Firms on the ground, the Big 4 ramping up their legal operations, and ever-more local competition, the fight for market share is a daily one. “It is a tough market,” Mistic says, “because it is saturated – or over-saturated – and it is only getting worse. It is not easy. It is tough. And Slovenia is a small market, so it is a tough ground to play on.”

Of course, the creation of or entrance into a regional law firm network isn’t the *only* way for Slovenian firms to compete for foreign clients with both Foreign Firms and other major Slovenian firms. Following the dictum that “what’s good for the goose is good for the gander,” ODI Law has, since opening its doors in 2005, itself become a regional firm, expanding outward from Slovenia to open offices in Serbia, Croatia, and Macedonia.

The Bar Association

For his part, Roman Zavrsek, the current President of the Slovenian Bar Association, insists there have never been any formal barriers to Foreign Firms wanting to open offices on the ground in Slovenia. “Concerning the ILFs in Slovenia, they are more or less regulated by the Domestic Law on Attorneys, which has been more or less unchanged since 2004 when Slovenia entered the EU,” he says. “The regulations are in compliance with EU directives, and they more or less are the same as in Austria or Croatia, and some other countries, so the ILFs can establish branch offices and register with the Slo-

venian bar association as a foreign legal firm and can employ both local lawyers and foreign ones.”

Thus, Zavrsek does not believe the Foreign Firms pose any kind of existential threat to the domestic firms. The Slovenian market is small,” he points out. “We are smaller than Paris, population-wise. There is no real business for the international law firms.”

Ultimately, Zavrsek says, there are no obstacles for Foreign Firms. He points out that “three of the ILFs are in the top ten law firms in Slovenia, and three out of four in my opinion is quite good in a sense – I would say at least one third of the economic market is shared between the ILFs.” As a result, he says, “I am not aware of any obstacles, and I haven’t heard of any complaints from any ILFs in regard to the branding and names of the firms.”

The Competitive Spirit

Ultimately, what almost everyone returns to is an acknowledgement that competition is an inevitable – even a necessary – component of a modern and healthy legal market, regardless of its source. Schoenherr’s Bojan Brezan says, ultimately, “healthy competition is always a good thing.”

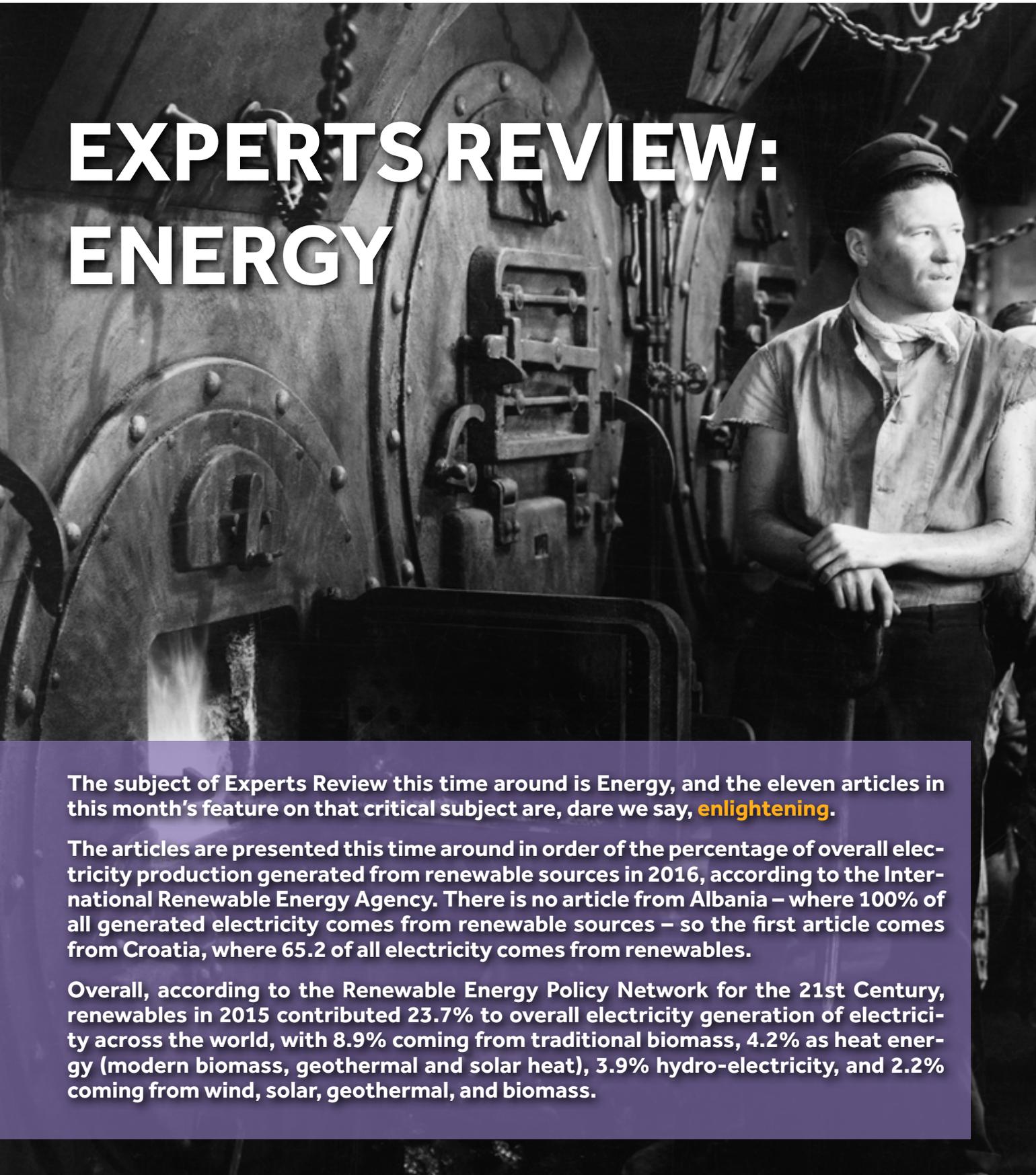
ODI’s Mistic too insists that a rising tide lifts all boats. “Truth be told, competition is always good, and although Slovenia is a small market, having competitors is always good.”

