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CEE Legal Matters

In-Depth Analysis of the News and Newsmakers That Shape Europe's Emerging Legal Markets

EDITORIAL: STAND WITH UKRAINE

By Radu Cotarcea

"I hope this e-mail finds you and your loved ones safe. We at CEELM have been following the developments in your country with a deep sense of powerless concern and we hope this unnecessary conflict will come to a swift conclusion."

This issue goes to print six days after I sent a note starting with the above lines to our contacts in Ukraine. Both the powerlessness and deep concern were feelings shared by the entire CEELM team. At such a trying time for all our readers, partners, and friends in Ukraine we at CEELM wish to extend our deepest wishes for their safety and the safety of their loved ones. We still hope this unnecessary conflict comes to a swift and peaceful conclusion.

While we've debated internally on the best course of action regarding the content in this issue of the magazine – some of which may have, overnight, become outdated – we've ultimately decided that publishing most of the articles as they were was the most appropriate way of showing respect for the work and effort our partners and contributors have put into the content and its research.

That said, while we are a (legal) news organization, we're not a 24-hour news outfit. Our articles and stories are prepared weeks in advance, and they were current at the time of writing, but none of them include updates after February 23. So, you may wish to treat this issue of the magazine as a window into the past, into a simpler time when immediate personal safety was not a concern in any way and other priorities – they seem frivolous now – could be contemplated.

Personally, one of the articles ultimately scrapped stung the most. It covered the digitalization of Ukraine – in part driven by ongoing exercises to carry out systematic reforms, a recurring topic we've covered over the last few years. The thought of all that sweat and effort, potentially being taken away with the stroke of a pen by someone in the Kremlin is… beyond my ability to express in words.

As a legal trade journal, I doubt we have the ear of those who might bring the status quo to anything resembling normality, but maybe we have the ear of some who do have it. At the same time, I'd often find myself annoyed when given the impression that we're seen first as a marketing machine for law firms and second as a news outlet but, in the current context, whether I agree with it or not, we won't risk offering benefits to a market apparently set to backtrack years of progress. As such, CEELM is placing under indefinite embargo any coverage coming out of, or related to, Russia.

The cover of this issue would have focused on Ukraine or Slovakia anyway, as one of the two markets that it just so happened the issue was focused on. We did, however, scrap our usual approach of a neutral cover – despite my aforementioned email stating "I am sure that, irrespective of the physical realities, the simple stress of the situation means that your visibility with CEELM at the moment is the absolute least of your concerns" – because we stand with Ukraine, and our thoughts and prayers are with those on the ground.

We love our work. And we love covering the work that you do. We enjoy reporting the minutiae of transactions, getting lost in the intricacies of the law, and celebrating your wins. And we look forward to a time when such matters can again take center stage and be discussed at leisure.

We truly hope for a rapid return to normal, to business-as-usual, to knowing that all those we exchange emails with oh-so frequently, all those we occasionally speak to or meet with online, and all those we have the rare privilege of meeting in person are safe. And safely back to work, knowing their loved ones are safe as well. ■

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If you like what you read in these pages (or even if you don't) we really do want to hear from you. Please send any comments, criticisms, questions, or ideas to us at:
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GUEST EDITORIAL: CEE – A CHALLENGING BUT ATTRACTIVE MARKET

By Ron Bar-Nir, Partner, Firon Bar-Nir

Central European countries represented and continue to represent quite an attractive market for international investors, mainly due to the stable economic environment, relatively lower labor costs compared to the rest of the European regions, favorable tax environment, and the availability of tax incentives.

Soon after I joined one of the leading, oldest law firms in Israel, I seized the investment opportunities of the CEE countries market, and for several years during the '90s, I assisted significant Israeli investors interested in placing their money in the region, in countries like Romania, Bulgaria, Serbia, Albania, and Ukraine. With foreign investors' interest in these markets continuing to grow, it was only natural to expand my practice in Romania.

In Romania – the country I love most, despite the general initial view that it would never be able to attract significant investment because of its communist heritage and corrupt political system – I witnessed a continuous growth of the real estate market in the past 30 years, starting to pick up in 1999 and growing exponentially ever since, becoming one of the most dynamic and appealing markets for both domestic and foreign investors.

In the last five years, after slowly recovering from the difficulties caused by the worldwide financial crisis, things have changed dramatically in Romania, which transformed from an obscure young market with poor transparency and limited liquidity into a mature one, able to attract a wide range of investment capital due to its highly trained labor force, abundant natural resources, and geographical advantages.

There are still challenges that investors in Romania need to overcome, including:

(i) Poor infrastructure that continues to negatively impact business costs and productivity;

(ii) Underdeveloped connections between the country and the rest of the EU's transportation infrastructure, which holds back its ability to realize its full potential for trade and tourism;

(iii) The continued difficulty for investors to access banking financing in Romania despite the high interests applied, compared to banks in other, more developed European countries. In my opinion, if Romania wants to remain an attractive market compared to other, more developed EU countries, it needs to understand that it is time to reinvent the banking system which has to fundamentally rethink its business model, reshape the way of working, and redefine its strategies, because Romania and other CEE countries are competing for similar yields with other, more developed EU countries, where the banking system is much more flexible and loan costs are cheaper;

(iv) Trade inefficiencies that are caused by higher costs and exchange rate fluctuations resulting from Romania not yet being a member of the Eurozone, which means that payments are made in local currency while many companies have debt denominated in euros; and

(v) A lack of regulation when it comes to real estate development. In Bucharest, it used to be regulated by the district coordinating urban zoning plans approved by the General Council of the Bucharest Municipality. Starting with the last quarter of 2020, the process of obtaining building permits, planning, and land-use approvals in Bucharest faced significant delays and increased costs given the suspension by the Bucharest Municipality, followed in most cases by the cancelation by courts, of these coordinating urban zoning plans.

Acting as a lawyer in CEE countries is neither easy nor always profitable but despite all the difficulties making investment processes kind of hectic, especially nowadays when the COVID-19 pandemic is causing additional challenges, I still see the CEE space as one of the most attractive regions for investors, especially in the real estate and technology areas. ■

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ACROSS THE WIRE: DEALS AND CASES

Date Covered	Firms Involved	Deal/Litigation	Value	Country
6-Jan	Schoenherr	Schoenherr advised Palfinger on the reversal of the cross-shareholding structure with the Sany Group.	N/A	Austria
11-Jan	Binder Groesswang; Cerha Hempel	Binder Groesswang advised German Nissan Center Europe on the sale of its Austrian dealer and sales network to Spanish mobility provider Astara Mobility, formerly Berge Auto. Cerha Hempel advised Astara.	N/A	Austria
11-Jan	Brandl Talos; E+H	E+H advised Wien Energie on the establishment of a joint venture with the Riddle&Code blockchain company, called Riddle&Code Energy Solutions. Brandl Talos advised Riddle&Code on the deal.	N/A	Austria
11-Jan	CMS; DLA Piper; Setterwalls	CMS advised Austria's Alpla on its investment in Swedish start-up Blue Ocean Closures in a joint venture with the Glatfelter Corporation. Setterwalls reportedly advised Alpla on Swedish law-related issues. DLA Piper reportedly advised Glatfelter in Sweden.	N/A	Austria
18-Jan	E+H; Eversheds Sutherland	E+H advised the Immola Group on the sale of its residential project in Graz to Wealthcore. Eversheds Sutherland reportedly advised Wealthcore on the deal.	N/A	Austria
19-Jan	Schoenherr; Wolf Theiss	Schoenherr advised the managers of the EUR 750 million 0.01% mortgage bond security issuance due 2028 and EUR 750 million 0.50% mortgage bond security due 2037 by Erste Group Bank AG. Wolf Theiss advised Erste Group on the deal.	EUR 1.5 billion	Austria
19-Jan	E+H; Taylor Wessing	E+H advised Wien Energie on the acquisition of 51% of the shares in Austrian wind farms Pongratzer Kogel, Herrenstein, and Zagersdorf from wind and solar farm operator Encavis. Taylor Wessing advised the seller.	N/A	Austria
20-Jan	Brandl Talos; Herbst Kinsky; YPOG	Brandl Talos advised Mostly AI on its USD 25 million Series B financing round. Molten Ventures led the financing round and was advised by Herbst Kinsky. Reportedly, YPOG advised existing investors Earlybird and 42CAP.	USD 25 million	Austria
27-Jan	Schoenherr; White & Case	Schoenherr, working with White & Case in Frankfurt, advised the Austrian financial technology company Bitpanda on the expansion of its product portfolio to include exchange-traded cryptocurrencies.	N/A	Austria
27-Jan	E+H	E+H advised Kommunalkredit Austria on its green hydrogen electrolysis plant investment project.	N/A	Austria
1-Feb	Grama Schwaighofer Vondrak; KPMG Legal; Schoenherr; Taylor Wessing	Schoenherr advised Easelink on its EUR 8.3 million Series A financing round. Taylor Wessing advised SET Ventures on leading the round. KPMG Law advised co-investor EnBW New Ventures. Grama Schwaighofer Vondrak advised co-investor Smartworks.	EUR 8.3 million	Austria
2-Feb	Herbst Kinsky	Herbst Kinsky advised Viola Investment on its acquisition of a 40% stake in the FK Austria Wien football club.	N/A	Austria
2-Feb	FWP	Fellner Wratzfeld & Partner advised Austria's OBB Infrastruktur on an environmental impact assessment for the new high-speed railway line between Schaftenau and Radfeld, in Austria.	N/A	Austria
3-Feb	Brandl Talos; Grohs Hofer; Willkie Farr & Gallagher	Brandl Talos, working with Willkie Farr & Gallagher, advised Quadrille and Insight Partners on a USD 69 million Series B financing round in PlanRadar. Grohs Hofer advised PlanRadar.	USD 69 million	Austria
10-Feb	Freshfields	Freshfields Bruckhaus Deringer advised Volkswagen and its automotive software subsidiary Cariad on their engineering cooperation with Bosch in the field of automated driving.	N/A	Austria
10-Feb	E+H	E+H advised Oesterreichische Glasfaser-Infrastrukturgesellschaft on its cooperation with Lower Austria's Breitband Holding for the expansion of the fiber-optic network in the province.	N/A	Austria

Date Covered	Firms Involved	Deal/Litigation	Value	Country
14-Feb	Advant Beiten; E+H; Sonn Patentanwalte	E+H advised Austrian clinical-stage biotechnology company Affiris on its exclusive license agreement with Frontier Biotechnologies to develop and commercialize the Affitope AT04 hypercholesterolemia treatment on the Chinese market. Sonn Patentanwalte and Advant Beiten reportedly also advised Affiris.	N/A	Austria
14-Feb	Jankovic Popovic Mitic; Karanovic & Partners; Wolf Theiss	Karanovic & Partners advised Abris Capital Partners and Patent Co. founders Radivoje Perovic and Miodrag Perovic on the sale of Patent Co. to RWA Raiffeisen Ware Austria. JPM Jankovic Popovic Mitic advised Patent Co.'s founders as well. Wolf Theiss advised RWA.	N/A	Austria; Bosnia and Herzegovina; Bulgaria; Serbia
17-Jan	Cerha Hempel; Lukanov & Gencheva; Noerr	Cerha Hempel and Noerr advised Pierer Mobility on the establishment of an e-bike production joint venture with Maxcom. Lukanov & Gencheva reportedly advised Maxcom on the deal.	N/A	Austria; Bulgaria
7-Feb	CMS; KPMG Legal	CMS advised Greiner on the sale of its extrusion division, including operational assets in Austria and the Czech Republic, to Nimbus. KPMG Legal advised Nimbus.	N/A	Austria; Czech Republic; Poland
7-Jan	Dorda; Szecskay	Dorda advised the Netrisk Group on its acquisition of Durchblicker. Szecskay Attorneys at Law reportedly advised the Netrisk Group on Hungarian law-related matters.	N/A	Austria; Hungary
11-Feb	Cerha Hempel; Kalman & Partners	Cerha Hempel advised CA Immobilien Anlagen on its sale of the R70 office building to Epkar. Kalman & Partners advised Epkar.	N/A	Austria; Hungary
2-Feb	Eversheds Sutherland; KPMG Legal	Eversheds Sutherland advised Gutsverwaltung Illmau company SVK Invest on its acquisition of Dan Agro Holding from Slovakian Field Invest, while also advising Raiffeisenbank Waldviertel Mitte on financing the transaction. KPMG Legal advised the seller.	N/A	Austria; Slovakia
19-Jan	Borovtsov & Salei	Borovtsov and Salei advised SEW-Eurodrive on the greenfield construction of a production facility on the territory of the Free Economic Zone Minsk.	N/A	Belarus
26-Jan	Aleinikov & Partners	Aleinikov & Partners advised Alfa-Bank on its acquisition of a 99.98% stake in Fransabank from Lebanon-based Fransabank SAL and Fransa Holding SAL.	N/A	Belarus
19-Jan	Milbank; Sajic; Schoenherr	Schoenherr advised the borrower HE Dabar on a EUR 190 million loan facility granted by the Export-Import Bank of China for the development of the 160-megawatt Dabar hydropower plant. Sajic and, reportedly, Milbank advised CEXIM Bank.	EUR 190 million	Bosnia and Herzegovina
21-Jan	Sajic	Sajic successfully represented the interests of Bitminer Factory against UniCredit Bank before a court of first instance.	EUR 130 million	Bosnia and Herzegovina
21-Jan	Milosevic Law Firm	The Milosevic Law Firm successfully represented Alumina before the Higher Commercial Court in Banja Luka in a property-related dispute with Pavgord and Ukio Bank.	N/A	Bosnia and Herzegovina
26-Jan	Sajic	Sajic advised both Pavgord Foca as the seller and Kutjevo Banja Luka as the buyer on a EUR 2.9 million real estate transaction in Bosnia & Herzegovina.	EUR 2.9 million	Bosnia and Herzegovina
4-Jan	Komarevski Dimitrov & Partners	Komarevski, Dimitrov & Partners advised the Eurolease Group on its acquisition of Mogo Bulgaria.	N/A	Bulgaria
18-Jan	Tsvetkova Bebov & Partners	Tsvetkova Bebov & Partners advised Dronamics Capital on IPO and listing on the Beam market of the Bulgarian Stock Exchange.	N/A	Bulgaria
11-Feb	Latham & Watkins; PwC Legal; Schoenherr	Schoenherr, working with Latham & Watkins, advised Chaos on its merger with Enscape. PwC Legal reportedly advised Enscape in Germany.	N/A	Bulgaria; Czech Republic
20-Jan	BDK Advokati; Boyanov & Co; K. Argyridou and Associates	Boyanov & Co, working with BDK Advokati, advised the Eurobank Group on the restructuring of the financing to two hotels. K. Argyridou and Associates reportedly advised Eurobank as well.	EUR 82 million	Bulgaria; Greece; Serbia
7-Jan	Andelovic, Siketic & Tomic; Marohnic Tomek & Gjoic	Marohnic, Tomek & Gjoic advised Immofinanz on the acquisition of ENS Development in Croatia. Andelovic, Siketic & Tomic advised the sellers on the deal.	N/A	Croatia
20-Jan	Karanovic & Partners (Ilej & Partners); Savoric & Partners	Savoric & Partners advised Deltron on its 80% sale to Beijer Ref. Ilej & Partners, in cooperation with Karanovic & Partners, advised Beijer Ref on the deal.	N/A	Croatia
31-Jan	CMS; Kovacevic Prpic Simeunovic; Ostermann & Partners; Schoenherr; White & Case	CMS advised Privredna Banka Zagreb on refinancing and acquisition financing for the Danilo and Rudine wind farms. Kovacevic Prpic Simeunovic advised buyer Professio Energia on the acquisition, financing, and refinancing the existing loans from the IFC and Unicredit Bank Austria. Schoenherr advised the sellers, Mirova and RP Global. Ostermann & Partners and White & Case advised the IFC and Unicredit.	N/A	Croatia

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4-Jan	Clifford Chance; Deloitte Legal (Krehic & Partners); Magnusson; Norton Rose Fulbright	Norton Rose Fulbright, Krehic & Partners, and Magnusson advised Inter Cars on the extension, increase, and reorganization of senior facilities in the aggregate amount of PLN 1.84 billion. Clifford Chance advised the financing consortium.	PLN 1.84 billion	Croatia; Czech Republic; Lithuania; Poland; Romania; Slovakia
10-Jan	Havel & Partners; Noerr	Havel & Partners advised Seall on its sale to Rubix. Noerr advised Rubix on the deal.	N/A	Czech Republic
12-Jan	PRK Partners	PRK Partners advised Vermont on the development of an Alzheimer's center facility and its transfer to Penta Hospitals.	N/A	Czech Republic
13-Jan	Allen & Overy	Allen & Overy advised Komercni Banka on leading a club of banks in providing an up to EUR 26 million loan facility for the decrease of the share capital and general corporate and investment needs of rubber manufacturer Rubena, a member of the Kaprain investment group.	N/A	Czech Republic
13-Jan	BPV Braun Partners	BPV Braun Partners advised Immofinanz on the sale of the Airport Business Centre in Prague to the Jet Investment Fund.	N/A	Czech Republic
14-Jan	Deloitte Legal; Kinstellar	Kinstellar advised the Portiva investment group on its acquisition of the Astrid Offices building in Prague from the UBM Group. Deloitte Legal advised the UBM Group.	N/A	Czech Republic
19-Jan	CMS; Dentons	CMS advised J&T and Concens Investments on their EUR 150 million sale of five Ostrava logistics halls to EQT Exeter. Dentons reportedly advised the buyer.	EUR 150 million	Czech Republic
20-Jan	Clifford Chance; Rybar Soppe & Partneri	Clifford Chance advised Generali Real Estate on the acquisition of two office buildings in Prague from CPI Property Group. Rybar, Soppe & Partners reportedly advised CPI on the deal.	N/A	Czech Republic
20-Jan	Clifford Chance; CMS	Clifford Chance advised Ceskoslovenska Obchodni Banka on the refinancing of the Czech solar portfolio consisting of five photovoltaic power plants acquired in 2020 by Czech subsidiaries of Enery Development group. CMS advised Enery on the deal.	N/A	Czech Republic
24-Jan	BBH; Havel & Partners	Havel & Partners advised Smart Comp majority owners Marek Bukal and Pavel Vavra on the sale of their shares to Nej.cz. BBH advised Nej.cz on the deal.	N/A	Czech Republic
28-Jan	Havel & Partners; Rutland Partners; VGD Legal	Havel & Partners advised Coast Capital Partners on its acquisition of real estate in Prague via the purchase of Zlicin Gate s.r.o. from Jelinek Holding and Karlin Port Real Estate. VGD Legal advised Avant, which provided the financing for the acquisition. Rutland & Partners reportedly advised the sellers.	N/A	Czech Republic
3-Feb	BBH; Skils	BBH advised the PPF Group on the merger of its Air Bank and Home Credit subsidiaries with Moneta Money Bank. Skils advised Moneta on its CZK 25.9 billion acquisition of the Air Bank Group.	CZK 25.9 billion	Czech Republic
7-Feb	Havel & Partners; VGD Legal	VGD Legal advised the Czech family owning Profimix Svijany on the sale of the company to Puratos. Havel & Partners advised the buyer.	N/A	Czech Republic
8-Feb	Havel & Partners; Holub	Havel & Partners advised Czechoslovak Capital Partners on the acquisition, reconstruction, and subsequent lease of the Tusarova 52 residential building in Prague. The building was acquired from an unidentified Italian owner. AK Holub reportedly advised the seller.	N/A	Czech Republic
14-Feb	Glatzova & Co	Glatzova & Co advised Pale Fire Capital on the acquisition of a majority stake in Spanish company Arpem Networks.	N/A	Czech Republic
14-Feb	Allen & Overy	Allen & Overy advised joint lead managers Ceska Sporitelna and Komercni Banka on a CZK 1.98 billion Czech law-governed standalone issuance by CZG-Ceska Zbrojovka Group.	CZK 1.98 billion	Czech Republic
10-Jan	Bondoc & Asociatii; Eversheds Sutherland; White & Case	Eversheds Sutherland advised Hartenberg Capital on its minority stake divestiture and agreement with CVC Capital Partners for a co-controlling holding in FutureLife. Bondoc si Asociatii and White & Case advised CVC Capital Partners.	N/A	Czech Republic; Estonia; Romania; Slovakia
1-Feb	Baker Mckenzie; CMS	CMS advised the MOL Group on its sale of 185 service stations located in Hungary and Slovakia to PKN Orlen for a total of USD 259 million. Baker McKenzie advised PKN Orlen.	USD 259 million	Czech Republic; Hungary; Poland; Slovakia
6-Jan	DLA Piper; Havel & Partners	DLA Piper advised Michelin on its acquisition of Cemat. Havel & Partners advised Cemat on the deal.	N/A	Czech Republic; Slovakia
4-Jan	KPMG Legal; Pohla & Hallmagi	Pohla & Hallmagi, working with KPMG, advised on the establishment of e-Governance Academy's subsidiary office in Jamaica.	N/A	Estonia