Foreign MP agrees. “Of course there’s always a battle between competitors,” he says. “And there should be! It’s good for clients – good for everyone. I really don’t think of competitors as someone I need to destroy. I need them to help keep me on my toes, to make me better, and to keep me out of my comfort zone.”

He laughs. “Maybe I’m naïve – I probably am.”

David Stuckey and Mayya Kelova

EXPERTS REVIEW: ENERGY



The subject of Experts Review this time around is Energy, and the eleven articles in this month's feature on that critical subject are, dare we say, **enlightening**.

The articles are presented this time around in order of the percentage of overall electricity production generated from renewable sources in 2016, according to the International Renewable Energy Agency. There is no article from Albania – where 100% of all generated electricity comes from renewable sources – so the first article comes from Croatia, where 65.2 of all electricity comes from renewables.

Overall, according to the Renewable Energy Policy Network for the 21st Century, renewables in 2015 contributed 23.7% to overall electricity generation of electricity across the world, with 8.9% coming from traditional biomass, 4.2% as heat energy (modern biomass, geothermal and solar heat), 3.9% hydro-electricity, and 2.2% coming from wind, solar, geothermal, and biomass.



In This Section:

■ Croatia (65.2%)	Page 70
■ Montenegro (58.8%)	Page 71
■ Romania (41.4%)	Page 72
■ Turkey (32.9%)	Page 73
■ Russia (16.9%)	Page 74
■ Serbia (27.6%)	Page 75
■ Slovakia (24.5%)	Page 76
■ Bulgaria (15.7%)	Page 77
■ Czech Republic (11.4%)*	Page 78
■ Hungary (10.1%)	Page 79
■ Ukraine (5.6%)	Page 80

* In 2015, according to World Bank, retrieved from www.data.worldbank.org on April 24, 2019

CROATIA

2019 Amendments of the Croatian Renewables Act



In December 2018, the Croatian Parliament adopted amendments to the Renewables Act and the Government adopted two implementing regulations, which jointly apply as of January 1, 2019 (the “2019 Amendments”). In this article we briefly outline the 2019 Amendments and then discuss how they affect the current Croatian incentives system for renewable energy sources (RES) and new investments in RES.

Under the Renewables Act, applicable as of January 1, 2016, there are two types of incentives for renewables and cogeneration: (i) a premium tariff support scheme allocated through tenders, based on which eligible producers of electricity from RES may receive a premium tariff from the Croatian Energy Market Operator (HROTE) in addition to the selling price on the electricity market; and (ii) a guaranteed purchase price allocated through tenders for facilities up to 500 kW (prior to the 2019 Amendments, 30 kW), based on which eligible producers of electricity from RES have the right to a guaranteed purchase price from HROTE.

The incentive system was never put into practice – so far, the Government has not published a single tender that has resulted in a contract with HROTE for a premium tariff / guaranteed purchase price. The 2019 Amendments envisage that the first tender for premium tariff / guaranteed purchase price will be published within the first half of 2019.

Quotas for RES are prescribed under the (now obsolete) tariff system, according to which eligible producers signed PPAs with HROTE, to which the tariff system still applies. As quotas for the most wanted technologies (wind and solar) were met years ago and new quotas have not been prescribed, future tenders can refer only to those technologies where the quotas have not yet been met (*i.e.*, hydro, biomass, geothermal, biogas).

In relation to the existing generation facilities that have contracts with HROTE based on the tariff system and the (future) facilities up to 500 kW that are eligible for the guaranteed purchase price, as of January 1, 2019 electricity suppliers are obliged to purchase 70% of the electricity delivered from HROTE for a fixed price. HROTE sells the remaining 30% on

the electricity market in a transparent manner (prior to the 2019 Amendments, suppliers were obligated to purchase all net delivered energy from HROTE). The incentives for RES are partly financed through the fixed price that suppliers are obligated to pay to HROTE. Suppliers are unhappy because this obligation has been causing them financial losses for years, with some even considering leaving the Croatian market as a result.

Incentives for RES are also financed through the incentive fee paid by electricity consumers. In September 2017 the Government increased the incentive fee from 0.035 to 0.105 HRK/kWh to finance incentives for new generating facilities within the existing quotas. Connecting new facilities and adopting new quotas for renewables will require larger resources for financing RES, most likely resulting in increase of the electricity price yet further.

In recent years, many RES facilities have been connected to the grid and financing the associated incentives is becoming too great a burden for the state budget and for domestic users who have to pay the incentive fee. Additionally, connecting new facilities to the grid requires significant investment in the distribution and transmission elements of the grid, as well as ancillary and balancing services. While the rest of the world is turning towards a market-oriented model for financing RES, Croatia is facing the problem of financing RES incentives, for which there is currently no solution. On the other hand, the lack of new quotas for RES is hindering further development of the RES sector and putting Croatia’s ability to meet the targets set by Directive (EU) 2018/2001 into doubt.

The potential of Croatian renewables, especially wind and solar energy, is high, and as a result projections for the development of RES until 2030 and 2050 are ambitious. Nevertheless, Croatia has a major problem in financing the incentives for producing electric energy from RES, primarily in relation to eligible producers that have already obtained requirements for incentives, because new quotas have not been set for years. Given this situation, Croatia must adopt a strategy of further developing RES based on new quotas and assess whether the incentive system should remain the basis for future development of RES or whether Croatia is ready for electric energy production from RES without incentives.



Marija Musec



Mia Kanceljak

Marija Musec, Partner, and
Mia Kanceljak, Attorney-at-Law, CMS Croatia

MONTENEGRO

Energy in Montenegro



Igor Zivkovski

Even though Montenegro, located in Southeastern Europe on the Adriatic Coast and with a population of just over 600 thousand people, is a small country, its vast energy potential has been recognized by numerous international investors and by the Montenegrin Government.

The energy sector of Montenegro is highly dependent on imports of liquid fuels, gas, and electricity. The energy supply is dominated by electric power and charcoal and oil-based products. There is no domestic natural gas network or district heating. Currently, the most important local sources of energy include coal, water, lignite, firewood, and industrial wood waste. Solar energy, wind energy, and biomass energy are the main sources of renewable energy in the country. However, Montenegro still has significant untapped potential for other forms of renewable energy.