Date Covered	Firms Involved	Deal/Litigation	Value	Country
10-Jan	Pohla & Hallmagi; Sorainen	Pohla & Hallmagi advised Hammerhead on its acquisition of shares in Eesti Elecster. Sorainen advised the sellers on the deal. Pohla & Hallmagi additionally advised Hammerhead on the restructuring of Eesti Elecster, with the industrial part of the business being sold to Avex Metall at the same time.	EUR 8.3 million	Estonia
14-Jan	Ellex (Raidla)	Ellex advised East Capital Real Estate on the sale of the Mustamae Keskus shopping center in Tallinn to Project Bricks.	N/A	Estonia
17-Jan	Cobalt; Ellex (Raidla)	Ellex advised Geenius Meedia shareholders Hendrik Roonemaa and Siim Saidla on the sale of the company to the Ekspress Grupp. Cobalt advised the buyer.	N/A	Estonia
20-Jan	Sorainen	Sorainen advised mobility platform Bolt on raising USD 709 million.	USD 709 million	Estonia
20-Jan	TGS Baltic	TGS Baltic advised the City of Tartu and Tartu 2024 Foundation on organizing the European Capital of Culture Tartu 2024 program.	N/A	Estonia
20-Jan	Sorainen	Sorainen advised Estonian healthcare professionals service provider Synbase on a pro bono basis on data protection matters and helped it launch a web portal offering access to medical databases.	N/A	Estonia
21-Jan	Sorainen	Sorainen advised Cariad Estonia, a Volkswagen Group car software company, on a cross-border merger whereby its Luxembourg parent company is merged into Cariad Estonia, making it a subsidiary of Cariad SE.	N/A	Estonia
21-Jan	Osborne Clarke; Pohla & Hallmagi	Pohla & Hallmagi, working with Osborne Clarke, advised GeneCode on a EUR 2 million R&D grant from Enterprise Estonia for the acceleration of its GDNF Mimetics program.	EUR 2 million	Estonia
1-Feb	Ellex (Raidla); Fort	Fort advised Cornada on its acquisition of the Georg Ots Spa Hotel in Kuressaare, Estonia, from East Capital Real Estate. Ellex advised East Capital.	N/A	Estonia
9-Feb	Orrick Herrington & Sutcliffe; Sorainen	Sorainen, working with Orrick, advised Veriff on its USD 100 million series C financing round, co-led by Tiger Global and Alkeon with the participation of existing investors IVP and Accel.	USD 100 million	Estonia
19-Jan	Cobalt; Sorainen	Sorainen advised Stockmann on the sale of its Tallinn and Riga department store properties to Viru Keemia Grupp. Cobalt advised VKG on the deal.	N/A	Estonia; Latvia
7-Jan	TGS Baltic	TGS Baltic advised business-to-business distributor of business essentials OptiGroup on its sale to the FSN Capital VI fund.	N/A	Estonia; Latvia; Lithuania
19-Jan	Cobalt; TGS Baltic	TGS Baltic advised Pax8 on its acquisition of cloud services and software distributor TVG. Cobalt advised TVG's shareholders on the sale.	N/A	Estonia; Latvia; Lithuania
11-Feb	Cobalt; Sorainen	Sorainen advised Luminor Bank on its acquisition of a 99% stake in Maksekeskus (MKK). Cobalt advised MKK shareholders Inbank, Omniva, Olsson & Nielsen Nordic, and Art Lukas, the company's CEO.	N/A	Estonia; Latvia; Lithuania
13-Jan	Zepos & Yannopoulos	Zepos & Yannopoulos advised Islalink Holdings on the development of the Ionian submarine fiber optic system in Greece.	N/A	Greece
17-Jan	Kyriakides Georgopoulos	Kyriakides Georgopoulos advised Evo Payments on the acquisition of a 51% stake in the merchant acquiring business spin-off from the National Bank of Greece.	N/A	Greece
26-Jan	KLC; Potamitis Vekris	The KLC Law Firm advised National Energy Holdings on its EUR 60 million bond loan program with Piraeus Bank. PotamitisVekris reportedly advised the lender.	EUR 60 million	Greece
7-Feb	Koutalidis; Skadden, Arps, Slate, Meagher & Flom	Koutalidis, working with Skadden, Arps, Slate, Meagher & Flom, advised Cohn Robbins Holdings on the NYSE public listing of Allwyn Entertainment.	N/A	Greece
11-Feb	Arendt & Medernach; Freshfields; Kromann Reumert; Kyriakides Georgopoulos; Matheson; Soltysinski Kawecki & Szlezak; Vinge; Wardynski & Partners; Wiersholm Law Firm	Soltysinski Kawecki & Szlezak and Wardynski & Partners, working with Freshfields Bruckhaus Deringer, advised JP Morgan on Polish law-related aspects of the consolidation of its existing EU credit institutions into one legal entity, JP Morgan SE (JPMSE). Kyriakides Georgopoulos, Matheson, Arendt & Medernach, Kromann Reumert, Wiersholm Law Firm, and Vinge reportedly also advised JPM.	N/A	Greece; Poland

Date Covered	Firms Involved	Deal/Litigation	Value	Country
4-Feb	Barnea Jaffa Lande & Co; BPV Grigorescu Stefanica; Chrysostomides; Clifford Chance; Elvinger Hoss; Eversheds Sutherland; GLNS; Kyriakides Georgopoulos; Noerr; Rutan & Tucker; Seewald; Zepos & Yannopoulos	Kyriakides Georgopoulos advised Mantis on the sale of its subsidiary Mantis Informatics to FSN Capital Partners portfolio company Ecovium Holding. Zepos & Yannopoulos and BPV Grigorescu Stefanica, working with GLNS, advised FSN Capital. Eversheds Sutherland advised Oldenburgische Landesbank on the refinancing of Ecovium and financing for the acquisition, with Clifford Chance advising the lenders as well. Noerr reportedly advised Mantis on German law, while Seewald, Rutan & Tucker, Barnea Jaffa Lande, Chrysostomides, and Elvinger Hoss reportedly advised FSN Capital in Poland, the US, Israel, Cyprus, and Luxembourg, respectively.	N/A	Greece; Romania
6-Jan	Noerr	Noerr advised industrial real estate company Panattoni on its acquisition of real estate plots in Hungary.	N/A	Hungary
6-Jan	CMS; Lakatos, Koves & Partners	Lakatos, Koves & Partners advised Horizon Development on the sale of the commercial part of its Szervita Square Building to Union Investment. CMS advised the buyer.	N/A	Hungary
10-Jan	Bird & Bird; CMS	CMS advised Germany's Commerzbank on the sale of Hungarian subsidiary Commerzbank Zrt to Erste Bank Hungary. Bird & Bird reportedly advised Erste.	N/A	Hungary
21-Jan	DLA Piper	DLA Piper advised Indian technology company HCL Technologies on its acquisition of Budapest-based Starschema, a provider of data engineering services.	N/A	Hungary
28-Jan	DLA Piper; Szecsenyi & Partners	Szecsenyi & Partners advised Wing on the sale of four office buildings to SkyGreen Buildings. DLA Piper advised SkyGreen.	N/A	Hungary
28-Jan	Cerha Hempel; Schoenherr	Schoenherr advised Germany-based e-mobility company Tier Mobility on its new office lease agreement in the K6 office building in Budapest. Cerha Hempel advised the landlord.	N/A	Hungary
3-Feb	Clifford Chance; Dentons; Ogier	Dentons advised a syndicate of underwriters including BNP Paribas and JP Morgan on the second Wizz Air EUR 500 million issuance of 1% fixed-rate guaranteed notes due 2026. Reportedly, Clifford Chance and Ogier advised Wizz Air on the matter.	EUR 500 million	Hungary
7-Feb	Dentons; DLA Piper	Dentons advised the CPI Property Group on the sale of the Airport City Logistic Park to Wing. DLA Piper advised the buyer.	N/A	Hungary
8-Feb	Orban-Perlaki Law Firm; Schoenherr	Schoenherr advised Fressnapf Hungary on its agreement to lease 1,700 square meters of office space in the Millennium Gardens building from TriGranit. Orban & Perlaki reportedly advised TriGranit.	N/A	Hungary
9-Feb	Dentons; Schoenherr	Schoenherr advised Solus Advanced Materials' subsidiary Volta Energy Solutions Hungary on a USD 28 million loan from the EBRD for the construction of a copper foil factory. Dentons advised the EBRD.	USD 28 million	Hungary
12-Jan	Moskwa Jarmul Haladyj i Wspolnicy; Wardynski & Partners	Moskwa Jarmul Haladyj advised the GI Group on the sale of its quota in Hungarian subsidiary ProHuman, the repayment of the banking consortium – BNP Paribas, PKO BP, Millennium, and Santander – and the completion of the court restructuring arrangement. Wardynski advised the banks on the deal.	PLN 147.5 million	Hungary; Poland
21-Jan	CMS; Noerr	Noerr advised the Normeston Group on the sale of 79 Lukoil-branded service stations in Hungary to MOL, the country's largest oil and gas company. CMS advised MOL on the acquisition.	N/A	Hungary; Poland
31-Jan	CMS; Rymarz Zdort	CMS advised Hungarian company Rossi Biofuel on its acquisition of Lotos Biopaliwa. Rymarz Zdort advised Grupa Lotos on the sale.	N/A	Hungary; Poland
2-Feb	CMS; Rymarz Zdort	CMS advised the MOL Group on its acquisition of Lotos Paliwa with assets including 417 petrol stations in Poland. Rymarz Zdort advised the Lotos Group on the sale.	USD 610 million	Hungary; Poland
15-Feb	B2RLaw; Gabriela Krauze	B2RLaw advised B+N Referencia on its acquisition of Inwemer. Reportedly, the Gabriela Krauze law firm advised the shareholders of Inwemer on the deal.	N/A	Hungary; Poland
21-Jan	BDK Advokati; Dentons; Lakatos, Koves & Partners; Zavisin Semiz & Partneri	Lakatos, Koves & Partners and BDK Advokati advised Indotek on its acquisition of 11 office buildings and five business parks in Belgrade from GTC for EUR 267.6 million. Dentons and Zavisin Semiz i Partneri advised GTC on the deal.	EUR 267.6 million	Hungary; Serbia
9-Feb	Kavcic Bracun & Partners; Selih & Partners	Selih & Partners advised Denmark-based ISS on the divestment of its Slovenian subsidiary to B+N Referencia. Kavcic, Bracun & Partners advised the buyers on the deal.	N/A	Hungary; Slovenia
10-Jan	Ellex (Klavins); TGS Baltic	TGS Baltic advised Tet on its acquisition of shares in Telia Latvija. Ellex advised the sellers on the deal.	EUR 10.75 million	Latvia
17-Jan	TGS Baltic; Walless	Walless advised Vilniaus Baldai on its EUR 6 million issuance of six-year bonds. TGS Baltic advised the State Aid Fund for Business on purchasing all the bonds.	EUR 6 million	Lithuania

Date Covered	Firms Involved	Deal/Litigation	Value	Country
19-Jan	Bird & Bird; Magnusson; Sorainen	Sorainen advised Nosto on its acquisition of Lithuanian e-commerce startup SearchNode. Magnusson advised the seller. Bird & Bird reportedly also advised Nosto.	N/A	Lithuania
20-Jan	Sorainen; Linklaters	Sorainen, working Linklaters, carried out a study on the development of a sustainable finance action plan in Lithuania, commissioned by the Lithuanian Ministry of Finance.	N/A	Lithuania
21-Jan	Aliant Tarvainyte Vilys; Ellex (Valiunas)	Ellex advised Japanese venture capital fund Mistletoe on its investment in Lithuanian startup Bee Loop. Aliant Tarvainyte Vilys reportedly advised Bee Loop on the deal.	EUR 150,000	Lithuania
25-Jan	TGS Baltic	TGS Baltic advised medical clinic chain InMedica on the acquisition of Saulius Viksraitis' Plastic Surgery Center in Kaunas.	N/A	Lithuania
25-Jan	Ellex (Valiunas)	Ellex advised Lords LB Asset Management-owned company Vilniaus Miesto Projektai on its EUR 8 million bond issuance.	EUR 8 million	Lithuania
26-Jan	Apex Legal; Sorainen	Sorainen advised the shareholders of the Dojus Group on investing in Walk15, which attracted EUR 268,500 in its financing round. Apex Legal reportedly advised Walk15 on the deal.	EUR 268,500	Lithuania
27-Jan	TGS Baltic	TGS Baltic advised Myriad Capital on obtaining a category B financial brokerage company license from the Bank of Lithuania.	N/A	Lithuania
4-Feb	Adon Legal	Adon Legal advised Lithuanian real estate developer Galio Group on a EUR 26 million loan from Citadele Bank.	EUR 26 million	Lithuania
10-Feb	KM Partners Komorowska Michaliszyn; Sorainen; Walless; WKB Wiercinski Kwiecinski Baehr	Wiercinski Kwiecinski Baehr and Sorainen advised Innova Capital Group's Innova 6 fund on its investment in three dental services companies: DPC, Pomorska Inicjatywa Medyczna, and Medicadent Stomatologia. Walless advised DPC's founder Simonas Bankauskas. KM Partners Komorowska Michaliszyn reportedly advised PIM and Medicadent on the deal.	N/A	Lithuania; Poland
21-Jan	Ellex (Valiunas); Jankovic Popovic Mitic	Ellex, working with Jankovic Popovic Mitic, successfully represented the interests of Alita before the Court of Appeals of Lithuania.	N/A	Lithuania; Serbia
20-Jan	Cobzac & Partners	Cobzac & Partners successfully represented the interests of CB Eximbank JSC before the Supreme Court of Justice of the Republic of Moldova in a dispute with Avicomagro.	USD 1.45 million	Moldova
28-Jan	NSTLAW	NSTLAW advised the EBRD on preparing a business re-organisation assessment for Montenegro.	N/A	Montenegro
3-Jan	Linklaters	Linklaters advised KKCG Group company Vestinlog on the sale of its Polish industrial portfolio to Jet Investment's subsidiary, Jet Industrial Properties Poland.	N/A	Poland
4-Jan	Domanski Zakrzewski Palinka; Greenberg Traurig	Greenberg Traurig advised the People Can Fly Group on its PLN 20 million acquisition of a 50.01% controlling stake in Incuvo from Estonia's Blite Fund. Domanski Zakrzewski Palinka advised the seller.	PLN 20 million	Poland
5-Jan	CMS; DLA Piper	DLA Piper advised Cloudflight on the acquisition of Polish e-commerce services provider Divante. CMS advised Divante's shareholders, including majority investor OEX and founders Tomasz Karwatka and Piotr Karwatka.	PLN 175 million	Poland
5-Jan	Greenberg Traurig	Greenberg Traurig advised the Polsat Plus Group on Cyfrowy Polsat's planned acquisition of ZE PAK green assets: 67% of PAK-Polska Czysta Energia's share capital and approximately 66.94% of Port Praski's share capital.	PLN 1.68 billion	Poland
6-Jan	Baker Mckenzie; DLA Piper	DLA Piper advised the shareholders of Droma - Sunshade Experts on the sale of 74% of its shares to Hunter Douglas. Baker McKenzie advised the buyer.	N/A	Poland
7-Jan	Allen & Overy; Linklaters; Rymarz Zdort	Allen & Overy and Rymarz Zdort advised the sponsor and shareholder of Polcom Modular on concluding a partial scheme of arrangement with a consortium of lenders through Polish-law court restructuring proceedings. Linklaters advised the lenders.	N/A	Poland
10-Jan	Dentons	Dentons advised the EBRD, DNB Bank, and Denmark's EKF export credit agency on a PLN 350 million financing granted to DIF Capital Partners' Polish subsidiaries.	PLN 350 million	Poland
10-Jan	Oles, Rodzynkiewicz, Rysz, Sarkowicz; Rymarz Zdort	Rymarz Zdort advised Pluralis on the acquisition of 40% of the shares in Polish media company Gremi Media from KCI. Oles, Rodzynkiewicz, Rysz, Sarkowicz reportedly advised KCI on the deal.	N/A	Poland
10-Jan	DWF; WKB Wiercinski Kwiecinski Baehr	DWF advised Fortaco on the acquisition of a paintshop from Alucrom. Wiercinski, Kwiecinski, Baehr advised Alucrom.	N/A	Poland
10-Jan	Baker Mckenzie	Baker McKenzie advised PKN Orlen on a EUR 180 million long-term financing deal with the European Investment Bank.	EUR 180 million	Poland

Date Covered	Firms Involved	Deal/Litigation	Value	Country
10-Jan	Linklaters; Rymarz Zdort	Linklaters advised CBRE Investment Management on its acquisition of the 211,803-square-meter Nexus logistics portfolio in Poland from European Logistics Investment. Rymarz Zdort advised ELI on the deal.	N/A	Poland
10-Jan	Hogan Lovells	Hogan Lovells advised German investment company Gutenberg Capital on the preliminary agreement for the acquisition of Power Park Opole from EPP.	N/A	Poland
11-Jan	Allen & Overy; Clifford Chance	Allen & Overy advised Grupa Tauron on a PLN 500 million loan granted by the Erste Group. Clifford Chance advised Erste on the deal.	PLN 500 million	Poland
11-Jan	Hogan Lovells	Hogan Lovells advised BBI Development and the Archdiocese of Warsaw on the investment agreement concerning the Roma Tower development project in Warsaw.	PLN 468.2 million	Poland
11-Jan	WKB Wiercinski Kwiecinski Baehr	Wiercinski Kwiecinski Baehr advised Poczta Polska on obtaining the European Commission's approval for PLN 215 million in state aid.	PLN 215 million	Poland
12-Jan	Allen & Overy; Dentons	Allen & Overy advised 7R on the sale of the 7R Park Krakow IX logistics building to Generali Real Estate. Dentons advised the buyer.	N/A	Poland
12-Jan	Hogan Lovells	Hogan Lovells advised arrangers Credit Agricole Corporate & Investment Bank and StormHarbour Securities on the securitization of a portfolio of lease receivables worth PLN 2.2 billion, originated by Europejski Fundusz Leasingowy.	PLN 1.7 billion	Poland
12-Jan	Allen & Overy; Greenberg Traurig; Noerr	Noerr advised Tag Immobilien on the acquisition of Polish residential property developer Robyg from Bricks Acquisitions Limited and the related EUR 750 million bridging loan. Greenberg Traurig advised the seller. Allen & Overy reportedly advised the lenders.	EUR 750 million	Poland
13-Jan	MFW Fialek	MFW Fialek advised Innova Capital portfolio company Bielenda Kosmetyki Naturalne on the acquisition of She Cosmetic Lab.	N/A	Poland
13-Jan	Clifford Chance	Clifford Chance represented Abener Energia in a six-year dispute and its EUR 92.8 million settlement with Poland's Elektrocieplownia Stalowa Wola power plant.	EUR 92.8 million	Poland
14-Jan	Dentons; DLA Piper	DLA Piper advised Stena Real Estate on its EUR 128 million acquisition of office buildings in Wroclaw and Krakow from Skanska. Dentons advised the seller.	EUR 128 million	Poland
14-Jan	Allen & Overy; Kim & Chang; Norton Rose Fulbright	Norton Rose Fulbright, working with South Korea's Kim & Chang, advised Play on a PLN 464 million financing from Banco Santander in the form of an export finance facility backed by the Korean Export Credit Agency. Allen & Overy advised the lender.	PLN 464 million	Poland
14-Jan	B2RLaw	B2RLaw advised Keyloop on corporate and employment matters related to its entry into the Polish market and the lease of its first office in Warsaw.	N/A	Poland
17-Jan	Dentons; Greenberg Traurig	Greenberg Traurig advised Hansainvest Real Assets on the EUR 285 million acquisition of Warsaw's Generation Park Y from Skanska. Dentons advised the seller.	EUR 285 million	Poland
17-Jan	Rymarz Zdort; Weil, Gotshal & Manges	Rymarz Zdort, working with Weil Gotshal & Manges in London, advised the Globe Trade Center on its EUR 123 million issuance of series O bearer shares through an accelerated book-building process.	EUR 123 million	Poland
18-Jan	Clifford Chance; Taylor Wessing	Taylor Wessing advised PHN Property Management on a seven-year loan agreement with Bank Pekao to refinance the acquisition of the Regent Warsaw Hotel. Clifford Chance advised Bank Pekao.	N/A	Poland
18-Jan	Deloitte Legal; Eversheds Sutherland	Eversheds Sutherland advised investors SilverTree Equity Partners and Perwyn on the acquisition of the Salesmanago platform and its Krakow-headquartered developer Benhauer from 3TS Capital and others. Deloitte Legal advised Benhauer on the sale.	N/A	Poland
19-Jan	Dentons; Gide Loyrette Nouel	Gide advised MNK Partners on the acquisition of the Point 44 building, in Piaseczno, from Real Management and Liberty Investments. Dentons advised the sellers on the deal.	N/A	Poland
20-Jan	Studnicki, Pleszka, Cwiakalski, Gorski	SPCG successfully represented Talia before the Court of Appeal in Gdansk in a long-term agreement termination dispute with Polska Energia-Pierwsza Kompania Handlowa.	N/A	Poland
20-Jan	Allen & Overy; Rymarz Zdort; SMM Legal	Allen & Overy advised Aramco on its expansion in Poland and Central and Eastern Europe with a number of acquisitions from Polish oil refiner and fuel retailer PKN Orlen following its planned merger with Grupa Lotos. SMM Legal advised PKN Orlen and Rymarz Zdort advised Grupa Lotos.	N/A	Poland
21-Jan	Dubinski Jelenski Masiarz And Partners; Rymarz Zdort	Rymarz Zdort advised HigoSense on its EUR 5 million Series A funding round led by Cogito Capital Partners with the participation of existing early-stage investors. Dubinski Jelenski Masiarz and Partners reportedly advised Cogito.	EUR 5 million	Poland