Montenegro's commitment to continuing with the process of European integration requires a responsible and complex approach, particularly in the context of a developing the country's energy sector as the mainstay of the country's overall development. This is of great importance to the overall development of Montenegro not only from ecological and social standpoints, but also from a macroeconomic point of view.

Montenegro tends to harmonize its energy legislation with that of the European Union and with the modern trends in the fields of production, transport, and trade of energy, and renewable energy. In the context of EU harmonization, in June 2015 Montenegro adopted a new Energy Law, along with bylaws governing the issuance of licenses, the production of energy, the classification of power plants, renewable energy (and incentive prices for the energy produced from renewable energy sources), and the acquiring status and accomplishing entitlements of the privileged producers of electricity.

In December 2007, the country's Ministry of Economic Development adopted the Energy Development Strategy of Montenegro by 2025. Among the primary objectives of the Strategy are the establishing of a secured and high quality supply of energy, reducing the country's dependence on energy imports by improving investment conditions, and developing and implementing renewable energy sources and clean and efficient energy technologies.

In its effort to fulfill the objectives of the Strategy, and with the first phase already concluded, Montenegro has recently initiated the second phase of the Montenegro Energy Efficiency Project, in order to conduct and incorporate necessary improvements to heating systems, energy characteristics of the external layers of the buildings, and the internal lighting of the public schools and hospitals.

Montenegro, working with a number of foreign companies, is currently researching the Adriatic Sea for possible oil reserves. According to the preliminary results of this research, reserves equivalent to 438 million barrels of oil have been discovered. Bearing in mind that these results are only preliminary, it is reasonable to expect an even higher amount of stored underwater oil and gas potential. Based on the information available so far, it is expected that the first oil rig will be constructed and operational at the end of 2019.

The Government has decided to start gradually reducing feed-in tariffs for renewable energy sources as of January 1, 2020 and has announced that it will continue to promote the realization of wind farms, solar power plants, and large hydropower plants, without guaranteed incentive prices. Furthermore, the Government has decided not to issue energy licenses nor award concessions for the construction of small hydropower plants in the upcoming period.

Finally, a shift in the regulatory framework and tendering for renewables was announced recently. Tendering for long-term leases of state-owned land for the construction of two renewable energy projects – a 60-65 MW wind farm in the Municipalities of Budva and Bar and a 50 MW solar power plant in Podgorica, the capital – is planned to be launched by the end of the second quarter of 2019. The introduction of a market-based support scheme is planned through amendments to the Energy Law which should be adopted this year. Moreover, the completion of the preparation and revision of the Preliminary Design with the Feasibility Study and the Environmental Impact Assessment Study of the HPP Komarnica (155 MW) is scheduled for 2019.

With all this in mind, it is safe to say that Montenegro is a dynamic energy market that is likely to develop even faster in coming years.

Igor Zivkovski, Partner, Zivkovic I Samardzic

ROMANIA

Will Romania Become One of the European Powers in the Energy Sector?



Anca Mihailescu

Will Romania Become One of the European Powers in the Energy Sector? The answer seemed clear last year: Yes it will, as the recent gas discoveries in the Black Sea offer Romania the opportunity to become an important voice on the European Union's energy market.

However, a final investment decision (FID) has been made only for the project developed by Black Sea Oil & Gas, a company owned by the Carlyle Group and BERD. According to the statements of the company's management, the FID was made in good faith and on the assumption that all restrictions on the free movement of gas on a fully liberalized market shall be removed.

The FID for the largest Black Sea project, developed by Exxon-Mobil and OMV Petrom, was postponed. We can only assume that the main reason is legislative instability.

On December 21, 2018, the Romanian Government issued Emergency Ordinance 114/2018 (the "Emergency Ordinance") providing for many highly controversial fiscal, budgetary, and public investment measures in sectors of strategic national importance, such as energy, banking and telecoms. For the gas sector, the Emergency Ordinance establishes: (i) the obligation to supply the national market first at a price cap of 68 RON/MWh (applicable until February 28, 2022), and (ii) a new 2% tax, defined as a tariff.

The Emergency Ordinance breaches, among others, rules on gas market liberalization. Gas liberalization has been a complex process over a period of more than ten years, having as its purpose the creation of a single market. The entire philosophy of the European Union's Third Energy Package is to make the energy market fully effective and to create a single EU gas and electricity market. This is in line with the Treaty on the Functioning of the European Union as well as with the core of EU law and its four freedoms: the free movement of goods, capital, services, and labor.

Basically, just when Romania finally achieves a liberalized mar-

ket, the Emergency Ordinance came and wiped it all out, and seems to propose starting again from scratch, disregarding the core policies of the European Union.

In light of this, it was almost inevitable that the European Commission would initiate an infringement procedure against Romania. However, before this could happen, on March 29, 2019, the Government issued a new emergency ordinance (the "Second Emergency Ordinance"), amending the Emergency Ordinance. The Second Emergency Ordinance limits the price cap and the obligation to supply the national market first, by providing that the obligation applies only to supply for household consumers.

It remains to be seen: (i) if the amendments brought by the Second Emergency Ordinance will be sufficient to satisfy European Law (i.e., if they constitute public service obligations as per Directive 2009/73/EC concerning common rules for the internal market in natural gas), and (ii) to what extent the new 2% tariff will be maintained, as it seems to breach both national and EU law as well as the stability obligations assumed by the State towards investors in the gas sector

Indubitably, the primary effect of all these legislative amendments is the potential postponement of gas development projects. This postponement should be viewed in the broader context of the future of natural gas in the European Union. According to the European Commission, natural gas is the "bridge to decarbonize the economy," but its role will decrease considerably around 2050, the target year for the ambitious EU plan to have a climate-neutral economy. Currently, the European Union is investing more than one billion euros into developing natural gas projects. These projects are designed to ensure interconnection between Member States as well as supplying the Union with natural gas. One of these projects is the BRUA (Bulgaria-Romania-Hungary-Austria) pipeline, which is envisaged to bring gas from the Caspian Sea (Turkmenistan and Azerbaijan) to Central and Eastern Europe. The BRUA pipeline will also transport Black Sea gas.

Although no one can say with certainty what the energy market will look like after 2050, we know that natural gas will be of crucial importance in the coming decades. So this is an extraordinary moment for Romania, having the opportunity to become a key producer for the European Union. Later may become too late, and Romania may miss the train.

Thus, the only question remains if Romania will grab this huge opportunity. For this, first and foremost, we need legislative stability. Trust must be established again between investors and the Government. The Second Emergency Ordinance is a good sign and we remain hopeful that Romania will have at least two offshore gas developments projects and become a European power in the energy sector.

Anca Mihailescu, Partner, Ijdelea Mihailescu

TURKEY

Turkey's Advancement in Renewable Energy: What's Next?



Duygu Turgut



Guven Mavis

Introduction: As one of the top twenty energy consumers worldwide, Turkey experienced rapid economic growth beginning in the early 2000s, and its energy requirements increased accordingly. The demand for energy in Turkey has been growing at an average rate of 6.5% over the past decade and official reports predict that the country will continue at this pace through 2020. The high demand for energy, liberal market conditions, and government incentives are attracting both domestic and foreign investors to the Turkish renewable energy market.

Historic Milestones at a Glance: Turkey began to liberalize its local electricity market in the early 1980s, and the liberalization of the energy market gained speed in 2001 with the establishment of the Energy Market Regulatory Authority and the enactment of the Electricity Market Law, which separated generation, transmission, distribution, and trading activities. As part of this process, the regulatory framework for renewable energy resources was introduced in 2005 with the Law on the Use of Renewable Energy Resources for Generating Electricity (the “Renewable Energy Law”), which, among other things, regulates the feed-in tariffs and incentives for renewable energy, creating an appetite among both domestic and foreign investors.

Official Targets: To address the country's dependence on imported energy and to direct investors into environmentally-friendly means of energy production, in December 2014, Turkey's Ministry of Energy and Natural Resources (the “Ministry”) published the National Renewable Energy Action Plan for Turkey, which was closely aligned with the EU's renewable energy directives. This action plan sets out Turkey's renewable energy strategy until 2023, aiming for significant increase in the volume of power generation and the share of renewable resources in the overall power generation. These targets include: (a) raising the share of energy produced from renewable resources up to 30% on a national level; (b) increasing the installed capacity of wind power to 20,000 MW; and (c) establishing solar energy plants with an aggregate installed capacity of 3,000 MW. In order to ensure the realization of these goals, strong incentives are provided to investors for energy generation activities from renewable resources, including feed-in tariffs, incentives

for the use of locally manufactured equipment, facilities in land acquisitions, and regulatory approvals and tax advantages.

Ongoing Efforts: According to the current legislative framework, renewable energy power plants commissioned before December 31, 2020 are entitled to benefit from a purchase guarantee as well as feed-in tariffs in USD for a period of ten years starting from their commissioning. The incentives that will enter into effect in 2021 are yet to be established by the legislative organ.

Although the purchase guarantee and feed-in tariffs moved Turkey towards its goal of increasing the share of renewable energy sources in overall power generation, the market is uncertain as to the sustainability and continuance of the current levels of support due to exchange rate volatilities and macroeconomic factors. However, since these incentives play a key role in ensuring the realization of Turkey's long-term energy goals, and in light of the government's public statements, agenda, and draft legislation, there is not, apparently, any risk at the moment that the incentives will be cancelled. On the contrary: recent amendments to the Electricity Market Law introduced a general framework for the regulation of renewable energy resource areas (RERAs), which aims to efficiently utilize renewable energy resources, accelerate investment procedures, and reinforce technology transfers through domestically manufactured equipment requirements. On October 9, 2016, the Ministry issued the Renewable Energy Resource Areas Regulation, superseding the previous regulation and providing details on how the RERAs will be made accessible to investors. Accordingly, investors investing in RERAs must use domestic equipment to benefit from the Ministry's cooperation with the administrative procedures associated with the enterprise (such as obtaining permits and licenses), and will be granted a purchase guarantee.

Current Landscape and Future Considerations: In line with high energy demand, over the past decade the country's dependence on imported energy rose from 52% in 1990 to 76% in 2018. A significant volume of oil and natural gas is imported, leading to concerns regarding the foreign trade deficit and environmental issues. Given the unexplored potential in terms of renewables-based power generation, there is still space for future development. For instance, no offshore-wind plant has been commissioned yet, although recent research identifies high growth potential for offshore wind in Turkey. The Mediterranean and Aegean seas particularly represent offshore potential.

Finally, the overall lukewarm outlook of recent macroeconomic trends affected the Turkish energy market, made evident by investors' shift to operational assets from greenfield assets. To boost ongoing interest in the energy market, a possible next step would be to streamline the process for investors and ease their procedural burden during investment periods.

Duygu Turgut, Partner, and Guven Mavis, Senior Associate, Esin Attorney Partnership

RUSSIA

The Regulation of Renewable Energy in Russia



Thomas Heidemann



Anastasia Makarova

Almost 20 years ago, the Russian Government decided to develop a renewable energy sector and promote renewable energy projects in the country. These efforts brought huge investments and complex technologies to the Russian renewable energy sector, which now features major global industry players like Vestas, Fortum, Siemens, Enel, and Lagerwey.

The legal framework for this progress was set up in 2009, when the Russian Government approved the State Policy on Energy Efficiency (the “Policy”). It subsequently adopted the National Strategy for the Development of Renewable Energy, which became the basis for adopting more specific regulations.

By establishing this new legal regime, Russia replaced the “premium scheme,” in which the government had proposed to motivate industry players through premium payments, with the “capacity supply scheme,” involving a pre-determined price paid by consumers to the capacity supplier. This price is based on the beneficial fixed tariff, which the supplier, subject to meeting the Russian localization requirements, can use for 15 years. This structure guarantees the return of the investment used for building and operating a renewable power generating facility within a certain margin (12-14%).

This legal regime covers photovoltaic, wind, small-sized hydro, and waste treatment power sources generating more than 5MW of renewable power. The capacity volumes are offered to potential suppliers at annual tenders, which are conducted for each type of power generating facility.