Date Covered	Firms Involved	Deal/Litigation	Value	Country
21-Jan	Allen & Overy; Clifford Chance	Clifford Chance advised facility agent, security agent, account bank, mandated lead arranger, original lender, and hedge counterparty Santander Bank Polska, mandated lead arranger and original lender CaixaBank Oddzial w Polsce and hedge counterparty CaixaBank on the PLN 152 million facilities agreement for the financing of a portfolio of wind farms belonging to Elawan Energy. Allen & Overy reportedly advised Elawan.	PLN 152 million	Poland
21-Jan	CMS	CMS advised Fundusz Inwestycji Infrastrukturalnych-Kapitalowy FIZAN on the sale of shares in Nowe Jaworzno Grupa Tauron to Tauron Polska Energia for more than PLN 1 billion.	PLN 1 billion	Poland
21-Jan	Wardynski & Partners; White & Case	White & Case advised GLP on leasing a facility in the Lodz East logistics park to Castorama. Wardynski & Partners advised Castorama.	N/A	Poland
21-Jan	MFW Fialek	MFW Fialek advised Music & More on the sale of a minority stake in the company to an undisclosed Luxembourg-based fund.	N/A	Poland
27-Jan	Andersen; Clifford Chance; CSW Wieckowska i Partnerzy; Greenberg Traurig; KDCP Kancelaria Doradztwa Celnego i Podatkowego Rutkowski i Wspolnicy	Andersen, Greenberg Traurig, KDCP Rutkowski i Wspolnicy, and CSW Wieckowska i Partnerzy advised the Unimot Group on its initiated acquisition of the fuel storage business and bitumen business from the Lotos Group, as part of the PKN Orlen-Lotos merger process. Clifford Chance advised a consortium of banks on financing the deal.	N/A	Poland
27-Jan	Dentons	Dentons advised PKO Bank Polski on providing financing to the VSB Group for the construction of the Baranow-Rychtal onshore wind farm in Poland.	N/A	Poland
28-Jan	Allen & Overy; Baker Mckenzie	Allen & Overy advised Echo Investment on the EUR 56 million sale of three office buildings within its mixed-use Fuzja revitalization project in Lodz to German investment manager KGAL Group. Baker McKenzie reportedly advised KGAL.	EUR 56 million	Poland
28-Jan	Allen & Overy	Allen & Overy advised Cordiant Digital Infrastructure Limited on its acquisition of Emitel from Alinda Capital Partners.	N/A	Poland
31-Jan	B2RLaw; CMS; Dentons	B2RLaw advised the Focus Estate Fund on the acquisition of Turawa Park shopping center from Abrdn. Dentons advised BNP Paribas Bank Polska on financing the acquisition. CMS advised the seller.	N/A	Poland
1-Feb	Greenberg Traurig; Rymarz Zdort; Weil Gotshal & Manges	Greenberg Traurig advised global coordinator Dom Maklerski Banku Handlowego on the PLN 138 million sale of 6% of Ten Square Games' shares, through an accelerated book-building process. Rymarz Zdort, working with Weil Gotshal & Manges, advised Ten Square Games shareholders and founders Maciej Popowicz and Arkadiusz Pernal on their sale.	PLN 138 million	Poland
2-Feb	Allen & Overy; B2RLaw	B2RLaw advised South Africa-based Fortress REIT on its agreement with Polish industrial developer MDC2 for the development of the MDC2 Park Lodz South warehouse project, including the acquisition of land for the project. Allen & Overy reportedly advised MDC2.	N/A	Poland
3-Feb	Crido Legal; LSW Lesnodorski Slusarek & Partners	Crido advised Akredo on its acquisition of the Loando Group from Tymon Zastrzezynski and Maciej Suwik. LSW Lesnodorski Slusarek & Partners advised the sellers on the deal.	N/A	Poland
3-Feb	B2RLaw; Kondracki Celej	B2RLaw advised SaaS Labs on its acquisition of CallPage. Kondracki Celej advised the shareholders of CallPage.	N/A	Poland
3-Feb	Rymarz Zdort; Soltysinski Kawecki & Szlezak	Rymarz Zdort advised Alseva Group's seller Anna Zagrajek on the sale of shares in the group to Sunly and the subsequent acquisition of a shareholding in Sunly. Soltysinski Kawecki Szlezak advised Sunly on the deal.	N/A	Poland
4-Feb	Allen & Overy; Dentons	Dentons advised Banco Santander, Santander Bank Polska, the EIB, CaixaBank, and Denmark´s EKF Export Credit Agency on a PLN 674 million financing to EDP Renewables subsidiaries. Allen & Overy reportedly advised EDPR.	PLN 674 million	Poland
4-Feb	Clifford Chance; Wolf Theiss	Clifford Chance advised R.Power on a power purchase agreement for a 300-megawatt solar plant portfolio in Poland with Axpo Polska. Wolf Theiss advised Axpo.	N/A	Poland
4-Feb	Kancelaria Kurek Wojcik; Linklaters	Linklaters advised CBRE Investment Management on the acquisition of the D building of the 7R Park Beskid I logistics center from 7R. Kancelaria Kurek, Wojcik i Partnerzy reportedly advised 7R.	N/A	Poland
7-Feb	Act (BSWW); Dentons	Act BSWW advised Strabag Real Estate on its acquisition of the Galeria Plaza building from Peakside Group company CP-Plaza. Dentons advised the seller.	N/A	Poland

Date Covered	Firms Involved	Deal/Litigation	Value	Country
9-Feb	Taylor Wessing	Taylor Wessing advised BioMaxima on the transfer of the company's listing from NewConnect to the main trading floor of the Warsaw Stock Exchange.	N/A	Poland
10-Feb	Deloitte Legal; Norton Rose Fulbright	Norton Rose Fulbright advised a club of banks including Bank Pekao, Erste Group Bank, ING Bank Slaski, PKO Bank Polski, and Santander Bank Polska on a PLN 864 million financing for R.Power Group's solar power plant portfolio. Deloitte Legal reportedly advised R.Power on the deal.	PLN 864 million	Poland
10-Feb	Allen & Overy	Allen & Overy advised FLE GmbH on the financing for its acquisition of the Mokotow Plaza office building in Warsaw and the Rockwell Automation facility in Katowice. The financing was provided by Erste Group Bank.	N/A	Poland
11-Feb	DLA Piper; White & Case	DLA Piper advised SoftwareONE Holding on the acquisition of Predica. White & Case advised the seller.	N/A	Poland
11-Feb	Allen & Overy; Baker Mckenzie; Dentons	Allen & Overy advised Solida Capital on its EUR 40 million acquisition of the West 4 Business Hub I office building from Echo Investment. Dentons and Baker McKenzie advised the seller.	EUR 40 million	Poland
14-Feb	Glowacki i Wspolnicy; Norton Rose Fulbright	Norton Rose Fulbright advised Swiss fund manager Susi Partners on the establishment of a renewable energy platform in Poland, in collaboration with local energy service provider Luneos. Glowacki i Wspolnicy reportedly advised Luneos on the deal.	N/A	Poland
14-Feb	PwC Legal; WKB Wiercinski Kwiecinski Baehr	WKB Wiercinski Kwiecinski Baehr has advised Avia Capital Fund on the acquisition of the majority of shares in Pro-Project. PwC Legal reportedly advised the sellers.	N/A	Poland
15-Feb	DWF	DWF successfully represented Centrum Krokus and Centrum Serenada in a EUR 30 million ICC arbitration.	EUR 30 million	Poland
19-Jan	SSK&W; Stratulat Albulescu	Stratulat Albulescu advised XVision on a EUR 1 million seed funding round led by bValue. SSK&W Stoklosa Syp & Wspolnicy advised bValue on the deal.	EUR 1 million	Poland; Romania
3-Jan	Deloitte Legal (Reff & Associates); Dentons; Tuca Zbarcea & Asociatii	Tuca Zbarcea & Asociatii advised Banca Transilvania on a EUR 49.5 million syndicated loan to the African Industries Group financing the acquisition of Thames Farming Enterprises. Dentons advised AIG on financing and the English law-governed acquisition. Deloitte Legal's Reff & Associates advised AIG on the acquisition transaction.	EUR 49.5 million	Romania
3-Jan	Act Legal (Botezatu Estrade); BPV Grigorescu Stefanica; Dentons	BPV Grigorescu Stefanica advised Austrian-based property group Supernova on the acquisition of six Romanian shopping centers from Cora. Act Legal Botezatu Estrade Partners advised Cora's parent companies, the Louis Delhaize and Galimmo groups. Dentons advised the banks financing the transaction.	N/A	Romania
5-Jan	RTPR; Tuca Zbarcea & Asociatii	Radu Taracila Padurari Retevoescu advised Meridiam on its acquisition of a shareholding stake in Netcity Telecom from E-Infra. Tuca Zbarcea & Asociatii advised the seller.	N/A	Romania
17-Jan	LDDP	Leaua Damcali Deaconu Paunescu, working with Geneva-based Lalive, successfully represented Romania in international arbitration proceedings against claims amounting to RON 9 billion.	RON 9 billion	Romania
17-Jan	Albota Law Firm; Popovici Nitu Stoica & Asociatii	The Albota Law Firm advised Atenor on its EUR 50 million sale of the Dacia One Project to Paval Holding. Popovici Nitu Stoica & Asociatii advised the buyer.	EUR 50 million	Romania
18-Jan	Deloitte Legal (Reff & Associates); RTPR	Radu Taracila Padurari Retevoescu advised Adidana's founder Adrian Ionescu on the sale of the company to RDF. Deloitte Legal's Reff & Associates reportedly advised RDF on the deal.	N/A	Romania
18-Jan	Nagy & Associates; Sirbu & Vornicu Law	Sirbu & Vornicu Law advised the Kesz Group on its acquisition of a 16,000 square-meter plot in Bucharest from Radox founder Cornel Rosu. Nagy & Associates reportedly also advised Kesz.	N/A	Romania
19-Jan	Berechet Rusu Hirit; Vlasceanu, Nyerges & Partners	Vlasceanu, Nyerges & Partners advised Shikun & Binui Energy on the acquisition of a 67.5-megawatt photovoltaic park in Romania from Monsson. Berechet Rusu Hirit advised Monsson.	N/A	Romania
19-Jan	Deloitte Legal (Reff & Associates)	Deloitte Legal's Reff & Associates advised real estate developer Speedwell on its acquisition of a nine-hectare plot located on the Griro platform, in Bucharest.	N/A	Romania
20-Jan	Zamfirescu Racoti Vasile & Partners	Zamfirescu Racoti Vasile & Partners advised private equity and private credit investment firm CEECAT Capital on the takeover procedure of a majority stake in Modulo Decorative Solutions based in Cluj, Romania, from Valhall and Mihai Gavris.	N/A	Romania
20-Jan	Nestor Nestor Diculescu Kingston Petersen	NNDKP advised Tech Mahindra on the acquisition of the Allyis group.	USD 125 million	Romania

Date Covered	Firms Involved	Deal/Litigation	Value	Country
21-Jan	Popovici Nitu Stoica & Asociatii	Popovici, Nitu, Stoica & Associates advised Ameropa Grains on its acquisition of the Mirosi/Caldararu agricultural base, including warehouses, silos, dwellings, and offices, from Agricover Group's Net Farming.	N/A	Romania
21-Jan	Grecu & Associates	Grecu & Asociatii advised Romania-Insider.com on Marius Istrate's investment in the media company.	N/A	Romania
24-Jan	PwC Legal (D&B David and Baias)	PwC affiliated law firm D&B David and Baias advised French group Piriou on its acquisition of Romania's ATG Naval Shipyard in Giurgiu from investors Teodor Apostol and Adrian Patriche.	N/A	Romania
25-Jan	Niculeasa Law Firm	The Niculeasa Law Firm successfully represented Laminorul Braila in a VAT adjustment case before the Romanian High Court of Cassation and Justice (ICCJ).	N/A	Romania
25-Jan	Vertis Legal	Vertis Legal successfully represented Romanian basketball titleholder U-Banca Transilvania Cluj-Napoca and players Giordan Watson and Patrick Richard in a dispute with the Romanian Basketball Federation (FRB) over the team's right to field two naturalized athletes.	N/A	Romania
26-Jan	Tuca Zbarcea & Asociatii	Tuca Zbarcea & Asociatii advised the AYA Properties Fund on its acquisition of Record Park Offices from Speedwell and Baltisse for EUR 35 million.	EUR 35 million	Romania
27-Jan	Kinstellar; Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica & Asociatii advised Ameropa on its acquisition of 30% stakes in agribusiness companies Promat Comimpex and Agroind Cauaceu in Romania. Kinstellar advised the sellers.	N/A	Romania
27-Jan	Herzog Fox & Neeman; Simion & Baciu; Wiggin	Simion & Baciu, working with Wiggin in the UK, advised Broadway Gaming subsidiary Saphalata Holdings on its USD 50 million acquisition of the bingo business from 888 Holdings. Israel's Herzog Fox & Neeman advised the seller.	USD 50 million	Romania
27-Jan	Vlasceanu, Nyerges & Partners	Vlasceanu, Nyerges & Partners advised Axxess Capital's Partners Horia Manda and Valentin Tabus on their EUR 550,000 investment in educational technology start-up Brio.	EUR 550,000	Romania
4-Feb	Filip & Company; PwC Legal (D&B David and Baias)	Filip & Company advised the Tiriac Group on the sale of Tiriac Leasing to Banca Transilvania. PwC affiliated law firm D&B David and Baias advised Banca Transilvania on the deal.	N/A	Romania
7-Feb	Filip & Company; RTPR	RTPR advised Autonom Services on the acquisition of Tiriac Group's operational leasing business, Premium Leasing. Filip & Company advised the Tiriac Group on the deal.	N/A	Romania
7-Feb	Nestor Nestor Diculescu Kingston Petersen; Revnic, Cristian si Asociatii	Nestor Nestor Diculescu Kingston Petersen advised Medicover on its acquisition of Polaris Medical in Cluj-Napoca from the Socea family. Revnic, Cristian si Asociatii advised the sellers on the deal.	N/A	Romania
7-Feb	EY Legal (Bancila, Diaconu si Asociatii); Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica si Asociatii advised Hexagon Retail Properties on the acquisition of the Ferrosan plant from GSK. Bancila, Diaconu si Asociatii advised the seller.	N/A	Romania
7-Feb	Noerr	Noerr advised Stada Arzneimittel Group subsidiary Stada Romania on its EUR 48.3 million investment in Aries Industrial Park in Turda.	EUR 48.3 million	Romania
7-Feb	BPV Grigorescu Stefanica; RTPR	Radu Taracila Padurari Retevoescu advised Sarmis Capital on its acquisition of a 55% stake in Smart ID Dynamics. BPV Grigorescu Stefanica advised the shareholders of Smart ID.	N/A	Romania
10-Feb	Moldovan & Partners; Tuca Zbarcea & Asociatii	Tuca Zbarcea & Asociatii advised Revetas Capital on its disposal of the Vitantis Shopping Center to Praktiker Real Estate Romania. Moldovan & Partners reportedly advised Praktiker.	N/A	Romania
11-Feb	Wolf Theiss	Wolf Theiss advised German wind turbine manufacturer Enercon on the sale of its Romanian subsidiary Ecoenergia operating a 15-turbine 34.5-megawatt wind farm to Premier Energy.	N/A	Romania
11-Feb	BPV Grigorescu Stefanica; CEE Attorneys	CEE Attorneys/Boanta, Gidei si Asociatii advised existing investor Sparking Capital on KFactory's new financing round. BPV Grigorescu Stefanica advised KFactory and its founders.	EUR 600,000	Romania
11-Feb	Filip & Company; Linklaters	Filip & Company, working with Linklaters, advised the Ministry of Public Finance of Romania on a USD 2.4 billion two-tranche bond issuance and the early redemption and partial switch of three series of state bonds denominated in USD.	USD 2.4 billion	Romania

Date Covered	Firms Involved	Deal/Litigation	Value	Country
11-Feb	Badiu & Matei; EY Legal (Bancila, Diaconu si Asociatii)	EY associated firm Bancila, Diaconu si Asociatii advised Roca Industry on its acquisition of a 70% stake in Eco Euro Doors from the Casvean family. Badiu & Matei reportedly advised the sellers on the deal.	N/A	Romania
14-Feb	Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica & Asociatii successfully represented the interests of Fondul Proprietatea in court by securing a suspension of a RON 4 billion uneven share capital increase of the Bucharest Airports National Company.	N/A	Romania
15-Feb	Popovici Nitu Stoica & Asociatii	Popovici Nitu Stoica & Asociatii advised Redport Capital and Mobexpert on the acquisition of a 44,000 square-meter land plot near Petrom City in Bucharest from OMV Petrom.	N/A	Romania
7-Jan	DLA Piper; Hogan Lovells	DLA Piper advised Russian IT company Rubbles on its USD 6 million series B investment round. Hogan Lovells reportedly advised investor Elbrus Capital.	USD 6 million	Russia
10-Jan	DLA Piper; Norton Rose Fulbright	DLA Piper advised the shareholders of Vochi on its sale to Pinterest. Norton Rose Fulbright reportedly advised the buyer.	N/A	Russia
10-Jan	Alrud; DLA Piper; Nektorov Saveliev & Partners	DLA Piper advised VimpelCom on the acquisition of IBS DataFort. Nektorov, Saveliev & Partners advised the seller. Alrud reportedly also advised VimpelCom.	N/A	Russia
12-Jan	Allen & Overy; Egorov Puginsky Afanasiev & Partners; Freshfields	Allen & Overy advised Veon and VimpelCom on their RUB 70.65 billion sale of mobile network towers in Russia to Service-Telecom. Egorov Puginsky Afanasiev & Partners supported Service-Telecom in obtaining FAS clearance for the transaction, while Freshfields Bruckhaus Deringer reportedly advised Service-Telecom on the deal.	RUB 70.65 billion	Russia
17-Jan	Rybalkin, Gortsunyan & Partners	Rybalkin, Gortsunyan & Partners advised Beijing-headquartered urban mobility technology company Didi on expanding in the Russian market.	N/A	Russia
17-Jan	DLA Piper; Linklaters	DLA Piper is advising Russian coal mining company Raspadskaya on its demerger from steelmaker Evraz. Linklaters is advising Evraz on the transaction.	N/A	Russia
20-Jan	Alrud	Alrud advised Gazprom Neft on the sale of a 50% equity stake in its subsidiary Meretoyakhaneftegaz to Lukoil within the establishment of a joint venture for the development of an oil and gas cluster in the Nadym-Pur-Taz region.	N/A	Russia
20-Jan	DLA Piper; O2Consulting	DLA Piper advised Breffi on a RUB 750 million investment from Elbrus Capital. O2 Consulting reportedly advised Elbrus Capital on the deal.	RUB 750 million	Russia
21-Jan	Baker Botts	Baker Botts advised Russia's Sovcombank on its acquisition of the CIV Life insurance company from Talanx subsidiary HDI International.	N/A	Russia
21-Jan	DLA Piper; Squire Patton Boggs	DLA Piper advised Taxiaggregator and its founder on the sale of the company to Qiwi. Squire Patton Boggs reportedly advised Qiwi on the deal.	N/A	Russia
25-Jan	Bryan Cave Leighton Paisner; Centil; Providens	Bryan Cave Leighton Paisner advised Avito Jobs on its USD 1.2 million investment in HR Messenger. Centil reportedly advised Avito as well. ProVidens reportedly advised HR Messenger.	USD 1.2 million	Russia
10-Feb	Bryan Cave Leighton Paisner; Herbert Smith Freehills	Bryan Cave Leighton Paisner advised a consortium including the Mubadala Investment Company and Sberbank Investments on its investment in IXcellerate. Herbert Smith Freehills advised the IXcellerate Group.	N/A	Russia
11-Feb	Nektorov Saveliev & Partners	Nektorov, Saveliev & Partners represented the Zhefu Holding Group before the Amur Oblast Arbitration Court in a case related to the recognition and enforcement of a Beijing Arbitration Commission decision.	RUB 122 million	Russia
14-Feb	Egorov Puginsky Afanasiev & Partners; Kromann Reumert	Egorov Puginsky Afanasiev & Partners, working with Kromann Reumert, advised A4 Agri and S.A. Christensen & Co on the sale of shares of SAC's Russian subsidiary to American dairy manufacturer BouMatic.	N/A	Russia
14-Feb	Bryan Cave Leighton Paisner	Bryan Cave Leighton Paisner successfully defended the interests of VimpelCom in a first instance dispute regarding the recovery of antimonopoly damages.	N/A	Russia
5-Jan	Bojovic Draskovic Popovic & Partners; NKO Partners	NKO Partners advised the Dr. Max Group on its acquisition of Serbian pharmacy chain Zlatni Lav. Bojovic Draskovic Popovic & Partners advised the seller.	N/A	Serbia
5-Jan	Zivkovic Samardzic	Zivkovic Samardzic advised Serbian Bookers on its partnership with OTA Sync.	N/A	Serbia
11-Jan	NKO Partners	NKO Partners advised CTP on its acquisition of 5 hectares of land in Kragujevac from Forma Ideale intended for the expansion of CTPark Kragujevac, a logistics park occupied by Yanfeng Automotive Interiors.	N/A	Serbia
17-Jan	Karanovic & Partners	Karanovic & Partners advised the Green for Growth Fund on extending its RSD 1.7 billion loan facility with UniCredit Bank Serbia.	RSD 1.7 billion	Serbia