As mentioned above, the localization rules, aimed at expanding local production in the renewables sector, significantly impact the economics of renewable energy projects. These rules determine a certain percentage of the elements and components (or spare parts) of the energy generating facility that are to be produced in Russia. The bidder shall commit in its bid application to a certain degree of localization, and if it fails to reach that level, the price for its power supply will be significantly lower.

The winners of each tender must then conclude long-term en-

ergy supply agreements (CSAs), under which a capacity supplier must build its renewable energy generating facility within a certain timeframe and supply capacity into the Russian power system, where large industrial consumers will buy it. The mandatory CSA form is established by law and cannot be amended.

Specific timeframes for executing the renewable energy projects are determined by the deadlines indicated in the respective CSAs. A failure to meet a deadline will attract a contractual penalty that will automatically be debited from the supplier’s account.

Potential suppliers usually create joint ventures involving global Russian corporations, foreign investors or technology owners, and local companies. The last of these are responsible for handling local issues during the development of the project. The use of such JV structures enables the creation of a strong team that can effectively resolve all issues that could arise during the implementation of the CSAs.

The existing structure is based on the Policy, which runs till 2024. When all the 2019 tenders are concluded, 95% of the targeted power generation capacity in the solar and wind sectors will be awarded to the tender winners. Therefore, down the road, this market is expected to receive new regulations to govern its activities beyond 2024.

The current framework has generated much controversy. Large industrial consumers have objected to the extension of the Policy, instead calling for the adoption of alternative measures for supporting the renewable energy sector. The main reasons for their dissatisfaction are the price of the power capacity and the increase in the costs of implementing the Policy. However, from the other side, some key investors in the Russian renewable energy sector (such as Rusnano and Renova) have requested that the Policy be extended until 2035. These companies believe the Russian renewable energy sector is still too young to function under the general competitive rules of the Russian energy market applicable to the other sectors.

While the outcome of this dispute is unclear, the Market Council, which is the sector regulator, is working on a cross-solution based on the concept of Russian green certificates aimed at supplementing the existing structure. By selling these green certificates, consumers could reduce their total amount of payments for energy under the current support mechanisms, while for the power suppliers, the green certificates could be a source of return on their investments.

Consequently, the Russian renewable energy market awaits future changes in the legal regime, which will provide a new impulse to further develop the industry.

*Thomas Heidemann, Partner, and
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SERBIA

Support Scheme for Renewables in Serbia:
A New Chapter

Petar Mitrovic

At the end of 2018, the Government of the Republic of Serbia extended the validity of the Decree on Incentive Measures for the Production of Electric Energy from Renewable Energy Sources and High-efficiency Cogeneration of Electric Energy and Thermal Energy (the “FIT Decree”) until the end of 2019. The FIT Decree

was initially valid until the end of 2018.

The FIT Decree is part of a package of decrees setting out the support scheme for renewable energy, along with the decree governing the status of (preliminary) privileged power and a model power purchase agreement.

The current support scheme set out the overall quota for supporting wind power projects if up to 500 MW of installed capacity. The entire quota was distributed well before the initial term of the FIT Decree expired.

As a result of the extension of the validity of the FIT Decree, wind projects which have not secured their place within the quota – which have not yet obtained the (preliminary) privileged power producer status – may not benefit from incentives. According to the latest information available, there are nine wind power plants (with a total capacity of approximately 570 MW) in different stages of development that have previously expressed interest in receiving support.

The extension makes it clear that the Government has not yet decided what the support scheme will look like in the future. Apparently, the Government gave itself a one-year window to

decide whether it will stick to the feed-in tariff with some adjustments or move towards more market-based incentives.

According to unofficial information, the Ministry of Mining and Energy engaged an external consultant to propose a support scheme for the future. Again unofficially, the proposal should be ready for public presentation before this summer. The Government should pass a new scheme by the end of the year, with the first round of incentive awards in accordance with the new scheme taking place in 2020.

Previous endeavors have shown that the critical factor for the realization of large-scale projects is a support scheme that meets bankability criteria. Stakeholders rightfully hope that the new scheme will implement the lessons learned from previous schemes. In the first place, the new scheme would need to ensure an adequate allocation of risks among the parties involved to ensure that a party most suitable to bear the risk actually does so. For example, as long as there is no intra-day market, transferring the balancing responsibility to the producers would not be justified. It goes without saying that ensuring that the support entity is of adequate creditworthiness, that reasonable deadlines are in place for the finalization of projects, that protection exists in the case of *force majeure*, and that reliable dispute resolution mechanisms must be put in place if we want to see new blades spinning.

In preparation for the new support scheme, the decision makers should ensure that the new scheme envisages a competitive process for awarding incentives, rather than the first-come-first-serve system that Serbia has historically employed. A competitive process would promote the cost-efficient development of wind projects by achieving competition among reputable developers, resulting in lower financial burdens for consumers. The competitive process would also provide for greater transparency and equal chances for projects that have been developed for years (as mentioned above, nine projects have already expressed an interest in receiving support). Last but not least, both the Energy Community and, at this point, indirectly, the European Union, insist that support schemes promote sustainable, market-oriented, and transparent support mechanisms. This can only be achieved through a competitive process for awarding incentives.

There is still no indication whether the new scheme would envisage the support through power purchase agreements or so-called contracts-for-difference (where the support granted is the difference between the price which the producers have been guaranteed awarded and the market price of electricity). The impression is that the mechanics itself is of less importance if the support scheme is takes into account the criteria discussed above.

Petar Mitrovic, Partner / Independent attorney at law in cooperation with Karanovic & Partners

SLOVAKIA

Overhaul of the Slovak System for Support of Renewable Energy Sources



Peter Bollardt

The Slovak system for the support of renewable energy sources has been marked in recent years by a lack of transparency and strategic vision. Even though the Slovak Republic undertook to increase its share of energy from renewable sources to 14% by 2020, in fact in recent years the share of renewables in energy consumption has actually decreased. “Allegedly for technical reasons, virtually no renewable electricity sources have been connected to electricity distribution networks since 2014.”