Date Covered	Firms Involved	Deal/Litigation	Value	Country
18-Jan	Allen & Overy; Brigard Urrutia; Freshfields; Karanovic & Partners; Lenz & Staehelin; Levine Keszler; Mamo TCV; Morais Leitao	Karanovic & Partners, working with Freshfields Bruckhaus Deringer in Brussels, advised the Ardent Group on the Serbian aspects of its sale of Gaming1 to CVC Capital Partners Fund VIII. Allen & Overy advised CVC on its investment and related financing.	N/A	Serbia
19-Jan	Harrisons	Harrisons advised the EBRD on a EUR 5 million loan to the city of Belgrade for the implementation of energy efficiency measures in four public buildings.	EUR 5 million	Serbia
24-Jan	Harrisons	Harrisons advised the EBRD on a EUR 10 million loan to OTP Leasing Serbia.	EUR 10 million	Serbia
25-Jan	NSTLAW	NSTLAW advised the Rustler Group and its Serbian affiliate Hauzmajstor and its local management on the corporate restructuring as a result of which management entered the ownership structure of Hauzmajstor.	N/A	Serbia
28-Jan	Jankovic Popovic Mitic	Jankovic Popovic Mitic advised BG Urban Lux on its EUR 1.3 million acquisition of the Ima Dana restaurant in Belgrade from the bankruptcy estate of BIP, the Belgrade Beer Industry.	EUR 1.3 million	Serbia
2-Feb	Cvjeticanin & Partners	Cvjeticanin & Partners advised Pirelli Tyre on the recognition and enforcement in Serbia of an arbitral decision of the Milano Arbitration Chamber.	EUR 115,000	Serbia
3-Feb	Dentons	Dentons successfully represented nine members of a Slovak Romani community before the District Court Kosice II, on a pro bono basis, in a seven-year dispute regarding their forced eviction.	N/A	Slovakia
7-Jan	CMS	CMS advised Slovakia's Nafta International on the buyout of its joint venture partner Cub Energy to become the sole owner of the Ukrainian company holding a license for the exploration and production of hydrocarbons near Uzhhorod.	N/A	Slovakia; Ukraine
2-Feb	Karanovic & Partners (Ketler & Partners); Rojs, Peljhan, Prelesnik & Partners	Ketler & Partners, a member of Karanovic, advised Invera Equity Partners on its acquisition of a 58.2% stake in Marles Hise Maribor. Rojs, Peljhan, Prelesnik & Partners advised Marles on the deal.	N/A	Slovenia
3-Jan	BTS & Partners	BTS & Partners advised Eczacibasi Momentum on its USD 12 million Series A Round investment in RS Research.	USD 12 million	Turkey
6-Jan	Cakmak; Tunc Firat Dereli	Cakmak advised Turcas Petrol on the sale of its Kuyucak geothermal power plant to Albioma. Tunc Firat Dereli advised the buyer.	N/A	Turkey
10-Jan	BTS & Partners; Gokce; Turunc	Turunc advised Logo Ventures and Tech One on their investment into Evreka. Gokce advised Evreka on the investment round. BTS & Partners advised the Technology Development Foundation of Turkey on its investment.	USD 2.2 million	Turkey
13-Jan	Akol Law Firm; Cakmak	Cakmak advised Plaskolite on the sale of its shares in joint-venture PIA Akrilik to JV partner Sirius Plastik. Akol Law advised Sirius Plastik on the deal.	N/A	Turkey
20-Jan	Paksoy	Paksoy advised Global Founders Capital on its USD 1 million investment in Avane Cloud Kitchens. Solo practitioner Mustafa Goluoglu reportedly advised Cloud Kitchens on the deal.	USD 1 million	Turkey
21-Jan	Arikan Law Firm; Paksoy	Paksoy advised Global Founders Capital on leading a USD 2 million seed funding round for Norma. The Arikan Law Firm reportedly advised Norma on the deal.	USD 2 million	Turkey
21-Jan	Kinstellar; Kinstellar (Gen Temizer Ozer); Paksoy	Paksoy advised Global Founders Capital on its USD 600,000 investment in Beije. Kinstellar Turkey affiliate firm Gen Temizer Ozer advised Beije on the deal.	USD 600,000	Turkey
24-Jan	Baker Mckenzie; Baker Mckenzie (Esin Attorney Partnership)	Baker McKenzie and its Turkish affiliated firm Esin Attorney Partnership advised ING Bank, ING-DiBa, and SACE on a EUR 50 million SACE Push Facility for the Izmir Metropolitan Municipality.	EUR 50 million	Turkey
1-Feb	Goodwin Procter; Kinstellar (Gen Temizer Ozer); Orrick Herrington & Sutcliffe	Kinstellar and its Turkish affiliated firm Gen & Temizer Ozer advised Turkish developer Dream Games on a USD 255 million Series C investment round, led by Index Ventures. Orrick, Herrington & Sutcliffe reportedly advised Dream Games on English law. Goodwin Procter reportedly advised Index.	USD 255 million	Turkey
4-Feb	Allen & Overy; Paksoy	Paksoy advised Coca-Cola Icecek on a USD 500 million seven-year issuance of 144A/ RegS bonds at a fixed coupon rate of 4.50%. Joint book runners HSBC Bank, JP Morgan Securities, and Merrill Lynch International were reportedly advised by Allen & Overy.	USD 500 million	Turkey
8-Feb	BTS & Partners; Kolcuoglu Demirkan Kocakli	BTS & Partners advised Arisan Kimya's shareholders on the sale of the company to Vinmar International. Kolcuoglu Demirkan Kocakli advised the buyer.	N/A	Turkey

Date Covered	Firms Involved	Deal/Litigation	Value	Country
15-Feb	Gide Loyrette Nouel (Ozdirekcan Dundar Senocak)	Gide's Turkish affiliated firm Ozdirekcan Dundar Senocak advised Schindler Turkeli on the acquisition of OM Elektrik Makina.	N/A	Turkey
15-Feb	BTS & Partners; White & Case	BTS & Partners advised Revo Capital on co-leading an USD 11 million seed round for Midas, alongside Spark Capital and Earlybird Venture Capital, with the participation of Nigel Morris. White & Case reportedly advised Midas.	USD 11 million	Turkey
20-Jan	Dentons; Dentons (BASEAK)	Dentons and BASEAK assisted Volkswagen in obtaining antitrust and merger control clearances for a joint venture with Italian energy supplier Enel X.	N/A	Turkey; Ukraine
5-Jan	Asters	Asters successfully represented Oschadbank before the Kyiv Commercial Court in a USD 25 million dispute with Cypriot company Opalcore.	USD 25 million	Ukraine
11-Jan	Asters; Bird & Bird	Asters advised the EBRD on a EUR 15 million secured loan to Ukraine's Zelena Dolyna agricultural complex. Bird & Bird reportedly advised the EBRD on English law-related matters.	EUR 15 million	Ukraine
13-Jan	Sayenko Kharenko	Sayenko Kharenko advised the EBRD on a EUR 10 million synthetic loan in local currency to Bank Lviv.	EUR 10 million	Ukraine
14-Jan	Sayenko Kharenko	Sayenko Kharenko, working with an international Allen & Overy team, advised Avenga on the acquisition of the Perfectial Group.	N/A	Ukraine
14-Jan	Sayenko Kharenko	Sayenko Kharenko successfully represented Ultra Play and Kronospan UA in an anti-dumping investigation related to imports of Belarusian plywood into Ukraine.	N/A	Ukraine
17-Jan	Vasil Kisil & Partners	Vasil Kisil & Partners advised OCEA on contracting the Nibulon Shipbuilding and Repair Yard for the construction of five OCEA FPB 98 MKI fast patrol boats.	N/A	Ukraine
19-Jan	CMS	CMS advised Air Products on the establishment of a joint venture with ArcelorMittal for the construction of a new air separation unit at the ArcelorMittal Kryvyi Rih steel plant in Ukraine. CMS also advised the JV on securing a long-term loan of up to USD 81 million from the EBRD for the unit's design, construction, and operation.	USD 81 million	Ukraine
20-Jan	Asters; Slaughter and May	Asters, working with Slaughter and May, advised Arawak Energy Ukraine, a member of the Vitol group, on the sale of a 50% stake in Geo-Alliance Oil-Gas Public Limited to gas producer Geo Alliance Group Limited.	N/A	Ukraine
21-Jan	Bird & Bird; Sayenko Kharenko	Sayenko Kharenko, working with Bird & Bird in Italy, successfully represented Sistema Prosecco before the Supreme Court of Ukraine in an unfair competition case over a Ukrainian wine producer using Prosecco branding for its wines.	N/A	Ukraine
24-Jan	Arzinger	Arzinger advised Siriusproject Lviv on the refinancing of shopping and entertainment mall King Cross Leopolis in Lviv.	N/A	Ukraine
31-Jan	Sayenko Kharenko	Sayenko Kharenko advised Elementum Energy Limited on its acquisition of a majority stake in Lymanska Vitroelektrostantsiia from Ukraine Power Resources.	N/A	Ukraine
8-Feb	Aramis; Integrites	Integrites, working with Aramis, advised the InVivo Group on obtaining merger clearance in Ukraine and Kazakhstan for its EUR 2.2 billion acquisition of the Soufflet Group.	N/A	Ukraine
9-Feb	Arzinger	Arzinger successfully defended the interests of Roust Ukraine in a labor dispute with a former employee.	N/A	Ukraine
9-Feb	Peterka & Partners	Peterka & Partners successfully represented France's Bureau National Interprofessionnel du Cognac (BNIC) in registering the French 'Cognac' geographical indication in the Ukrainian Customs Register of Intellectual Property Rights.	N/A	Ukraine
11-Feb	Esquires Attorneys At Law	Esquires successfully represented Limagrain Ukraine in a tax dispute before the Kyiv Sixth Appeal Administrative Court.	N/A	Ukraine
14-Feb	Avellum	Avellum advised both Q Partners and UPD Holdings Limited on obtaining merger control clearance for Q Partners' acquisition of a 55% stake in UPD from the Antimonopoly Committee of Ukraine.	N/A	Ukraine
14-Feb	CMS	CMS advised the PrimoCollect Group on obtaining the National Bank of Ukraine's approval for its acquisition of a significant stake in the Tiger Finance non-banking financial company.	N/A	Ukraine
14-Feb	Vasil Kisil & Partners	Vasil Kisil & Partners advised youth entrepreneurship educator Junior Achievement Europe on the establishment of its institutional presence in Ukraine through a specialized NGO called Junior Achievement Ukraine.	N/A	Ukraine
15-Feb	Arzinger	Arzinger successfully represented the interests of Shell in a labor dispute.	N/A	Ukraine

ON THE MOVE: NEW HOMES AND FRIENDS

Serbia: Matkovic & Partners Opens Sierra Leone Office

By Radu Cotarcea (December 16, 2021)

Serbian law firm Matkovic & Partners has announced it opened an office in Freetown, Sierra Leone.

According to the firm, the office will "focus on our expanding mining and energy industry practices in West Africa and will serve as a hub for the rest of the continent."

Kanu & Associates Partner Emmanuel Tondoneh will join the firm as an 'external member' and will be the Partner for West Africa operations.

Bulgaria: Komarevski Dimitrov & Partners Opens Its Doors

By Andrija Djonovic (December 20, 2021)

Former Tsvetkova Bebov Komarevski Partners Ilya Komarevski and Venelin Dimitrov have established a new firm in Sofia – Komarevski Dimitrov & Partners.

Komarevski had been with his previous firm since 2004.

Dimitrov had been with TBK since March 2008, when he joined as a Senior Associate. He was promoted to Managing Associate in 2014, Senior Managing Associate in 2016, and Partner in 2018. Prior to TBK, he worked as a Senior Legal Counsel with Landwell Bulgaria and as an Associate with Bratoev & Konov.

Iva Georgieva, Mileslava Bogdanova-Misheva, and Aleksandar Aleksandrov complete the current KDP roster as Senior Associates, with the team "currently expanding further to meet the demand of their existing and new corporate clients."

According to the firm, its "strategic goal is building a strong fully-fledged independent business law firm that cooperates on a non-exclusive basis with top international law firms and offers premium legal solutions to reputable clients."

Bulgaria: TBK Announces Appointments and New Name: Tsvetkova Bebov & Partners

By Radu Cotarcea (December 21, 2021)

Tsvetkova Bebov Komarevski has changed its name to Tsvetkova Bebov & Partners, following the departure of Ilya Komarevski. Aside from the new name, the firm announced that Victoria Tzonkova and Damyan Leshev were elevated to Partner, while Eleonora Mateina was appointed to Head of Competition and Pharmaceuticals.

Tzonkova has been with the firm since September 2011. Prior to that, she was an Attorney-at-Law with McGregor & Partners, between 2008 and 2011, and an Attorney-at-Law with DGKV, between 2004 and 2008. According to the firm, she specializes in litigation, energy law, corporate/M&A, and labor law.

Leshev, who is the Co-Head of the Financial Services Law Group, first joined the firm in May 2015, as a Managing Associate. Before that, he was a Senior Legal Advisor with Karoll, between 2014 and 2015, and a Legal Advisor with Postbank (Eurobank Bulgaria), between 2011 and 2014.

The new head of the Competition and Pharmaceuticals departments, Mateina, has been with the team since February 2015, when she joined from Georgiev, Roussinov & Co.

Poland: Christian Schnell Joins Dentons as Partner in Warsaw Together With Team

By Teona Gelashvili (January 17, 2022)

Former Solivan Partner Christian Schnell has joined Dentons as a Partner in the firm's Energy and Natural Resources practice. Based in Warsaw, Schnell will also practice in the firm's Munich office. He is joined by Counsel Piotr Dziwniel, Senior Associate Olga Wasilewska, and Associate Ewa Golabek.

According to Dentons, "Schnell has more than 20 years of experience in advising on renewable energy regulation, projects, and investments." Prior to joining Dentons, Schnell was a Partner with Solivan for seven years. Earlier, he spent two years with DeBenedetti Majewski Szczesniak, between 2012 and 2014, another two with Taylor Wessing, between 2009 and 2011, and five years with BSJP and Cerha Hempel, between 2002 and 2008. Earlier still, he was a Senior Associate with Roedl & Partner in Germany.

"Christian's unique experience, skills, and knowledge will help us build a natural bridge from Poland to the rest of Central and Eastern Europe and Germany," Dentons Poland Managing Partner Arkadiusz Krasnodebski commented. "We will now be even better able to respond to the aspirations and needs of our customers, especially those from Germany, Austria, Switzerland, and Scandinavia, who have a leading role in the development of energy projects in our country and in the CEE region." ■

Russia: Noerr Exits Russia with Local Team to Continue as Arno Legal

By Andrija Djonovic (January 20, 2022)

Noerr has announced that, as of January 19, its Russian office will be running independently as Arno Legal, working in cooperation with Noerr.

According to the Noerr, Stefan Weber, Viktor Gerbutov, Vyacheslav Khayryuzov, Olga Mokhonko, and Maxim Vladimirov will stay with the new firm, adding that Arno Legal will "work closely with Noerr going forward. Little will change for Noerr's clients."

"The close cooperation with Noerr guarantees the seamless continuation of client work," said Bjorn Paulsen, Noerr Partner responsible for the Moscow office since 2011. "The new partners of Arno Legal have all worked for Noerr in Moscow for over ten years, are well integrated into the cross-border teams, and have extensive experience with major projects in Russia and the CIS countries," added Stefan Weber, Head of Noerr's Moscow office to date.

According to Noerr, "Bjorn Paulsen will now head up the firm's new Russia Desk from Hamburg and Berlin and ensure smooth collaboration with the new cooperation partner."

"In Russia, we concluded that due to the altered market conditions, a cooperation makes the most sense going forward," added Co-Managing Partner Torsten Fett. "The continuation of the office by the former Noerr team will still guarantee a high standard of service and quality." ■

Poland: Path Augustyniak Hatylak and Partners Joins Forces with Kielian and Partners

By Andrija Djonovic (January 25, 2022)

Path Augustyniak Hatylak and Partners has joined forces with Kielian and Partners. From now on, the law firms will operate under one brand – Path Law Hatylak Kielian and Partners.

According to the newly formed firm, "the merger strengthens our existing corporate and M&A practice and adds new competencies such as: venture capital and private equity, investment funds, renewable energy sources, litigation, arbitration, bankruptcy and restructuring proceedings."

Path Law Hatylak Kielian and Partners is led by five partners, including Piotr Augustyniak, Tomasz Hatylak, Sergiusz Kielian, Dominika Mizielinska, and Maciej Owczarewicz.

There are also two Of Counsels, three Senior Associates, and six Associates working with the firm. ■

Croatia: Kinstellar Integrates Zuric i Partneri

By Radu Cotarcea (January 26, 2022)

Kinstellar has announced it is entering the Croatian market by integrating the Zuric i Partneri (ZiP) law firm. While the local firm will keep its name, “ZiP is now a fully integrated office of Kinstellar.”

Kinstellar’s practice in Croatia will be led by Co-Managing Partners Dusko Zuric and Miroslav Plascar. The team has 22 lawyers, including five partners.

“The expansion to Zagreb is part of our strategy to provide full-service coverage across all of Emerging Europe,” a Kinstellar press release stated. “By joining forces, we broaden our offering in the western Balkans and leverage the resources and expertise of our firm to deliver exceptional client service.”

“We have attracted a high-quality team with strong market recognition and a close cultural fit with Kinstellar,” commented Kinstellar Senior Partner Jason Mogg. “We are confident that with this team, Kinstellar will maintain the established top-tier position in the Croatian market and enhance the regional appeal that the firm has already built. We are happy to have found a team complementary to our values and goals. We wish them a warm welcome and look forward to working together!”

“From the very beginnings of the Zuric i Partneri law firm, creating a law practice with a genuine international profile was always a driving force of our team,” added Zuric. “By becoming part of Kinstellar, a law firm with 11 offices across Europe, Turkey, and Central Asia, we have added a new value to a long tradition of pioneering the market and going forward to new horizons. We are certain that with Kinstellar we will strengthen our position in the Croatian and regional market. Looking forward to starting a new chapter together!”