After considering extensive comments by companies active in the energy sector, in mid-October the Slovak parliament adopted an amendment to the Act on Support of Renewable Energy Sources and High Efficiency Combined Heat and Power (Act No. 309/2009 Coll.) that substantially modifies the existing system for the support of these sources. The amendment is designed to align the Slovak system – which was previously managed by three regional distribution network operators – with best international practices by moving it toward a more market-oriented structure, centralizing it, and making renewable energy sources less expensive for customers.

All of the renewable electricity sources and high-efficiency combined heat and power production sources have preferential access to the distribution and transmission networks. In addition, renewable sources with an installed capacity of up to 250 kW shall not be responsible for deviations.

The feed-in-tariffs are available to new renewable energy sources (but not to wind and solar sources) with an installed capacity of electricity production of up to 500 kW as well as high-efficiency combined heat and power production sources with an installed capacity of up to 1 MW that utilize at least 60% of the produced heat for supply through central heating systems, provided that the co-generation results in the saving of at least 10% of primary energy. This support is also available to re-

furbished combined heat and power production sources with a certain minimum efficiency level, if 60% of the heat is distributed by the central heating systems and 60% of this supply is to the public.

Some of those producers have the right to have their electricity purchased by one or more electricity suppliers yet to be selected by the Ministry of Economy (in 2019, this role will be played by the regional distribution network operators).

The amendment marks a transition from a system of feed-in-tariffs to a system of feed-in-premiums for all new renewable energy sources with an installed capacity of over 500 kW. Such new sources are to be selected in auctions organized by the Ministry of Economy. The feed-in-premiums should compensate for the difference between the market-based price received by the producer (a method of calculation of this price is to be defined by the Regulatory Office for Network Industries – URSO) and the price offered by such producer in the auction. The auctions should be organized under conditions yet to be specified by the Ministry of Economy and URSO, and obviously the efficiency and transparency of the new system will to a large extent depend on the technical and market conditions imposed by those rules.

From 2020, the support will be managed and paid for by the short-term electricity market operator (a government-controlled entity).

Both feed-in-premium and feed-in-tariff support are available for 15 years after the generation facility is put into operation. The support based on the mandatory off-take of electricity and taking-over of responsibility for deviation will terminate by the end of 2033.

The amendment also provides for a framework of state aid to be provided to energy-intensive industries and to producers with a consumption of electricity of at least 1 GWh in the form of compensation for payments that each of those make to support RE sources. Such compensation is to be provided for consumption exceeding 1 GWh, but only up to 85% of the payments made by those businesses to support renewable energy sources. The Ministry of Economy already submitted an implementing decree listing the industries to benefit from the compensation as well as the details for granting it into the legislative process.

The amendment defines local renewable energy sources with an installed capacity of up to 500 kW to be used for local consumption. Such sources shall have preferential access to the distribution network, and may deliver surplus energy to other market participants (up to 10% of the total installed capacity), but shall not receive any feed-in-premium or feed-in-tariff.

The existing support (feed-in-tariffs) for renewable energy sources granted under previous schemes remains in place.

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BULGARIA

Liberalization of the Bulgarian Energy Market: Process in Progress



Dobrina Pavlova

The full liberalization of the Bulgarian Energy market has been the main focus in the sector for the last 18 months and continues to be the government's objective.

Step one of this liberalization was the introduction of renewable energy projects and co-generators with installed capacity of 4 MW and above 4 MW to the free market as part of the regulated market through long-term Power Purchase Agreements at preferential prices (PPAs), obliging producers to sell electricity on the Independent Bulgarian Energy Exchange (IBEX) solely or through their balancing group coordinator. Co-generators were the pioneers starting on July 1, 2018, but the RES producers enjoyed a transition period until January 1, 2019. As of the beginning of 2019, all affected producers (147 companies in total) have become active players on the Energy market in Bulgaria.

The main challenge facing lawmakers was to secure the already-undertaken engagement by the State for the financial stability of the investors and the repayment of the investments in accordance with the approved business plans and the statutorily-determined rate of return throughout the years, which varied between seven and nine percent. After wide-ranging public debates and numerous conferences, roundtables, and expert meetings, the solution found was to replace the PPAs with new Contracts for Compensations with Premiums (CfPs) with the State Energy Safety Security Fund (the "Fund"). The changes to the Energy Act and the Energy from Renewable Sources Act divided the income for the producers into two components: (i) from the sale of electricity on the free market, and (ii) a premi-

um determined annually by the Energy and Water Regulatory Commission (the "Commission"). Thus, the financial burden for the Energy market from participating RES producers and co-generators was partially transferred to the producers.

It is important to emphasize that the launch of the new selling mechanism has already faced difficulties directly affecting some of the solar, wind, and hydro power plants. At the end of February 2019, the Fund ceased payment of the said premium for the energy projects, as no net specific production of electricity had been determined by the Commission. This situation is expected to be resolved quickly, as otherwise the stability of the sector could be jeopardized.

Next Steps and Development of the Energy Market

As part of the Bulgarian government's long-term plan to achieve full liberalization, a new Bill to the Energy Act was announced on March 22, 2019, requiring those RES producers with installed capacity between 1 MW and 4 MW having PPAs to participate in the free market as of July 1, 2019. This is seen as the natural next step in the liberalization process and is welcomed by the various stakeholders in the industry. More than 620 new companies, with a total installed capacity of over 1,360 MW, are expected on the IBEX. In comparison to 2018, when a transition period was provided to the RES producers, this time around the government is unlikely to apply such an approach, in spite of the numerous and intense requests from the affected producers and branch organizations.

Another obstacle for the development of the Bulgarian Energy market is the import and export taxes for transmission and access currently imposed on cross-border energy deals. Their removal – which is also part of the new Bill – is a crucial and long-awaited improvement for the entire Energy sector. This is seen as a step towards the full liberalization of the Bulgarian Energy market and its harmonization with neighboring markets, as, with this financial burden removed, its capacity can rapidly expand.