The news follows a few months after Kinstellar scooped up the former DLA Piper office in Ukraine (reported by CEE Legal Matters on June 14, 2021). CEE Legal Matters spoke with Co-Managing Partners Olena Kuchynska, Margarita Karpenko, and Senior Counsel Daniel Bilak – the Management Committee of the combined team – to learn more about the merger and their plans going forward in an interview available here. ■

Ukraine: Agreca Law Firm Joins Arzinger

By Andrija Djonovic (February 7, 2022)

Transport and infrastructure boutique Agreca Law Firm has joined Arzinger, which now has two additional Partners – Andrii Pidhainyi and Maryna Sharapa.

According to Arzinger, from 1997 through 2005, Pidhainyi headed the Legal Department of the State Property Fund of Ukraine. In 2005 he left the civil service and became a co-founder and Managing Partner of Agreca. In addition to public sector transactions, Pidhainyi also specializes in government relations.

According to Arzinger, in 1999 Sharapa headed the disputes and claims sector in the Legal Department of the State Property Fund of Ukraine, before co-founding Agreca, in 2005. Her specialization is in supporting PPP/concession projects, privatization agreements, and leases.

“Privatization processes in Ukraine have recently intensified, and investments in infrastructure construction and renovation have increased significantly,” Managing Partner Timur Bondaryev commented. “Our firm has traditionally had a considerable amount of work in these areas. By welcoming Andrii Pidhainyi and Maryna Sharapa as well as their team in our firm we bring the best industry expertise in Ukraine in the fields of transport, infrastructure, privatization, and PPP under one roof, thus creating even more opportunities for our clients.” ■

Czech Republic: Aegis Law Opens Its Doors in Prague

By Radu Cotarcea (February 10, 2022)

Former Eversheds Sutherland Partners Jan Krampera and Tomas Prochazka have founded a new firm in the Czech Republic: Aegis Law.

Both Partners had been with their previous team since the Dvorak Hager & Partners days (the firm joined Eversheds Sutherland in 2018 as reported by CEE Legal Matters on December 4, 2018).

Krampera was the Head of the Litigation and Dis-

pute Management practice at Eversheds. He first joined the Dvorak Hager & Partners team in 2009, as an Associate. He was appointed to Senior Associate in 2011 and then to Principal Associate in 2012. He became a Partner in 2018.

At Eversheds, Prochazka led the Employment practices. He first joined the Dvorak Hager & Partners team in 2005 (Dvorak & Spol at the time) as an Associate and became a Partner in 2011. Prior to that, he was a Lawyer with the Czech Social Security Administration, between 2004 and 2005.

The new firm's team consists of ten lawyers in total – all ex-Eversheds.

"We founded Aegis Law as a long-term project to help others overcome their legal struggles and to work with the people we trust and like," commented Krampera. ■

Albania: Karanovic & Partners Announces Cooperation with CR Partners

By Radu Cotarcea (February 11, 2022)

Karanovic & Partners has announced it entered into a full cooperation with CR Partners to enter Albania.

"We are looking forward to our joint forces and being able to meet the needs of our clients, no matter how complex they are," a press statement of the regional firm informed.

The CR Partners team is headed by Managing Partner Alban Caushi and includes Partners Anisa Rrumbullaku and Fatos Lazimi. ■

Montenegro: PLK Advokati Joins Lexcellence Alliance

By Andrija Djonovic (February 15, 2022)

Montenegro-based PLK Advokati has joined the Lexcellence legal alliance, a network of six law offices, focusing on the SEE region.

Former Karanovic & Partners attorneys Luka Prelevic, Stefan Lucic, and Djordje Kuzmanovic have opened PLK Advokati for business in Podgorica a year ago (as reported by CEE Legal Matters on February 24, 2021). ■

PARTNER MOVES

Date	Name	Practice(s)	Moving From	Moving To	Country
20-Dec	Ilya Komarevski	Corporate/M&A	Tsvetkova Bebov Komarevski	Komarevski Dimitrov & Partners	Bulgaria
20-Dec	Venelin Dimitrov	Corporate/M&A	Tsvetkova Bebov Komarevski	Komarevski Dimitrov & Partners	Bulgaria
4-Feb	Jan Frey	Corporate/M&A	KPMG Legal	Rowan Legal	Czech Republic
10-Feb	Jan Krampera	Litigation/Disputes	Eversheds Sutherland	Aegis Law	Czech Republic
10-Feb	Tomas Prochazka	Labor	Eversheds Sutherland	Aegis Law	Czech Republic
8-Feb	Rait Kaarma	Tax	Kaarma & Kaldvee	Pohla & Hallmagi	Estonia
11-Feb	Nauris Grigals	Corporate/M&A	TGS Baltics	Sorainen	Latvia
17-Jan	Christian Schnell	Energy/Natural Resources	Solivan	Dentons	Poland
25-Jan	Piotr Augustyniak	Tax	Path Augustyniak Hatylak and Partners	Path Law Hatylak Kielian and Partners	Poland
25-Jan	Tomasz Hatylak	Tax	Path Augustyniak Hatylak and Partners	Path Law Hatylak Kielian and Partners	Poland
25-Jan	Sergiusz Kielian	Corporate/M&A	Kielian and Partners	Path Law Hatylak Kielian and Partners	Poland
25-Jan	Dominika Mizielinska	Corporate/M&A	Path Augustyniak Hatylak and Partners	Path Law Hatylak Kielian and Partners	Poland
25-Jan	Maciej Owczarewicz	Corporate/M&A	Kielian and Partners	Path Law Hatylak Kielian and Partners	Poland
26-Jan	Andrzej Wloch	Real Estate	Dentons	SSW Pragmatic Solutions	Poland
10-Feb	Jaroslaw Kolkowski	Litigation/Disputes	Drzewiecki Tomaszek	Andersen	Poland
25-Jan	Serban Patriciu	Real Estate	Patriciu Real Estate Attorneys	Noerr	Romania
17-Dec	Arthur Iliev	Capital Markets	Clifford Chance	Dentons	Russia
17-Jan	Stanislav Durica	Labor	Squire Patton Boggs	Dentons	Slovakia
11-Feb	Ales Lunder	Corporate/M&A	CMS	Senica & Partners	Slovenia
3-Jan	Albert Sych	Corporate/M&A; Tax	EY Law	Redcliffe Partners	Ukraine
20-Jan	Valentyn Zasukha	Corporate/M&A	solo practice	Hillmont Partners	Ukraine
20-Jan	Yan Voinikanis-Myrskyi	Infrastructure/PPP	N/A	Eterna Law	Ukraine
7-Feb	Andrii Pidhainyi	Infrastructure/PPP	Agreca law firm	Arzinger	Ukraine
7-Feb	Maryna Sharapa	Infrastructure/PPP	Agreca law firm	Arzinger	Ukraine

IN-HOUSE MOVES AND APPOINTMENTS

Date	Name	Moving From	Company/Firm	Country
11-Jan	Andrius Digrys	Western Shipyard Group	BLRT Grupp AS	Estonia
4-Feb	Zita Tihanyi	Raiffeisen Bank	Gardos Mosonyi Tomori Law Office	Hungary
7-Feb	Marcell Horvath	Kinstellar	Mol Group	Hungary
6-Jan	Agnieszka Bienko-Michael	Suez Polska	Eneris Group	Poland
10-Jan	Bartosz Jablkowski	IBM	Kyndryl	Poland
14-Jan	Florina Homeghiu	Policolor-Orgachim Group	Nordis Group	Romania
14-Feb	Ekaterina Kokareva	Beeline Russia	Ozon.ru	Russia
4-Feb	Bigen Kamcioglu	Al Rayyan Tourism Investment Co. (ARTIC)	Katara Hospitality	Turkey
8-Feb	Hande Karakulah	Natura& Co	L'Oreal	Turkey

OTHER APPOINTMENTS

Date	Name	Moving From	Company/Firm	Country
8-Feb	Johannes Juranek	CMS	Managing Partner	Austria
8-Feb	Gunther Hanslik	CMS	Managing Partner	Austria
11-Feb	Irene Welser	Cerha Hempel	Senior Partner	Austria
21-Dec	Eleonora Mateina	Tsvetkova Bebov & Partners	Head of Competition and Pharmaceuticals	Bulgaria
20-Jan	Victor Gugushev	Gugushev & Partners	Senior Partner	Bulgaria
20-Jan	Dafinka Stoycheva	Gugushev & Partners	Senior Partner	Bulgaria
19-Jan	Nebojsa Vitez	Porobija & Spoljaric	Equity Partner	Croatia
19-Jan	Luka Porobija	Porobija & Spoljaric	Equity Partner	Croatia
11-Feb	Mia Kalajdzic	CMS	Head of the Employment Practice	Croatia
7-Jan	Veronika Dvorakova	Havel & Partners	Equity Partner	Czech Republic
7-Jan	Ivan Rames	Havel & Partners	Equity Partner	Czech Republic
20-Jan	Vit Stehlik	White & Case	Executive Partner	Czech Republic
20-Jan	Petr Panek	White & Case	SEE Country Practice Head	Czech Republic
28-Jan	Sandra-Kristin Karner	Walless	Equity Partner	Estonia
28-Jan	Edgar-Kaj Velbri	Walless	Associate Partner	Estonia
20-Jan	Gabor Kiraly	Dentons	Country Managing Officer	Hungary
13-Jan	Marta Cera	Ellex	Co-Head of Finance and Tax practice group	Latvia
20-Jan	Raminta Vilcinskaite	Triniti Jurex	Associate Partner	Lithuania
20-Jan	Olga Siomina	Triniti Jurex	Associate Partner	Lithuania
10-Feb	Nedeljko Velisavljevic	CMS	CEE Partner	Montenegro; Serbia
24-Jan	Maciej Kuropatwinski	BSJP	General Partner	Poland
25-Jan	Anna Flaga-Martynek	Wiercinski Kwiecinski Baehr	Equity Partner	Poland
25-Jan	Marta Midloch	Wiercinski Kwiecinski Baehr	Equity Partner	Poland
25-Jan	Marcin Smolarek	Wiercinski Kwiecinski Baehr	Equity Partner	Poland
25-Jan	Maciej Szambelanczyk	Wiercinski Kwiecinski Baehr	Equity Partner	Poland
25-Jan	Anna Wojciechowska	Wiercinski Kwiecinski Baehr	Equity Partner	Poland
25-Jan	Anna Wyrzykowska	Wiercinski Kwiecinski Baehr	Equity Partner	Poland
25-Jan	Angelika Reshetnikova	KIAP	Head of Intellectual Property Practice	Russia
15-Feb	Darko Jovanovic	Karanovic & Partners	Managing Partner	Serbia
1-Feb	Sanja Vujanovic	Sibincic Krizanec	Head of Litigation and Dispute Resolution Practice	Slovenia
1-Feb	Teja Podrzaj	Sibincic Krizanec	Head of Employment and Commercial Law Practice	Slovenia
11-Feb	Sasa Sodja	CMS	Head of the Corporate and M&A Practice	Slovenia
14-Feb	Janja Zaplotnik	Jadek & Pensa	Equity Partner	Slovenia
20-Jan	Valentyn Zasukha	Hillmont Partners	Head of Corporate and M&A Practice	Ukraine

PARTNER APPOINTMENTS

Date	Name	Practice(s)	Firm	Country
7-Feb	Stefan Frank	Banking/Finance	Binder Groesswang	Austria
7-Feb	Georg Wabl	Insolvency/Restructuring	Binder Groesswang	Austria
9-Feb	Armin Schwabl	Data Protection; Litigation/Disputes	Cerha Hempel	Austria
9-Feb	Nadine Leitner	Corporate/M&A	Cerha Hempel	Austria
6-Jan	Ann Laevskaya	Banking/Finance	Sorainen	Belarus
6-Jan	Kirill Laptev	Competition	Sorainen	Belarus
21-Dec	Victoria Tzonkova	Litigation/Disputes; Energy	Tsvetkova Bebov & Partners	Bulgaria
21-Dec	Damyan Leshev	Banking/Finance	Tsvetkova Bebov & Partners	Bulgaria
11-Feb	Mia Kalajdzic	Labor	CMS	Croatia
7-Jan	Lenka Stikova Gachova	Competition	Havel & Partners	Czech Republic
7-Jan	Michal Smrcek	Corporate/M&A	Havel & Partners	Czech Republic
7-Jan	Josef Zaloudek	Tax	Havel & Partners	Czech Republic
12-Jan	Tomas Sequens	Energy/Natural Resources	Kocian Solc Balastik	Czech Republic
14-Jan	Lenka Droscova	Labor	Act Randa Havel Legal	Czech Republic
6-Jan	Kaido Kunnapas	Tax	Sorainen	Estonia
6-Jan	Katlin Krisak	Capital Markets	Sorainen	Estonia
14-Jan	Lydia Sofrona	Tax	Koutalidis	Greece
31-Jan	Yiannis Kantas	Infrastructure/PPP	Koutalidis Law Firm	Greece
18-Jan	Peter Weidinger	Labor; Corporate/M&A	Act Ban & Karika Attorneys at Law	Hungary
4-Feb	Veronika Bakonyi	Banking/Finance; Capital Markets	Gardos Mosonyi Tomori Law Office	Hungary
4-Feb	Beatrix Berkes	Capital Markets	Gardos Mosonyi Tomori Law Office	Hungary
15-Feb	Edgars Lodzins	Banking/Finance	Cobalt	Latvia
6-Jan	Rokas Jankus	Corporate/M&A	Motieka & Audzevicius	Lithuania
6-Jan	Edvinas Lenkauskas	Tax	Motieka & Audzevicius	Lithuania
6-Jan	Simonas Skukauskas	Real Estate	Sorainen	Lithuania
6-Jan	Monika Malisauskaite-Vaupsiene	Competition	Sorainen	Lithuania
6-Jan	Evaldas Dudonis	Corporate/M&A	Sorainen	Lithuania
6-Jan	Kazimieras Karpickis	Insolvency/Restructuring	Sorainen	Lithuania
6-Jan	Indre Sceponiene	Tax	Sorainen	Lithuania
14-Jan	Karolis Smaliukas	Infrastructure/PPP	TGS Baltic	Lithuania
14-Jan	Paulius Zapolskis	Energy/Natural Resources	TGS Baltic	Lithuania
14-Jan	Ruta Armone	Corporate/M&A	Ellex	Lithuania
14-Jan	Migle Petkeviciene	Data Protection	Ellex	Lithuania
14-Jan	Dovile Stancikaite	Real Estate	Ellex	Lithuania
20-Jan	Giedre Ciuladiene	Corporate/M&A	Triniti Jurex	Lithuania
20-Jan	Arturas Vaisvila	Litigation/Disputes	Triniti Jurex	Lithuania
24-Jan	Marius Rindinas	Labor; Data Protection	SPC Legal	Lithuania
14-Jan	Edyta Defanska-Czuko	Labor	Crido Legal	Poland
24-Jan	Grzegorz Wasiewski	Energy/Natural Resources	BSJP	Poland
25-Jan	Wojciech Merkwa	Infrastructure/PPP	JDP	Poland
25-Jan	Jakub Majewski	Infrastructure/PPP	JDP	Poland
25-Jan	Agata Szczepanczyk-Piwek	Capital Markets; Banking/Finance	Wiercinski Kwiecinski Baehr	Poland
25-Jan	Sergiusz Urban	Environmental Law	Wiercinski Kwiecinski Baehr	Poland

Date	Name	Practice(s)	Firm	Country
25-Jan	Jordan Zafirow	Litigation/Disputes	Wiercinski Kwiecinski Baehr	Poland
1-Feb	Blazej Czwarnok	Real Estate	Gide	Poland
8-Feb	Lukasz Wieczorek	TMT/IP	Konieczny Wierzbicki and Partners	Poland
4-Jan	Mihai Anghel	Labor	Tuca Zbarcea & Asociatii	Romania
4-Jan	Oana Gavril	Litigation/Disputes	Tuca Zbarcea & Asociatii	Romania
4-Jan	Catalina Mihailescu	Insolvency/Restructuring	Tuca Zbarcea & Asociatii	Romania
4-Jan	Andreea Oprisan	Competition	Tuca Zbarcea & Asociatii	Romania
4-Jan	Alexandra Peres	Real Estate	Tuca Zbarcea & Asociatii	Romania
4-Jan	Alina Ungureanu	Litigation/Disputes	Tuca Zbarcea & Asociatii	Romania
17-Jan	Ioana Katona	Tax; Administrative Law	Bondoc si Asociatii	Romania
18-Jan	Anca Simeria	Corporate/M&A; Capital Markets	Popescu & Asociatii	Romania
18-Jan	Iuliana Bidalache	Insolvency/Restructuring	Popescu & Asociatii	Romania
19-Jan	Daniel Alexie	Corporate/M&A	MPR Partners	Romania
19-Jan	Anca Baitan	Insolvency/Restructuring	MPR Partners	Romania
21-Jan	Simona Merdariu	Banking/Finance	Voicu & Filipescu	Romania
21-Jan	Roxana Ionescu	Competition	RTPR	Romania
21-Jan	Cosmin Tilea	Banking/Finance	RTPR	Romania
2-Feb	Adriana Dobre	Litigation/Disputes	Stratulat Albulescu	Romania
2-Feb	Tudor Ciambur	Real Estate	Stratulat Albulescu	Romania
21-Jan	Nadezhda Minina	Corporate/M&A	Nektorov, Saveliev & Partners	Russia
24-Jan	Andrey Bastrakov	White Collar Crime	EPAM	Russia
24-Jan	Alexander Mandzhiev	Corporate/M&A	EPAM	Russia
17-Dec	Bojana Miljanovic Hussey	Competition	Karanovic & Partners	Serbia
5-Jan	Ljubinka Pljevaljcic	Labor	Doklestic, Repic & Gajin	Serbia
17-Jan	Dragoljub Sretenovic	Banking/Finance	BDK Advokati	Serbia
14-Feb	Djurdjica Horvat	Labor	MPartners Legal	Serbia
14-Feb	Filip Matkovic	Corporate/M&A	MPartners Legal	Serbia
24-Jan	Andrea Cupelova	Labor	Taylor Wessing	Slovakia
20-Jan	Maja Subic	Litigation/Disputes	Senica & Partners	Slovenia
20-Jan	Katarina Mervic	Litigation/Disputes	Senica & Partners	Slovenia
1-Feb	Sanja Vujanovic	Litigation/Disputes	Sibincic Krizanec	Slovenia
1-Feb	Teja Podrzaj	Labor;	Sibincic Krizanec	Slovenia
11-Feb	Sasa Sodja	Corporate/M&A	CMS	Slovenia
22-Dec	Serra Haviyo	Corporate/M&A; Banking/Finance	Moral & Partners	Turkey
12-Jan	Efra Aydin Can	Corporate/M&A; Banking/Finance	Egemenoglu	Turkey
12-Jan	Didem Keles Pinar	Litigation/Disputes	Egemenoglu	Turkey
13-Jan	Ozge Tuncel	Corporate/M&A	KPMG (KP Law)	Turkey
13-Jan	Ekin Kotan	Corporate/M&A	KPMG (KP Law)	Turkey
13-Jan	Secil Kisakurek	Compliance	KPMG (KP Law)	Turkey
13-Jan	Isil Doganay	Litigation/Disputes	KPMG (KP Law)	Turkey
13-Jan	Ece Kocabas	Insolvency/Restructuring	KPMG (KP Law)	Turkey
26-Jan	Nazif Karatas	Labor	Nazali	Turkey
26-Jan	Gozde Saruhan Berk	Tax	Nazali	Turkey
27-Jan	Maral Minasyan	Labor; Data Protection	Kolcuoglu Demirkan Kocakli	Turkey
24-Jan	Mykyta Nota	Competition	Avellum	Ukraine
28-Jan	Oleksandr Markov	Tax	Redcliffe Partners	Ukraine

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.

Bulgaria

The Promise of a Stable Year: A Buzz Interview with Nikolay Bebov of Tsvetkova Bebov & Partners

By Teona Gelashvili (January 19, 2022)

Political stability, managed inflation, and support plans for the most vulnerable social groups and businesses could ensure a financially stable year in Bulgaria, according to Tsvetkova Bebov & Partners Managing Partner Nikolay Bebov.

"Last year was very interesting from a political perspective, as three parliamentary elections were held in Bulgaria," Bebov explains. "We had 'regular' elections in spring, which could not produce a stable configuration of the parliament, leading to two additional extraordinary elections. Finally, in November 2021, it was possible to elect a working parliament, with a coalition of four political parties, which put up a government in December. At the moment, we have a normal parliamentary process with the involvement of the opposition parties."

Bebov points out that the new parliament has to address some urgent legislative issues. "We still don't have legislation regarding the budget for the year 2022. In normal circumstances, it would have been approved by November or December of the preceding year, but now we have to wait for a few more months until it is voted." However, Bebov says that the legislation provides for some interim arrangements for such cases, enabling a rather smooth transition.