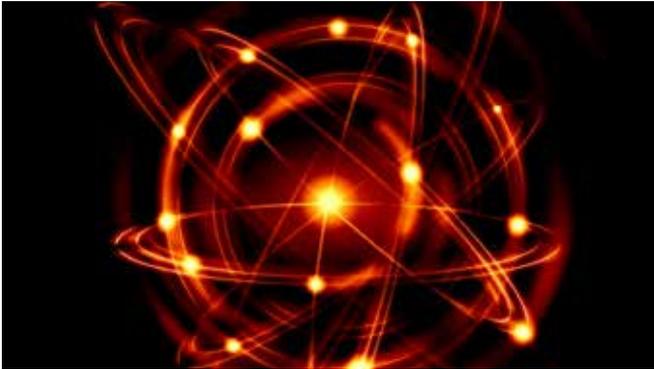
Another vital step in the development process of the Energy market currently under public discussion is the mandatory participation of industrial consumers in the free market. It is not yet clear when this will be implemented, but it is a crucial component in strengthening the connection between the demand and the supply chain, securing liquidity and transparency in the Bulgarian Energy market.

The remaining challenges to full liberalization are numerous, but the Bulgarian government has taken many steps to stimulate competition and free trade, while the specific effects of the new mechanisms on the Energy market will be subject to a detailed analysis in the next few months.

Dobrina Pavlova, Head of Energy and Capital Markets, Gugushev & Partners Law Office

CZECH REPUBLIC

Contemporary Search for a New Czech Energy Mix



Establishing a real and sustainable energy mix is a crucial task for every democratic state. In addition, any energy mix that has been chosen and put in place may change. Indeed, it has to, if the terms and conditions on which it was established undergo important changes. This, of course, applies in the Czech Republic as everywhere else.

The classic Czech energy mix was based on the utilization of domestic sources of energy – namely coal. Starting in the 1950s, the energy mix was modified by the addition of a set of hydro-power plants. In 1985, the Dukovany nuclear power plant began operating, followed in 2002 by the Temelin nuclear power plant in South Bohemia.

In 2005, new legislation was adopted that unified the previously fragmented laws on the generation of electricity and heat from renewable energy sources (RES) into a single and comprehensive legal framework. This law was replaced with an entirely new set of regulations in 2013, prepared to be compatible with the respective *acquis communautaire*. The European Union has committed itself to ensuring that by 2020 at least 20% of the gross final consumption of energy in the EU will come from renewable resources. The European Commission also set as a target for the Czech Republic a 13% share of energy from renewable resources. In 2016, 14.91% of gross final energy consumption in the Czech Republic came from renewable resources.

The actual Czech state energy concept says that, by 2040, the Czech energy mix should be as follows: 46-58% from nuclear power, 18-25% from RES, 11-21% from coal, and 5-15% from natural gas. However, there are new challenges for the Czech Republic arising from the 2016 ratification of the Paris Agreement, in which the EU and its member states undertook to reduce greenhouse gas emissions from their 1990 levels by at least 40% by 2030. This commitment naturally led to the need for further amendments to the actual future development plans of the Czech energy mix.

Currently, two critical issues are currently being discussed in the Czech energy sector:

a) There are plans to significantly enlarge/renew the current Czech nuclear power plants. The situation is complicated by the fact that a previous tender to select a general contractor to build blocks 3 and 4 at the Temelin power plant between 2011 and 2014 was cancelled, leading some to worry that a second tender could lead to the same result. In addition, Czech green NGOs insist that nuclear energy is not suitable for further development due to environmental risks and associated threats arising from the storage of used nuclear fuel (all that despite the fact that nuclear energy is in fact greenhouse-gas-emissions-free).

Still, according to current plans, a new tender for building new blocks at the Dukovany nuclear power plant should be launched in 2020/2021; the construction should be supervised by a new daughter company of CEZ, a.s. (an owner the Dukovany nuclear power plant, which is majority-owned by the Czech state); and the Czech state should provide necessary guarantees (as a second guarantor). Moreover, plans to extend the life of the current blocks in the Dukovany power plant are being seriously considered.

b) A new draft bill which would amend the Czech act for support of RES was announced by the Czech Ministry of Trade and Industry, the concept of which corresponds to the announced aim of achieving a 20.8% share of RES in the Czech energy mix by 2030. Both the draft bill and the announced goal, however, are being broadly criticized as unambitious. Notwithstanding this, it is clear that a substantial change to the current Czech act for support of RES must be made, given that only one new state authorization for building a green power plant has been issued in the Czech Republic since 2018, seriously jeopardizing the fulfilment of any official Czech green energy commitments.

The future development of the Czech energy mix is thus not entirely clear. One can only hope that this uncertainty will be quickly overcome so that energy investors can make responsible decisions about whether and which energy projects they should realize in the Czech Republic in future. This is because planning the construction of new power plants costs both time and money, and prudent businessmen are unlikely to wait years for the necessary energy decisions and legislation to be passed.



Vaclav Rovensky



Tomas Sequens

Vaclav Rovensky, Head of Energy Practice, and
Tomas Sequens, Counsel, Kocian Solc Balastik

HUNGARY

Mining Business: At the Mercy of Local Municipalities?



Kinga Hetenyi



Daniel Varga

Mining Business: At the Mercy of Local Municipalities?

Starting or continuing a mining project has always been subject to various licensing requirements. However, an amendment to spatial planning laws that became effective on March 15, 2019 increases the regulatory challenges faced by investors by introducing a completely new condition for obtaining the local municipality's blessing, even for operations that are already underway. Therefore, the aftermath of the most recent regulatory changes should not be underestimated, as the number of mining sites exceeds 800 in Hungary.

Licensing and Concession Requirements:

Save for a handful of exceptions, the exploration, appraisal, and exploitation of hydrocarbons, coal, and methane bound in coal seams and ores is subject to a concession agreement, as is any mining activity related to geothermal waters more than 2,500 meters below the surface. Any other mining activity (*e.g.*, clay or sand mining in open pits) may be carried out subject to a license issued by the mining authority.

If explorations are successful, the mining entrepreneur may request that the mining authority designate the exact boundaries of the mining site within which appraisal and exploitation may be performed.

In addition, to actually perform exploration, appraisal, or exploitation, the mining entrepreneur is obliged to prepare a technical operation plan and have it approved by the mining authority in advance. Technical operation plans for exploitation are limited in time (up to five years for underground mines and hydrocarbon and oil mining, and up to 15 years for open pit mines). The mining entrepreneur must revise the technical operation plan annually and amend it, if necessary. All amendments to the technical operation plan must again be approved by the mining authority.