"The new parliament is also aiming to implement some structural reforms, to improve judiciary and the efficiency of public administration, and to address problems with corruption," he says. "In addition, Bulgaria is joining the global trend to adopt measures to shift towards a green economy. However, such issues require not only a consensus on the legislative level but also a technocratic approach."

According to him, "one of the most common negative trends in Bulgaria is the increased gas and energy prices, putting most of the energy-consuming industries in a very difficult position. The industries have to implement measures to maintain profit margins and manage costs." At the same time, he points out that the government is "under pressure to provide energy-related compensations to such industries heavily affected by current restrictions."

"Overall, like elsewhere, we have the biggest inflation numbers compared to the past years," Bebov adds, noting that it has created challenges for the population, businesses, and the government, and led to increased public spending. However, he notes that "Bulgaria has a stable financial position and a low amount of external debts. On top of that, Bulgaria is economically and financially integrated into the EU. Therefore, we believe that the inflation rate will not be much different compared to other EU countries." Bebov points out, that as of January 1, 2024, Bulgaria plans to switch its currency from LEV to EUR, providing additional financial safeguards for the country.

"Another longer-term challenge is the Bulgarian demographics, in particular, decreased number of the population, aging, and increased migration rates," he says. "This problem has become particularly noticeable after several waves of the pandemic. A few governments in the past, as well as the current government, have been discussing the measures to stop these negative trends and to propose measures such as tax benefits for families which have more children, but these are strategies rather than specific plans." ■

Austria

Pouring Money Into the Market: A Buzz Interview with Rainer Kaspar of PHH

By Andrija Djonovic (January 20, 2022)

Strong M&A trends, developing market sectors, and a surprisingly booming economy is what Austria is buzzing about, according to PHH Partner Rainer Kaspar.

"The dip in the M&A market that was present at the beginning of the pandemic has completely disappeared," begins Kaspar. He reports that the Austrian market has experienced a record year in 2021 and that there is a massive growth trend currently. "It has been quite crazy, across the board, and not even the recent political ups and downs have impacted this," he says. "The markets have been steadily advancing."

According to him, companies that have been pulling out less than 24 months ago are now pouring money into the market and acquiring assets. Additionally, he reports that the legislative landscape has remained mostly unchanged, which could be a factor of such steady business development. "The latest material changes to the legal landscape have been the updated FDI rules – but these are old by now," he says. "There might have been some obstacles that these rules presented – but only time-wise due to the novelty of the law and nature of the notification procedure and it taking a few weeks to complete. The possibility of banning an investment on these grounds has not impacted the market virtually at all."

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Also, Kaspar reports that the merger control framework has been updated somewhat. "The previous wording of the law has provided for a rather low threshold for merger control notification requirements. The updates offered a more focused approach to merger control clearance and competition impediments. Further, more power was given to the competition authorities," he says.

As for the economy itself, Kaspar says that it is recovering greatly from the brief COVID 19-induced recession pointing to healthcare and IT. "A lot of investor attention has been placed on these two sectors and they have indeed boomed." Further, he says that he sees the trend of large industrial players divesting non-core assets continuing.

Moreover, Kaspar reports that Austria experienced a high volume of VC transactions lately. "We already have two or three start-ups that have reached unicorn status and I think that this trend will continue well into 2022."

Part of the reason why Kaspar believes Austria is such an attractive investment destination is its interests. "While the US FED has recently announced an interest rate increase in an effort to respond to the inflation, this is not something EU countries have done yet and, because this inflation wave has not hit Austria, there is still a lot of cheap money on the market which acts as a perfect catalyst for M&A transactions." Finally, Kaspar reports that there is a steady trend of an increase in insurance usage in transactions which "only serves to show that Austria is a market of major interest for investors." ■

Turkey

Currency Fluctuations: A Buzz Interview with Caner Elmas of Esin Attorney Partnership

By Teona Gelashvili (January 21, 2022)

The currency fluctuations in Turkey have resulted in challenges but have also created opportunities for investment in the country, according to Esin Attorney Partnership Partner Caner Elmas.

"The past few months we have witnessed an interesting phase in the Turkish M&A market, considering the inflation and currency fluctuations," Elmas says. "The major obstacles are related to the valuation of assets for both buyers and investors, due to the ever-changing value of the Turkish Lira." At the same time, Elmas points out that "investors who either have a presence or operations in Turkey have benefited from the current situation, as the situation has created an opportunity to buy Turkish assets and invest in Turkey."

Overall, Elmas considers that the Turkish Lira fluctuation has had a significant impact on the market. "It has become very difficult for financial investors to invest in Turkey, where the target business is primarily focused on the local market. However, when the target business has income in foreign currency, for instance, by selling products abroad, it is a completely different story, as they have significant advantages," he says.

"For strategic investors, this has been a very opportunistic era," Elmas adds. "We have seen an increased number of clients coming to Turkey to either increase their operations capacity or to build a hub for their nearby markets. The pandemic definitely has played a significant role in this process where international trade has been affected due to issues in transportation costs and timing." According to him, "due to the obstacles in the international transportation of products and services from the far East, many businesses are considering ways to substitute their location of production." Eventually, Turkey has become "a place of attraction for those who are either familiar with or believe in the Turkish market and the importance of the country's location," he concludes.

In terms of legislative updates, Elmas says that there has been no major change regarding the investment schemes. "Legal environment in terms of investments remains more or less the same for a number of years," he explains. "Foreign investors are treated equally as domestic investors, which has been important for foreign investment. The legislative framework in that regard remains unchanged." ■

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Hungary

Bracing for Elections: A Buzz Interview with Jozsef Kapolyi of Kapolyi Law Firm

By Teona Gelashvili (January 24, 2022)

The upcoming Hungarian parliamentary election, scheduled on April 3, 2022, is one of the most pressing political issues, as united opposition parties are competing against the ruling party, according to Kapolyi Law Firm Managing Partner Jozsef Kapolyi.

"The opposition parties have formed an alliance and have agreed on a common prime-minister candidate to run against the ruling parties," Kapolyi says. "This year's election will definitely be different compared to the previous two in the past twelve years, when the opposition parties were rather fragmented. To say the least, the elections in April will be more competitive compared to the past," he adds.

Kapolyi highlights that the new act on compensation for long-lasting civil litigation procedures has been one of the major legislative developments. "A new act was adopted by the Hungarian parliament and entered into force as of January, establishing financial compensation from the state in case of excessively long civil litigations," he notes. "It will be interesting to see the actual impact of this law on businesses and civil proceedings."

According to Kapolyi, Hungary is facing some challenges with regard to the economy, similarly to the rest of the world. "Inflation and rising prices are very noticeable issues recently. In Hungary, we have one of the highest inflation rates in Europe. In January 2022, the inflation rate is expected to reach 7,4%, which may be reduced by the government's official price cuts on fuels and many basic foods. Accordingly, the National Bank of Hungary is raising the interest rates, which will have a very big impact on investments in Hungary," Kapolyi points out. "It is also worth mentioning that the government has fixed the interest rates on residential mortgage loans at the level of October 2021 and that this measure came into effect in early January 2022."

"Another significant update is related to the National Bank's NKP funding program (Growth Bond Program), which was launched to support the financing needs of companies," he adds. "The program has been implemented for the past two and a half years, enabling 74 companies to issue corporate bonds through it. This program has provided approximately HUF 2,500 billion for the corporate sector. The program ends in January 2022, having an interesting impact on the finance and corporate sectors in Hungary." According to him, many companies are now trying to receive the final financial support from the National Bank of Hungary, which creates high competition among them.

This year's election will definitely be different compared to the previous two, in the past twelve years when the opposition parties were rather fragmented. To say the least, the elections in April will be more competitive compared to the past.

"In addition, more companies are trying to attract financial resources from capital markets, and launch IPOs," he notes. "AutoWallis' recent transaction is a good example, as it was a first IPO in the past five years which was aimed not only at institutional but retail investors as well." According to him, "the AutoWallis deal was a significant success, with the shares oversubscribed in a very short period of time on a good price, as the interest from investors was quite high."

"Other new companies have also arrived on the stock exchange recently, and a few are in the preparatory stage for the public offering of shares on the Budapest Stock Exchange," Kapolyi adds. Accordingly, "the capital market has a high interest for new kinds of financing structures, like private investment funds," he concludes.

Montenegro

Minority Governing, Taxes, and Economic Citizenships: A Buzz Interview with Luka Popovic of BDK Advokati

By Andrija Djonovic (January 24, 2022)

"The word that best describes recent times in Montenegro is uncertainty," according to BDK Advokati Partner Luka Popovic.

That uncertainty, Popovic says, "is not just on account of the pandemic. There has been some political turmoil in the country – a most peculiar situation where the government does not have the clear support of the parliamentary majority." Popovic reports that this has led to a major legislative slowdown in 2021, with the pace being picked up only by the end of the year.

"The final days of 2021 saw a comprehensive tax reform taking place," he says. "The government issued a new program called Europe – Now, that sought to increase the net wage in Montenegro." The new minimum wage, Popovic says, is EUR 450, but the funds for this came directly by cutting taxes: "Healthcare contributions are no longer an obligation for employers. Instead, healthcare will be funded directly from the budget, and the tax cut difference that employers got will be funneled towards their employees."

Also, an untaxable part of one's earnings has been introduced and the country swapped its proportional taxation system to a progressive one. "This means that businesses no longer have a flat 9% tax rate, but are facing a bracketed one – of 9%, 12%, and 15% – based on their income." Popovic feels this is a most sensitive area to be regulated, seeing how it could affect Montenegro's allure as an investor-friendly destination.

"The state has lost a major source of revenue – so it will now have to find the money elsewhere to fund the healthcare system," Popovic continues. "It will be great if the government's prediction is right and the revenue from other sources proves sufficient to offset this loss." If that does not work, Popovic says that the country might have to go deeper into debt or increase taxes. "If further tax reform shuffles the tax rates some more – that will only lead to a greater sense of unpredictability, which is not good for business."

The government has decided to extend the program of economic citizenship, set to expire by the end of 2021, for another year, according to Popovic. "This enables foreign citizens to apply for a Montenegrin citizenship, based on an investment in a pre-approved tourism project," he says. "The program is yet to justify expectations in terms of the number of applicants, most likely due to the ongoing pandemic – so extending it is a good thing." Popovic reports that the EU does not see this program in a fair light, "mostly due to previous experiences with Cyprus and Malta, but it should not damage the relations between Montenegro and the Union."

> ***There has been some political turmoil in the country – a most peculiar situation where the government does not have the clear support of the parliamentary majority.***

The pandemic, Popovic says, highlighted the fact that "Montenegro does not have a well-diversified economy. Still, tourism aside, I think the energy sector might prove rather fruitful in the upcoming period." He says the government repeatedly stated that renewable energy was a major goal, but that more effort from their side is required: "Preparation of tender procedures, urban-planning documentation, and other preparatory activities for such projects must be more efficient. There are several potentially valuable projects and the only thing needed right now is government action. Investors are ready to move in, but they cannot do all the heavy lifting themselves."

Finally, Popovic says Montenegro could potentially become more welcoming for digital nomads. "All of those who have the option of remote work could be a valuable source of income for the country," he says. "This is something which has already been realized in Croatia – with the country banking on its Adriatic coast being inviting for many – and is a credible path forward for Montenegro as well." ■

Bosnia & Herzegovina

Resilient Despite Decision-Making Blockade: A Buzz Interview with Dina Durakovic of DMB Legal

By Teona Gelashvili (January 25, 2022)

Bosnia & Herzegovina remains open for business, despite political instability – caused by increasing secessionist tendencies – and slowing reforms, according to DMB Legal Managing Partner Dina Durakovic.

"Bosnia & Herzegovina is a rather complex country in terms of administrative structure, with two separate administrative entities: the Republika Srpska and the Federation of Bosnia and Herzegovina and the autonomous Brcko District," Durakovic begins. "All of these constituent parts have their own legislative systems and executive powers. Currently, state-level institutions are facing challenges due to the decision-making blockade by representatives of one of the entities, Republika Srpska, meaning that passing laws on the state level is nearly impossible and executive powers are not functioning properly."

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According to Durakovic, such instability affects undertaking the potential reforms, due to the inability to pass any new legislation. "We do have some important reforms in progress," she reports. "We all started strongly relying on digital technologies everywhere, during the COVID-19 pandemic, yet we still do not have implemented legislation required for the use of e-signatures. The absence of such legislation hinders further developments in this area and creates many challenges," she says. "However, the private sector, including financial institutions, manages to find a way by introducing various smart solutions to promote the digitalization of processes."

"Another reform that we are looking forward to is related to tax and contributions in the Federation of Bosnia and Herzegovina," she adds. "The taxes and contributions payable in relation to salaries are rather high, and their reduction would have a significant impact on businesses."

As for the business sector, Durakovic points out that "the political instability, coupled with the COVID-19 pandemic, has impacted direct foreign investments, which are crucial for the development of Bosnia & Herzegovina." Still, she says that since the third quarter of 2021 the country has witnessed economic growth and increased M&A activity. "This is mostly a result of the fact that we have learned how to live with the pandemic and political instability in the country," she notes.

"In particular, we have seen increased activity in the IT and mining sectors. Like the recent Orion deal – a fund specializing in investments in the base and precious metals mining sector – one of the largest investments in the past ten years, in the Vares mining project, owned by London-based publicly-traded company Adriatic Metals," Durakovic says. "Their total investment in Bosnia & Herzegovina is evaluated to be above USD 240 million, which is the largest single investment in this sector to date. It is a significant deal not only for the Vares project but for the country's whole economy," she notes.

"Additionally, we had a number of M&A transactions in the IT sector, which is a growing field in the entire country and the region, where local firms compete successfully. Generally, the whole last year has proved that our economy, despite facing significant challenges, is a resilient one, attracting significant attention from foreign investors," she concludes. ■

Slovakia

Updates On and From Parliament: A Buzz Interview with Ivan Kormanik of Majernik & Mihalikova

By Teona Gelashvili (January 25, 2022)

When it comes to politics in Slovakia, due to fast-paced developments and the presence of social media, there is frequently a 'major' crisis lasting only a few days, to then be replaced by a new one, says Majernik & Mihalikova Partner Ivan Kormanik.

"One of the recurring issues is related to the proposed referendum on the shortening of parliamentary elections. Interestingly, even some members of the ruling party opt for organizing such a referendum," Kormanik explains. "In addition, the general prosecutor's activities have been a source of controversy. His recent annulment of criminal charges for some well-known individuals, as well as his comments on a draft of the Defense Cooperation Agreement with the US, which were clearly not related to his professional competencies, have been a subject of public debate. However, even though such topics receive public attention for some time, they are rarely addressed and easily forgotten."

"There is some success in the legislative field," he adds. "The parliament has approved an important reform of the hospital network, which is certainly positive news, given that the current state of the healthcare system in Slovakia severely lags behind the EU average. An amendment of the Act on Public Procurement was adopted, after a lengthy and onerous process. The B2C segment will be affected by the new Electronic Communications Act, regulating matters such as spam, cold calls, and biometric recognition." In addition, Kormanik points out that the EU Restructuring Directive governing preventive restructuring regarding the reorganization of enterprises will be presented to the parliament.

According to Kormanik, various factors have led to increased prices for electricity and energy in general. He points out that "the management of the Slovak Regulatory Office for Network Industries is rather competent and it actively works on the adoption of new regulations on renewable resources and providing subsidies for them. In addition, investors are looking for new opportunities to build new facilities, in particular with regard to solar and wind energy." Kormanik says all these have an effect on law firms focusing on energy law.

"Inflation in almost every area of the economy was reflected in the increased prices of real estate, as well," Kormanik notes. "Compared to last year, residential real estate prices have, reportedly, increased by 20 to 30%." He points out that disagreement between the different branches of government regarding how to address COVID-19 challenges compounds the inflation-related situation even further.

> ***The general prosecutor's activities have been a source of controversy. His recent annulment of criminal charges for some well-known individuals, as well as his comments on a draft of the Defense Cooperation Agreement with the US, which were clearly not related to his professional competencies, have been a subject of public debate.***

"The good news for Slovakia is that we see Slovak companies, such as Slido or Exponea, that were established a couple of years ago, exited by their founders and sold to global corporations," Kormanik says. "The investment rounds have increased significantly when it comes to volume and valuation. The story of Inobat is impressive – a company developing battery solutions for cars, which shook hands with a number of large international players." He adds that "in general, the innovation economy is on the rise in Slovakia, attracting a lot of private investment, as well as subsidies from the government." Kormanik believes these new developments indicate that the county will see a number of successful projects and exits in the coming years.

Czech Republic

Building an Economy in the New Reality: A Buzz Interview with Martin Aschenbrenner of PRK Partners

By Andrija Djonovic (January 26, 2022)

The ongoing lockdown and changing restrictions as well as prices surging as a consequence of growing inflation are hitting the Czech economy hard, but the country is holding on mightily, according to PRK Partners Partner Martin Aschenbrenner.

"Europe has been trying to soldier on in spite of restrictions and lockdowns on the account of the pandemic, and the Czech Republic is no different," Aschenbrenner says. "We have all learned to live with that reality, but we are still bracing to see all of the economic blowback that it carries with it."

The Czech economy, much like other European economies, is experiencing strong inflation. "The Czech central bank has started raising interest rates aggressively late last year, and it continues doing so in 2022 as well," Aschenbrenner reports. "While the inflation rate has been substantial – on par with the euro and dollar – the central bank has been quick to act." He says that this trend will have significant implications for the wider economy, but that it is still difficult to predict exactly which.

"Also, the active chair of the National Bank will be stepping down soon, following two terms in office," Aschenbrenner says. "A new chair will be appointed and it will be interesting to see how that manifests itself on all of the bank policies."

On the business side, Aschenbrenner reports that things are working well. "I'd say that businesses seem to be doing fine but, at the same time, they are obviously adapting to the inflation and rising prices. The cost of finance has gone up as well, so they're dealing with that too," he says. "Apart from all of that, and the supply chain hurdles and issues, the economy seems to be rolling along quite well, from our perspective."

Amidst all of this, the Czech Republic is also experiencing ongoing legislative changes. "An ongoing ordeal is the substantial overhaul of the construction code," Aschenbrenner says. "The purpose of the amendments is to help developers by expediting the road to a building permit – at present, it is a long and complicated process."

The construction code changes have been an ongoing matter for some time now. "We have had a governmental change last October, following the general elections in which the opposition took the win," Aschenbrenner reports. "While this change has been taken well by the wider business community, the new government has a somewhat differing view to the old one over what needs to be done with the construction code," he says. For this reason, Aschenbrenner feels that the much-needed changes are still "likely to drag on for some more months, in 2022."

> ***The Czech central bank has started raising interest rates aggressively late last year, and it continues doing so in 2022 as well. While the inflation rate has been substantial – on par with the euro and dollar – the central bank has been quick to act.***

Finally, analyzing the most active sectors driving the economy, Aschenbrenner outlines a few. "Of course, the IT sector and digital services are quite strong, but agriculture and manufacturing also seem to be doing great," he says. "The sectors that have been hit hard and are still struggling are tourism, transport, and the wider hospitality industry." Aschenbrenner reports that Prague has been particularly affected. "In normal times, Prague enjoys substantial tourist inflows which benefit the economy overall. With the pandemic still ongoing, the consequences are still felt country-wide." ■

North Macedonia

New Government, New Digital Courts: A Buzz Interview with Ognen Martinov of Popovski & Partners

By Andrija Djonovic (January 27, 2022)

Governmental changes, a recovering economy, and the possible introduction of digital courts – these are the latest developments in North Macedonia, according to Popovski & Partners Partner Ognen Martinov.

"Since mid-January, we have had a new government in place," begins Martinov. "However, it was formed by the same political party as the one before it." North Macedonian Prime Minister Zoran Zaev quit his position in late December 2021 and, following that, a new government has been appointed. "There were some changes in the ranks of ministers, perhaps most importantly a new justice minister, but there is a significant amount of overlap with the previous government as well."

With the new government taking the reins of the country, Martinov believes that "a certain amount of political freshness is to be expected, but it is impossible to know what exactly the future holds." Ongoing projects, such as those seeking to further harmonize North Macedonian legislation with that of the European Union, however, are more than likely to continue.

"The digitalization of the judicial system, most notably the courts, is underway as well," Martinov continues. "It is a slightly larger undertaking now than it was when it began." He reports that, in a comprehensive effort to allow the citizens of North Macedonia a more straightforward approach to the justice system, some 200 courtrooms and 34 courts have already been prepared for digital use. "It is quite possible that the project will be completed this year – which would be a huge step forward."

Speaking of legislative updates of note, Martinov mentions the amendments to the Labor Law framework of North Macedonia. "The new law has officially introduced Sunday as a non-working day, bar some crucial industries. In this respect, parts that regulate employee compensation for working on Sundays have had an overhaul," he reports. "Also, there is a significant number of new legislative pieces in draft form which await further processing, such as those regulating civil procedure, the criminal code, and the wider civil law area."

The North Macedonian economy, while still reeling from the pandemic fallout, is slowly getting back on track. "The legal market is returning to normal and the business sectors are stabilizing," Martinov reports. "Industry zones are developing various technological aspects, new investors are coming in, and jobs are being created."

Additionally, Martinov reports that one of the key drivers of this economic recovery is the construction sector. "Construction is in a constant state of growth and development and there are new projects popping up all the time," he says. "A major landmark in this regard was the completion and start of operations of the East Gate Mall – the largest shopping mall in the country," he says in conclusion. ■

"Construction is in a constant state of growth and development and there are new projects popping up all the time. A major landmark in this regard was the completion and start of operations of the East Gate Mall – the largest shopping mall in the country.

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Serbia

Healthcare, RE, and IT Are Leading the Charge: A Buzz Interview with Djordje Nikolic of NKO Partners

By Andrija Djonovic (January 27, 2022)

Serbia is showing green across the board, with healthcare, IT, and real estate driving the economy, according to NKO Partners Partner Djordje Nikolic.

"Even with the upcoming elections in April, not much is expected to change politically," Nikolic begins. "The level of investor happiness seems to be quite high – 2021 saw the highest total FDI come into the country since 2000, with the total number at EUR 3.9 billion." And the investors are quite diversified, according to him, coming from the EU, Russia, United States, Middle East, China, and many more.

The reasons Nikolic cites for Serbia being a fruitful investor target are varied. "We have a highly qualified labor force that speaks English, while market-based salaries are still lower than in the rest of Europe," he says. Additionally, Nikolic points to the fact that the state subsidizes a number of sectors and that, overall, the administrative bureaucratic system is generally efficient, although there are still some bottlenecks that need to be dealt with. "One of the upsides of having one major party control most of the state's faucets is a highly efficient administration at the local level, due to a single center running the show. For this reason, there are many successful investments in various industries realized in different cities and municipalities, throughout Serbia."

Still, even with these positives, Nikolic is skeptical when it comes to the EU accession process. "I just don't believe that there is enough of a democratic capacity in the country to reflect all EU values, not the least of which due to an inefficient and slow judicial system and the insufficient independence of the court system and prosecutor's office," he says.

Weighing in on a successful 2021 transaction-wise, Nikolic outlines the business sectors working the hardest. "Firstly, which comes as no surprise given the pandemic, there is the healthcare sector. Both wholesale and retail are active, with retail being particularly aggressive," he says. Nikolic points to Dr. Max which has been "acquiring a lot of targets in Serbia" as an example.

Next, the real estate sector has been performing very well. "All real estate aspects have been roaring – industrial, office, residential – you name it," Nikolic says. "CTP has been particularly active here, with some 15 transactions or so in the past few years, not to mention the ever-developing Belgrade Waterfront project."

Much like in other Balkan countries recently, the IT sector is a driver for economic betterment in Serbia as well, Nikolic says. "Many companies are coming over, setting up shop, and hiring people – but there are M&A transactions as well." He reports that the local change in the wider legislative framework that allowed for LLCs to facilitate employee stock ownership plans was a key innovation leading to investor attention: "employees can now, more easily than before, access stock options at a group level."

> *The level of investor happiness seems to be quite high – 2021 saw the highest total FDI come into the country since 2000, with the total number at EUR 3.9 billion.*

Finally, Nikolic reports on the mining and ecology sectors. "The mining sector had a particularly active first half of 2021, but most activities stopped following the anti-Rio Tinto protests that took place later in the year. Everybody is waiting for this situation to get resolved before resuming their activities in this sector," he says. "Also, the ecology sector is packed with energy-efficient projects funded by various international organizations, including USAID and the UNDP." Nikolic concludes by saying: "this is a very promising trend for the future, the development of green agenda projects." ■

Slovenia

More COVID-19 Updates, Less Bureaucracy: A Buzz Interview with Jera Majzelj of Selih & Partnerji

By Teona Gelashvili (January 28, 2022)

Challenges to COVID-19-related regulations, the needed tax, healthcare, and pension reforms, a busy M&A market, and questions related to future public spending are at the top of the agenda for lawyers in Slovenia, according to Selih & Partnerji Partner Jera Majzelj.

In terms of legislative updates, she points out that "like elsewhere, one of the most controversial topics in 2021 has been and continues to be COVID-19-related regulations. Many of these laws have been challenged in the Constitutional Court of Slovenia for violation of constitutional rights." In addition, she says that "the parliament recently adopted a new Debureaucratization Act aiming to reduce bureaucratic procedures, while the government established a new office for digital transformation. Both topics are vital, however, the effect of these changes remains to be seen."

According to her, "there is a high demand for more significant reforms in relation to taxes, the healthcare system, and pensions. Companies have long expressed their concerns on issues such as lowering the taxation on salaries and bonuses, while the general public is concerned with the long-term sustainability of and access to the healthcare and pension systems, but we have not seen any real change so far."

Majzelj says that "from an M&A perspective, Slovenia joins the global trend of a booming market in 2021, with a number of big transactions, as well as increased activity in small and mid-sized companies. For instance, consolidation on the banking market continued when Hungarian OTP Bank signed a deal to purchase one of Slovenia's biggest banks – Nova KBM. OMV's sale of service stations business to MOL is another major deal to mention." According to her, other notable deals were acquisitions of private medical centers by insurance companies and funds, as well as acquisitions in the IT and digital sectors.

Majzelj notes that last year's GDP growth was quite high: "According to the Bank of Slovenia estimates, GDP increased by 6.7% last year. In 2022, the bank forecasts a slower 4% growth." According to her, "this growth fuels a record employment rate. In addition, people have accumulated savings during the onset of the pandemic. During this time, interest rates were low, enabling people to borrow money and invest, for instance, in the real estate market, where prices are soaring." She highlights that "the state has also been generous with providing subsidies. Accordingly, we are seeing an increase in both private and public spending."

In terms of public spending, one of the biggest challenges is the allocation of subsidies and funds received from EU sources. "There's a general worry that the funding received through EU recovery plans will not be used for strategic investments, digitalization, and green sustainable and innovative projects, but rather go into traditional infrastructure projects and maintaining the status quo," she says, concluding that the new government will have to address these challenges in the future. ■

"The parliament recently adopted a new Debureaucratization Act aiming to reduce bureaucratic procedures, while the government established a new office for digital transformation. Both topics are vital, however, the effect of these changes remains to be seen.

Kosovo

Fighting Corruption: A Buzz Interview with Engjell Rexhepi of RZZ Law

By Teona Gelashvili (January 28, 2022)

Recent legislative proposals aimed at combatting corruption and reforming the judicial system, including the establishment of a commercial court, are the factors that could lead to more favorable conditions for foreign investments in Kosovo, according to RZZ Law Partner Engjell Rexhepi.

"Since last year's parliamentary elections, Kosovo has had a new parliamentary majority, that received more than 50% of the seats, enabling them to pass almost any law," Rexhepi begins. "The ruling party has been in opposition for a long time, and since their election, they started implementing the initiatives they had proposed prior to the elections."

One of the biggest challenges, according to Rexhepi, is combating corruption. "The government is now pushing forward a law on the confiscation of unjustifiable property. There are ongoing discussions about the establishment of a public office that will decide on such cases and enforce the confiscation." Rexhepi adds that the new body will not be a part of the judicial system.

"Another potential reform is the establishment of an administrative inspection office, which would have the power to inspect public officials and bodies," Rexhepi says. "However, this proposal has led to a controversy, as different public officials don't share the same enthusiasm for its implementation." According to him, those who oppose this reform, highlight the potential risks of the broad powers of the proposed administrative inspection office.

"We also have a proposal regarding judicial vetting," Rexhepi continues. "This has not been warmly welcomed by the judicial system in Kosovo, as these initiatives are perceived as a governmental intrusion in the judicial independence, and therefore are deemed unconstitutional," he points out.

"One other noteworthy development in Kosovo is the plan to establish of a commercial court, dealing exclusively with commercial matters," he reports. "In the past few years, we have seen a backlog in commercial dispute litigation. Litigation on these issues frequently lasts at least two or three years, before a final court decision is issued. According to the proposal, the new court will be entirely specialized in commercial matters and will have around twenty judges allocated in two chambers." The hope is that it will create more favorable conditions for foreign investments.

"If executed as they were promised," Rexhepi concludes, "these reforms will definitely lead to less corruption and provide a very efficient business environment. We are hopeful, and we also have international support to be able to make Kosovo one of the best countries to invest and do business in." ■

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Belarus

Still Betting on the High-Tech Park: A Buzz Interview with Denis Aleinikov of Aleinikov & Partners

By Andrija Djonovic (January 28, 2022)

Economic optimism in the face of adversity, the introduction of English law instruments, and some new potential for growth are the highlights in Belarus, according to Aleinikov & Partners Senior Partner Denis Aleinikov.

"The current situation will blow over, in my opinion, as time goes by and when the dust settles business will grow," Aleinikov says. "I do recognize that the commercial sector is struggling, due to both the pandemic and the sanctions, but I firmly believe that things will pick up."

Aleinikov reports on significant updates with respect to commercial rules and regulations. "The parliament adopted in the first reading a draft law on amendments to the Civil Code which introduces some foreign law instruments into the domestic legal framework," he says. Aleinikov points out that this is a crucial step forward, seeing how it opens the country up for more foreign capital flowing in. "Previously, a lot of M&A transactions were structured abroad, due to the availability of specific legal instruments – like options agreements, convertible loans, warranties and indemnities, among others," he says. "Now, the parliament is about to approve these into our domestic legal framework."

Aleinikov mentions that the firm's previous work with the Belarusian High-Tech Park contributed to this. "In 2017, we developed draft legislation regarding the High-Tech Park which allowed for residents of the park to use certain instruments of foreign law in their activities, including, for example, entering into shareholders' agreements under English law," he says. "This experiment turned out to be beneficial. Foreign IT companies now tend to structure their investment transactions into Belarusian companies inside of the country, instead of through their foreign parent companies as it was usually done before. Now the parliament intends to spread this practice to other sectors of the economy. This is a good decision."

"Foreign IT companies now tend to structure their investment transactions into Belarusian companies inside of the country, instead of through their foreign parent companies as it was usually done before. Now the parliament intends to spread this practice to other sectors of the economy. This is a good decision.

"According to the statistics, our economy is currently doing better than it was forecasted to a year ago," Aleinikov reports. "The IT sector still continues to drive growth, with some major transactions for the acquisition of Belarusian R&D companies being registered in 2021." And it's not only IT, he says. "The banking & finance sector shows good potential too. Like the recent, December 2021, Alfa-Bank acquisition of a local bank, which is evidence of trust in the domestic financial market," Aleinikov reports. He says that these two sectors will remain key drivers of the economy. "I believe that our country has eventually exceeded expectations and that we are yet to see how far our economy can go," Aleinikov concludes. ■

Romania

The PNRR Promise and Pitfalls: A Buzz Interview with Dan Cristea of Tuca Zbarcea & Asociatii

By Radu Neag (February 10, 2022)

The National Recovery and Resilience Plan (PNRR), the pandemic's legal implications, and energy are the hottest topics in Romania right now, with public procurement being a common thread, according to Tuca Zbarcea & Asociatii Litigation Partner Dan Cristea.

As in most other CEE countries, there is a lot of buzz surrounding the PNRR, Cristea says. "A large number of infrastructure, environment, and social resilience projects will have to be drawn up and implemented quickly. Because of the 2026 execution deadline, the contracts will largely have to be implemented this year," he explains. He says there is already a significant pipeline of related work, on both public procurement and litigation matters: "health, infrastructure, the environment – lots of fields are expecting quite some work, with lawyers either involved in the preparation of bids, consulting public authorities, or awaiting tender-related disputes as well as the litigation of public procurement awards." Impressive amounts of money are earmarked for these investments, "so it's a high-stakes game, and the 2026 deadline is not making matters any easier," he notes.

"And the public procurement contracts inked in 2019 and 2020 are faced with the massive increase in resource prices," Cristea adds. "The winners of those tenders still have to execute them for 2020 money. The government has provided an ordinance on updating the financial terms, but the adjustment might not be enough. So, there's a debate over the need to either improve the compensation mechanism or introduce further contract adjustments," he explains.

Cristea reports there is still a lot of talk and activity surrounding the biotech and health subjects and "anything to do with the pandemic, really. Still seeing a bunch of contracts for tests, masks, and similar products that are needed and procured by the state." He says a lot of tendering work is still being done, with an urgency: "lawyers have to react rapidly, both because the tenders themselves are fast, and because court decisions are handed out quickly."

And the pandemic's broader, human rights-related implications are also under consideration in Romania, according to Cristea. "There is also, as in every country, the need to always watch the balance between individual rights and security, public health-related or otherwise. A number of cases have been brought forth and are awaiting High Court of Cassation and Justice or Constitutional Court decisions on whether some of the COVID-19 mitigation restrictions were proportional or not."

> *There is also, as in every country, the need to always watch the balance between individual rights and security, public health-related or otherwise. A number of cases have been brought forth and are awaiting High Court of Cassation and Justice or Constitutional Court decisions on whether some of the COVID-19 mitigation restrictions were proportional or not.*

The other big issue everyone is watching right now is energy, according to Cristea, as it relates to fiscal adjustments, the national budget, trading monopolies, and the increased prices of, well, everything. "There has been a lot of discussion about the need for fiscal adjustments as a way to address the steeply rising prices of gas and electricity. A VAT reduction from 19% to 5%, same as for other basic goods, is one of the likelier solutions advanced by the government and could come into force very soon," he says. Cristea thinks a combination of fiscal adjustments and other measures will be introduced but says those will lead to further issues, down the line: "decisions will have to be made on balancing the budget as well – on how to cover those VAT-related losses – and new fiscal approaches will be needed to balance such reductions." ■

IN SEARCH OF A NEW ENERGY NORMAL (PART 1)

By Radu Neag

In the past twelve months, energy prices seem to have taken a life of their own. Their continued and, at times, shocking growth has raised concerns across the region and prompted differing responses and policy changes in each country.

To get a more accurate picture of recent developments, we reached out to experts in Bulgaria, the Czech Republic, Moldova, Montenegro, Poland, and Turkey and asked them about the current energy prices, their impact on local economies, the drivers behind their growth, and whether any plans were in place to address the issue.

How High?

"Energy prices are high all over," Schoenherr Partner Stefana Tsekova begins. "For Bulgaria, we've seen increases to record high levels for electricity prices. It was a really huge issue, with a deep impact on the country. The electricity prices have now settled, to some extent, but are still very high for the country's standards," she says. She reports that, according to market analysts, prices will probably hover around the EUR 200 per megawatt-hour point, for the rest of 2022.

"The Czech Republic has seen an overall increase in energy prices in the range of 30% to 50% in the public sector," according to PRK Partners Partner Jakub Lichnovsky, "and by 300% and more for industrial entities, which depend on individual contracts with energy suppliers."

Penteris Senior Partner Andrzej Tokaj says that in Poland, like elsewhere, "energy prices are on the increase, with this trend being particularly noticeable last year." The price of energy has become a hot topic "in various political and social debates. Society is unhappy as energy prices for households have been hit hard and private purchases have decreased."

It is the same in Turkey, according to Nazali Partner Metin Pektas, as "energy prices in the country are very much affected by global prices – we're heavily impacted by importing raw materials for energy."

In Montenegro, on the other hand, Vujacic Law Office Partner Sasa Vujacic reports that thanks to a standing decision by the government-backed by a resolution of the electricity company – electricity prices are fixed at EUR 98 per megawatt-hour. "It's a state-imposed fixed price, the same for every consumer, and has been locked in since 2019."

ACI Partners Competition Manager Emil Gutu says that electricity prices in Moldova are currently the one bright spot in the bleak larger picture of the country's energy market. "It is only temporary, so let's call it a short-term advantage. The country still has a long-term contract for electric energy supply, at fixed and relatively low prices, being entitled to buy electricity at USD 53.5 per megawatt-hour. Those prices are fixed until March 31, 2022." He says that while electricity prices in Ukraine skyrocketed – the two countries' power grids being completely interconnected, with energy flowing freely between them – for Moldova they've remained the same, for now. "The risk we face is that electricity prices will start to follow those of gas, as about 95% of the country's power is produced by gas-burning thermal power plants."

Andrzej Tokaj, Senior Partner, Penteris

Emil Gutu, Competition Manager, ACI Partners

Jakub Lichnovsky, Partner, PRK Partners

On the gas front, Moldova's situation is dire, Gutu reports. "Prices have risen sharply for natural gas – our main energy source – having quadrupled, from about USD 150 per 1,000 cubic meters, a year ago, to almost USD 600 per 1,000 cubic meters in the past month or two. As a result, the regulated natural gas price for consumers has tripled, which was especially harsh during the winter." He says the price hikes started in October 2021 and continued in January 2022.

Bulgaria's situation is similar according to Tsekova. "The country is 99% dependent on imported natural gas, more than 90% of which is from Russia. With the ongoing political crisis, the price for Bulgaria also increased."

"Most of our contracts for natural gas are with Russia," Pektas notes as well. "In 2020 and 2021 the majority of those long-term contracts for the supply of gas expired and they had to be renegotiated. That was another issue which further affected the Turkish energy market," he notes.

While Montenegro is studying multiple options, for gas coming in from Azerbaijan, Russia, Italy, or Tunisia, Vujacic says the country doesn't import any gas right now, being somewhat insulated from the price shocks.

That is not the case for the Czech Republic, where Lichnovsky says the rapid increase in prices of gas and electricity caught the market off-guard. "The market has faced a collapse of traders and suppliers, many of which filed for bankruptcy. The biggest company to do so was Bohemia Energy, but there were many others too." And prices were not the only reason for their collapse, he notes, citing the "poor risk management of the alternative suppliers, which resulted in the dramatic increase of energy prices for their clients, as they were forced to purchase electricity from the suppliers of last resort, for significantly higher prices"

While electricity and gas price outcomes differed from state to state, the situation of fuel prices seems to be the same across the board, with Tsekova, Gutu, and Vujacic reporting significant increases, along with global trends. For Bulgaria, fuel prices "are not regulated, so they do follow international oil prices closely. They are somewhat higher now, compared to six months ago, but they are within those international trends," Tsekova says. In Moldova, "prices have increased by around 20 to 30% in the last six months. They have fluctuated a bit, but the price at the pump is now a quarter to a third higher – which is an added burden for both people and the economy," Gutu reports.

Metin Pektas, Partner, Nazali

Sasa Vujacic, Partner, Vujacic Law Offices

Stefana Tsekova, Partner, Schoenherr

"Montenegro imports diesel and gasoline from Croatia or Albania – as we don't have the opportunity to bring them in through the port yet. And those prices have been incredibly high of late, the highest in ten years," Vujacic says. "Numerous voices are complaining about the sizable fuel taxes as well but, even though the government announced it would shield consumers, no decision on fuel prices has been announced."

Impact

In addition to inflation and rising interest rates in Poland, "growing energy prices have led to social concerns as individual consumers have less disposable income," according to Tokaj. As for the economy in general, he notes "the growing demand for energy has led to a lack of competition among energy producers, and as a result, they have seen significant profit margin growth, in particular at the end of last year. Rising energy prices will cause the entire Polish economy to be less competitive for individual purchasers." Even though any significant effect on the country's economy is not yet noticeable, according to him, "it could become more visible in the long run."

Vujacic reports that Montenegro has the benefit of being a net electricity exporter. "In the absence of large, heavy-industry consumers we're able to export electricity, mostly to Italy, through an underwater cable. It's a good position to be in, truly, but it was not reached by accident. While, by some accounts, Montenegro had created all the necessary documents for joining the single energy market, the government had the good sense to not go forward with that initiative."

While Montenegro's electricity prices are under control (and gas prices represent no issue), for many other commodities the situation in the country is the same as in the rest of Europe, according to Vujacic: "we import a lot of everything, and that comes in at international market prices, so inflation was felt in Montenegro as well." The price of bread grew by around 15% according to him while for imported food products that increase reached as high as 70% to 75%. "As part of its social project *Europe Now*, our last government increased the minimum salary to EUR 450 (from the former EUR 250). That was a welcome change, of course, but taking into account the general increase of food and other prices, I'm not so sure those benefits were as far-reaching as was intended," Vujacic adds.