These requirements for establishing a mining site and for pre-

paring and periodically reviewing or amending the technical operation plans are particularly important in light of the following changes made to the local spatial planning rules: First, as of March 15, 2019, the mining authority may only establish a mining site upon the request of a mining entrepreneur if the local municipality has designated the site as a mining area in the respective local spatial planning code. If the municipality has not done so, the entrepreneur needs to prove that the local municipality passed a resolution in which it agrees with the new mining project and intends to prepare or amend the applicable local spatial planning code.

Second, the March 15 amendment also prescribes that the mining authority may approve a technical operation plan only if the proposed mining area is formally designated as a mining area in the relevant local spatial planning code.

Therefore, new mining projects will be subject to local municipal approval, because in the absence of a properly amended local spatial planning code, the mining authority may not establish a mining site and thus no appraisal or exploitation works may be started.

Even already running exploration, appraisal, and exploitation projects will be subject to the discretion of the local municipalities, because the approval of the new or amended technical operation plans of those projects will also depend on the local spatial planning codes. In addition, the amended spatial planning laws may be interpreted as applying solely to the technical operation plans of open pit mines. However, pursuant to a strict interpretation of the amended laws, the above requirement applies to all kinds of technical operation plans, including underground mines.

Although local municipalities are required by law to prepare and update their local spatial planning codes, several municipalities in Hungary have outdated local spatial planning codes – or no code at all. In the case of new investments, this risk may be evaluated before the investment decision is made and may be managed when preparing the project. For already running projects, however, the absence of a properly updated local spatial planning code could result in the forced suspension of the project if the effective technical operation plan cannot be amended or renewed in due course.

Due to these risks, mining entrepreneurs are advised to check the conformity of the local spatial planning code with the legislative changes that took place on March 15, 2019 in order to make sure that a mining site may be established or an ongoing project may be continued without any spatial-planning-related concern.

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UKRAINE

Ukraine's Energy Market Developments



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Last year Ukraine took several significant steps to encourage investments into the energy market. The Government announced a strategic goal of making Ukraine self-sufficient in energy and abandoning its dependence on imported gas.

Increasing the attraction of investment into Ukraine's exploration and production industry is expected to be achieved by both improving relevant legislation and creating more opportunities for investors. Such new opportunities include Production Sharing Agreement (PSA) tenders, online concession auctions, and Production Enhancement Contracts offered by Ukrnafta and UGV, the largest Ukrainian state-owned oil & gas companies.

On renewable energy, a step forward was made when the draft law on renewable energy sources passed its first reading in the Parliament. The draft law introduces renewable energy auctions and should come into force on January 1, 2020.

PSA Tenders: On December 18, 2018, the Government approved the carrying out of nine onshore tenders for oil & gas PSAs for 50 years, the winners of which will be determined in June 2019. The tendered PSA areas vary in size from 286 square kilometers to 3,470 square kilometers.

All produced petroleum is divided into the Cost Petroleum and Profit Petroleum. The Cost Petroleum Share (*i.e.*, the amount of the produced oil & gas which will be transferred to the investor to cover its expenses) will be no more than 70% of total petroleum production. The remaining petroleum will be considered Profit Petroleum and will be shared between the State and the Investor. The State's share of the Profit Petroleum cannot be less than 11%.

PSAs are highly-regarded due to the high level of investment protection which their investors enjoy. Ukrainian PSAs offer all key industry protections, including: (i) legal stability (*i.e.*, no subsequent changes of law will apply to investors, other than legislative changes relating to matters of defense, national security, public order, and environmental protection); (ii) fiscal stability (no tax increases will apply to investors); (iii) international arbitration; and (iv) a separate tax regime.

Online Concession Auctions: In 2018 the Government

amended the regulation of concession auctions by providing for the organization of the auctions via the online platform ProZorro.Sales. The introduction of electronic auctions is expected to provide greater transparency to the process.

The State Geological Survey has prepared 31 oil & gas blocks for auction via the ProZorro.Sales system. The total acreage of the blocks is 4,630 square kilometers. Each block comes with a number of minimum exploration program requirements, such as the obligation to conduct new seismic data research and to drill a certain number of wells. The bidder offering the highest price for a block will be considered the winner.

Three licensing rounds, offering a total of 26 auction blocks, have been proposed so far. The pioneering first round was held on March 6, 2019, involving the sale of three auction blocks in the Poltava and Kharkiv regions for a total of USD 5.1 million to UGV, DTEK Oil & Gas, and the Burisma Group. The second and third licensing rounds (consisting of seven and nine auction blocks, respectively) are planned for April and June 2019, respectively. The Government is also planning a fourth licensing round, which will involve five auction blocks in Western Ukraine and the Kharkiv region.

Renewable Energy Developments: On December 20, 2018, at first reading, the Parliament approved a draft law on renewable energy sources, introducing the long-awaited move from fixed feed-in tariffs to competitive auctions to make renewables support more economically viable.

Auctions are scheduled to be launched in January 2020 and will be conducted twice each year until December 31, 2029. Pilot auctions are to be undertaken in 2019.

Auctions will be required for all types of renewable energy technologies achieving a 15% share in the total volume of power production from renewable energy sources. To date, only wind power projects and solar projects have reached such a share. Thus, all wind projects with a capacity exceeding 5MW and solar projects with a capacity exceeding 1MW will be subject to auctions.

Currently, Ukraine offers the highest feed-in tariff in Europe. For Ukraine, 2019 may be remarkable in terms of putting various renewable energy projects into operation, as there have been many investments in the renewable energy market, including a 250MW wind power plant near Syvash Lake in the Kherson region of the country. The project funding, which totalled EUR 380 million, was sponsored by Norwegian developer NBT AS and French-based Total Eren and was provided by J.P. Morgan Securities Plc (as debt coordinator) and a pool of lenders, including the EBRD, NEFCO, FMO, and the Black Sea Trade and Development Bank, advised by Redcliffe Partners. This makes the Syvash project the biggest investment in the renewable energy sector in Ukraine to date.

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