"While we've not yet seen industrial players or Turkish producers filing for bankruptcy, all the energy and raw material price increases can be seen in the final end-consumer prices," Pektas says. On top of that, the increased cost of energy became a significant problem for lower-income households in Turkey. "They can't afford the new energy prices, as energy amounts to one-third or more of their income." He notes that Turkish energy is subsidized, "through the public gas company and the power production company, and through tariffs. But by the middle of last year, the government had decided that the subsidies were not sustainable. So, they decreased the amount of the subsidies and the burden the state had to shoulder." While end-user energy prices in Turkey are still lower than in many EU countries, Pektas stresses that purchasing power is also low and decreasing, "so the price increase impact on the public was quite harsh."

> ***Growing energy prices have led to social concerns as individual consumers have less disposable income.***

Regulated energy prices came into play in Bulgaria as well, according to Tsekova. "We don't yet have a fully liberalized market. We still have regulated prices in place for households and a moratorium on increasing the regulated prices for water and electricity valid until March 31, 2022. For now, they've been kept to a comparatively low level, set around mid-2021 prices." But the system wasn't perfect, she adds: "For example, university-owned student housing does not qualify as a household. So, students must pay the higher market-price bills and, in some cases, end up paying the same amount for a small room as they would pay for a three-bedroom apartment. Which shows just how steep the difference between regulated and unregulated prices has become."

Bulgarian industrial consumers and legal entities pay market prices for energy, but the new government has made it a priority to support businesses, according to Tsekova. "They introduced some compensation measures, as state aid: those companies that qualify can receive a EUR 65 per megawatt compensation. While no end date for the program was announced yet, it will have to be stopped eventually, as Bulgaria can't keep the market regulated this way for a long period."

In an effort to combat price increases and the associated issues, the Czech government voided the 21% VAT which was attached to energy. "This was also an extreme method of combating inflation," Lichnovsky reports. "Still, with the wider EU energy market not being properly calibrated, the Czech Republic cannot do much to save it, even with the abundance of energy sources our country has." He adds that the price hike overflow, in terms of industry and agricultural products pricing, could be felt more significantly within the year. "Prices of crops could rise as the harvest comes – while this is a delay when compared to other price hikes, it is unavoidable."

According to Gutu, the impact of those price increases in Moldova was both harsher and more widespread. "The Moldovan economy and citizens are particularly vulnerable to high energy prices because of several factors, the lower overall average living standards among them. This translates to energy poverty being widespread. It's one thing for energy prices to double or triple when you have some amount of disposable income, but quite another when your disposable income was already close to zero. For many Moldovans, there's just nowhere to cover the price difference from."

On a brighter note, Tsekova reports that the higher prices have incentivized businesses to "start thinking about their energy transition and to consider investing in energy efficiency and renewables, as a means to combat price increases," while new wind power investments have started to make economic sense again, "which is quite different to what was the case a year ago."

The Why

Energy prices in the Czech Republic have recently gone up partly due to a combination of increasing natural gas prices and the low reserves of gas in European storage facilities, according to Lichnovsky. "The causes include geopolitics, cold weather, uncertainty over Nord Stream 2 [which, as of going to print, Germany has stopped its certification process], the decrease in wind power plants' production, and increasing prices of emission allowances, so the rise of the price of electricity and gas is not solely a result of intra-market reasons," he notes. The COVID-19 pandemic played also an important role. "The lockdowns have hit the market hard, making it difficult for a number of facilities to stay open. This led to the overall energy consumption on the market deteriorating and has caused troubles," he adds.

He notes that, while "in the Czech Republic we have access to coal, lignite, gas, nuclear, and renewable sources of energy – and we have been successful in securing sufficient supply for ourselves, stabilizing the regional energy supply, and greatly contributing to avoiding blackouts in the entire region – we are on the CEE market for energy, thus the energy prices are more regional than country-linked." And one big factor contributing to the rapid increase in prices of gas and electricity in recent months, Lichnovsky says, was that "Europe is highly – currently about 44% – dependent on gas imported from Russia through Gazprom, which is currently supplying gas only under long term contracts, has ceased its supply on the spot market and decreased its supply of gas to Europe by half while maintaining the prices."

> ***The suppressed demand upsurged beyond normally expected growth and triggered above-normal supply increases. The previously stopped or suspended investments into energy infrastructure meant that suppliers couldn't catch up. So, increased demand came with increased prices.***

Further, Lichnovsky reports that lower electricity market liquidity also contributed to increased prices. "While it takes about CZK 0.30 to 0.50 to produce a kilowatt of electricity, the price for one is now between CZK 2.9 and CZK 9 – a six to ten times increase, or even more." According to him, the EU model for trading electricity and gas had the aim to "weaken giant electricity producers, but it's having negative externalities now."

For Poland, the drivers behind the price increases essentially boil down to its mainly traditional ways of energy production, according to Tokaj. "The vast majority of energy comes from coal, not quite an environmentally-friendly energy source. The growing prices of the relevant carbon dioxide certificates are responsible for 20% of energy prices. At the same time, the transformation into using more environmentally-friendly energy sources is still in its infancy." He also reports that "Poland imports coal from Ukraine, Russia, and even China and, as coal prices increase around the world, Poland also becomes vulnerable to such changes. In addition, the growing costs of production and the inefficiency of the existing power lines contribute to the energy price hikes."

Pektas says that recent fluctuations in energy prices are pandemic-related, first of all. "We can chart the pandemic's impact in two distinct periods. For most of 2020, the precautions were harsh, the supply chains were disrupted, and demand-oriented supply sharply declined. The lower demand decreased prices and, with both down, energy investments into infrastructure were suspended or stopped." During the second period, in late 2020 and early 2021, he notes that "precautions relaxed and the trend reversed. The suppressed demand upsurged beyond normally expected growth and triggered above-normal supply increases. The previously stopped or suspended investments into energy infrastructure meant that suppliers couldn't catch up. So, increased demand came with increased prices." In addition, according to him, many developed countries applied monetary expansion policies, "further increasing energy demand as well as inflation – which again escalated energy prices, to levels which surprised all of us, recently."

International developments also accelerated price growth. According to Pektas, "the tensions between Russia and Ukraine [at the time of the interview, not yet materialized] and the fact that most of the world's LNG capacity was acquired by and shipped to China." Finally, he highlights some Turkey-specific factors, like the serious exchange rate crisis. "The euro and the dollar doubled in Turkey. This meant that fuel prices more than doubled, as Turkey is not independent of global energy prices. Half of the country's energy is produced by powerplants that use coal (more than 20%) and gas (25%) – so raw material prices and the exchange rate heavily impacted energy prices in Turkey, with the country having been hit harder than most," Pektas concludes.

The causes for energy prices increasing in Moldova are no different from those in other European countries, according to Gutu. "Across Europe, it essentially boils down to a combination of unusually cold weather and market factors." He says the country had difficulty mitigating the fourfold gas price increase by its eastern supplier, which translated as a price shock for consumers, through the tripling of the regulated natural gas price. He cites several reasons: "the country has no gas reserves, lacks significant renewable electricity generation capacities, its energy grid is actively interconnected only with Ukraine's, comparatively energy-inefficient soviet-style urban housing is still widespread, and the economy is energy-intensive, with energy consumption per unit of GDP significantly higher than the EU-27 average."

***** End of Part 1. Part 2, due to be published in Issue 9.3 of CEE Legal Matters will cover projections on the impact of the Russia – Ukraine war and what experts believe could alleviate the situation, if not return CEE markets to an energy pricing normal. *** ■**

ESG: REIMAGINING THE INVESTMENT LANDSCAPE

By Radu Cotarcea

CEE Legal Matters spoke with CMS Partners Alexander Rakosi, Horea Popescu, Philipp Mark, and Tetyana Dovgan about the impact the rise of ESG is having on the M&A landscape.

"ESG is getting at the top of the agenda, not just for regulators but also for M&A lawyers," starts CMS Romania Managing Partner and Head of CEE Corporate/M&A Horea Popescu. "We see a lot of interest in M&A being driven by ESG with energy being a big winner. With ambitious targets in terms of renewables requiring a lot of investment to be hit and with energy areas becoming critical for ESG investments, we see a match between additional funding available, and increased demand, for renewables investments. As such, renewables have exploded over the last few years and we're registering a second wave in renewables – one that's likely to continue in the next years."

"Another way to look at it," adds CMS Austria Partner Alexander Rakosi, "is the development of ESG as a more tangible concept." He explained that "the ESG angle tended to be used with a rather cryptic meaning in the past. Now, it is core and has a more developed focus in both the corporate and PE space, with ESG being considered a critical (and in certain cases more well-defined) parameter that is fundamental to companies' growth prospects." And this makes sense according to Rakosi since "ESG is no longer just about the investment case itself, but all sorts of suppliers or contractual counterparties (e.g. government type of contracting) now employ/mandate certain/higher ESG requirements." These types of requirements, according to CMS Austria Partner Philipp Mark are a core driver of the growth of the importance of ESG. He explains that it is no longer just about "access to financing – in manufacturing, for example, it has become *a must* that suppliers are demanded to fulfill ESG requirements. If you do not progress on this front, you get left behind in the next few years. It's a simple matter of keeping up with the times and businesses need to recalibrate to do so."

This ability to "keep up with the times" metric influences the markets in countries where there is no specific ESG legislation too. CMS Ukraine Partner Tetyana Dovgan points out that local players are also transitioning towards ESG compliance ahead of legislation currently in draft form. The driver? "While at the moment it's more of a nice-to-have rather than a must-have," she says, "everything is moving very swiftly and ESG requirements will soon become a reality here as well. Big PE funds already present in Ukraine are real pioneers when it comes to the implementation of ESG in the country simply because it is already taken into consideration before making an investment decision.

Going Full Circle

Commenting on Dovgan's point, Popescu explains that the rise of ESG is not merely a matter of potential targets trying to build themselves up to be more appealing – it is also a result of ESG having created reasons to invest in some targets that were not there in the past. "Because they know there will be a demand in the market for it, big corporates are keen to build green portfolios," he explains, pointing to recycling companies becoming a very attractive potential target relative to how it was perceived in the past – and this creates new M&A activity. Rakosi explains that recycling, in particular, makes for an interesting case study: "There isn't really enough capacity in the sector to keep up with the increasing demand from global players so there is a big drive to gobble up recycling capacities now to make their model sustainable in a commercial sense."

Another example of such increased demand is in the data centers world. Dovgan explains that, while "CEE has become a preferred location for large corporates' data centers. In the ESG world, the significant energy demand increases that this leads to raise questions on sustainability, heavily driving demand for renewables investments as a result."

Impact on Legal Work

There are definitely changes in terms of legal work on the horizon according to Mark. "We are in the first steps of seeing ESG ramifications in a number of ways from a capital markets perspective – there we see a lot of amendments to prospectuses on the risks factors side of things in line with ESG themes." That said, he notes that there is not much yet in terms of changes in "contractual work, but that, for sure, will change with the *EU Green Bond Standard*, still under discussion." The standard, according to Mark, will "provide more details as to what an issuer has to adhere to and also for external reviewers who assess if the green bonds are invested in green projects. I am sure that if it comes into force, it'll change our work as lawyers."

"At this point, the main focus is to try and distill what the gold standard of ESG means," adds Rakosi. "We have already seen legislative developments and whoever will be able to define the gold standards in their industry will have a huge impact on how deals are valued and completed." Indeed, Popescu notes that they, as lawyers "are following a trend, not setting one. At this point, while substantively, the activity of M&A lawyers is the same, it's a matter of assimilating the new knowledge and taking on the increased pipeline of deals due to the new fields of investment."

Dovgan echoes Popescu's take saying "our M&A work itself has not changed," but she adds: "I envision that incorporation of ESG into our work will happen elegantly down the line as part of the due diligence process." Indeed, Popescu adds that he "would not be surprised to see SPAs in the future include warranties of compliance with various ESG standards – similar to AML. I haven't seen any yet but it doesn't mean they don't exist, or that they won't."

Similarly, Rakosi argues that – in the context of due diligence exercises – there might be additional work on material contracts when looking at precise requirements but he raises the question of whether lawyers alone can assess if the target fully complies with mandatory standards. And this becomes even more important with Mark noting that "there are a lot of market participants out there, and all would like to label themselves as green and attract investors. Greenwashing has not really been addressed so far by the regulator but they start to get more and more close to this topic and develop a regulatory framework to impose sanctions if entities market themselves as green without a base. In some of the EU markets, regulators are keen to develop a more detailed sanctions scheme in this regard. Austria is a bit behind this but my personal view is that it should be addressed at an EU level."

As to how lawyers can address Rakosi's point, Dovgan notes that it will likely be a combination of analysis from lawyers and external experts – as is already the case when they bring in environmental experts. And even on the purely legal side, Popescu notes that "lawyers from several practices will need to be able to work closely together – energy, finance, corporate lawyers will all need to chip in – it all goes hand in hand and there is no one ESG lawyer, at least yet."

M&A on Fire

"M&A activity has been on fire in 2021," says Dovgan, "and ESG is one of the key drivers in a period where we are seeing the highest levels of activity and deal values in the last seven years in the region."

And Rakosi notes that this has been the case despite the pandemic: "It is still a factor out there, though not entirely an inhibiting one – not only have people gotten used to working around it but some sectors have even thrived, not despite but because of it, and it's good to see that even those which were on the short end of the stick during the outbreak are recovering nicely."

Popescu too is optimistic. "M&A will continue to grow in the region with ESG creating virtuous cycles – new territories not dealt with in the past, new technologies, new deals." He concludes: "It's a trend set to continue and will only lead to positives." ■

Alexander Rakosi

Horea Popescu

Philipp Mark

Tetyana Dovgan

THE CORNER OFFICE: FAVORITE PROFESSOR

In "The Corner Office" we ask Managing Partners at law firms across Central and Eastern Europe about their backgrounds, strategies, and responsibilities. The question this time: Who was your favorite professor in university and why?

My favorite professor at university was Professor Elemer Polay, teaching Roman Law at the University of Szeged. The professor possessed immense knowledge of the law, and he was a very well-educated intellectual. He spoke and published in several languages: Hungarian, German, French, English, Spanish, and Latin. I would also add the *language of students* to his know-how – the way he thought us was exceptional and his warm, clever, and elegant personality shined through everything he did. And he did a lot, besides teaching and publishing over 140 publications, he organized the first congress on Roman Law in Hungary and was a speaker or participant at many other conferences. If he was teaching these days, he'd probably have a series of podcasts, and he'd deliver a Ted Talk. We were his last Roman Law class, he died a year later.

Gabor Kiraly, Managing Partner, Dentons Hungary

In the 80s when I was a law student at ELTE University, there was a professor whose lectures were always full, no matter how big the auditorium was and there was no need for an attendance sheet. He caught and kept the attention of all students, teaching in a way that one could understand Civil Law in its complexity and remember his words after the lectures right away.

As he was a visiting professor at the University of Heidelberg, he opened a window for us to the western legal systems and took us, within the framework of the Scientific Students' Association, to study trips to Germany and even to the US. At a time when traveling was not possible for all, we could meet with western law students and professors and learn about their legal systems.

His name is Professor Emeritus Lajos Vekas, the author of 19 books in Hungarian, English, and German on Private Law and Private International Law, a member of the Academia Europaea, and Vice-President of the Hungarian Academy of Sciences, who took a leading role in the democratic transformation of the Hungarian legal system after the collapse of the communist regimes.

Apart from his eternal merits in the field of law, he had such a wonderful and captivating personality and elegant humor and attitude towards the students that made him outstanding and he stuck in my memory forever.

Peter Lakatos, Managing Partner, Lakatos, Koves & Partners

It is funny – I had two favorite professors at the Law Faculty of the Sofia University – a Senior Professor teaching Commercial Law and a Junior Professor teaching Constitutional Law – and they both became Prime Ministers of Bulgaria after my graduation. But as I need to pick one, I will pick Professor Georgi Bliznashki.

At the time he was a Junior Professor (teaching Constitutional Law and Parliamentarian Law) and he was deeply involved in academic research and we became soul-mates on these matters. The Parliamentarian Law exam was on January 10, 1997 – the date on which, later on during the day after our exam was over the Bulgarian Parliament was attacked by a crowd and, as a result, Bulgaria changed its course towards NATO and EU memberships. My professor used to say: "There will come a time when you will be proud with my signature on your student's books!" Despite his cockiness (he later became an MP, European MP, Prime Minister, and Senior Professor), he was one of my favorite professors due to his deep academic focus and willingness to give guidance to young lawyers. He still keeps publishing great academic books and refers to my publications from the time when I was his student.

Kostadin Sirleshtov, Managing Partner, CMS Bulgaria

Ralph Reisner was my professor of Banking Law and Regulations at Northwestern University in Chicago, during my LLM program in 1997-1998. In addition to being an encyclopedic personality, he was very curious about how young people like me, coming from outside the United States, saw the world and this always led to very interesting discussions. He had a good understanding not only of the law, but also of business and economics, and generally of how the world worked. He became a mentor for me. He gave me priceless career advice at times when I needed it most. I would not be where I am today but for the insights he shared with me at several crucial junctures. He remains my friend to this day, 25 years later, and I try to visit with him and his wonderful wife, Danute, as often as I can when traveling to California, where they reside.

Marian Dinu, Country Managing Partner, DLA Piper Romania

The teacher who had the biggest influence on me and on my career was Tamas Sarkozy. I was attending the third year of university, in economics, though I did not feel that my economics studies fully engaged my mind. And this was the time when I came across the lectures of professor Sarkozy.

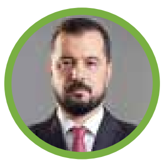
He was one of the most prominent legal theorists of that period – as an example, he was the author of the very first Companies Act in Hungary. On the other hand, as a professor, he could convey his legal knowledge to university students in a very colorful manner. His lectures were hilarious – the auditorium was full all the time. He always brought up various anecdotes to support his message. One, for instance, when he wished to emphasize the importance of definitions in legal documents, he shared his experience in Thailand. He signed up for a "massage" – but instead of getting pleasure via young girls, he got a full two-hour Thai massage which he hardly survived. On another occasion, when talking about shareholders' rights, he shared his experience in Germany as a youngster: He regularly bought shares of those public companies which had their general meeting the next day. He filled up his belly each time with the quality food served at such meetings and then sold the shares the day after.

He was the professor who pushed me to start my legal curriculum, in parallel to my economics studies. Without him, I would not even be a lawyer. The only sad element of the story is that he is no longer with us and currently he entertains only the angels with his large knowledge and unbeatable humor.

Pal Jalsovszky, Managing Partner, Jalsovszky Law Firm

My favorite professor at university was Helen Hartnell. She is an American law professor who taught several courses at CEU and one at ELTE to help us prepare for the very first Willem Vis Arbitration Moot competition held in 1993/94. At that time, three students enrolled for this course but only two of them actually started to attend the courses and prepared the written briefs. First, we had to file a statement of claim, and about two months later a statement of defense. Another approximately two or three months later came the preparation for the oral hearing that was held in Vienna. Suddenly, the third student, who had not participated in the course until that point, also appeared. Helen was ballsy enough to not let him take part only in the "more fun part" of the moot without having contributed to the sweaty groundwork. (We won second place in the competition for the best-written brief!)

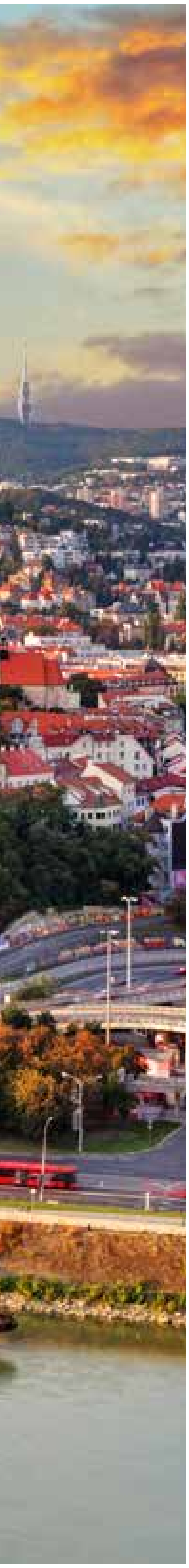
Kinga Hetenyi, Managing Partner, Schoenherr Hungary



I am grateful to my university teacher, Ion Traian Stefanescu, who unfortunately is no longer with us, because of his ability to make his class not only exciting but also memorable, being able to find the joy in teaching, while remaining enthusiastic about every topic of the law, making me excited to attend and learn every day. Coming to class and witnessing his passion to teach inspired me to seek the same kind of passion in my career, emphasizing the importance of honesty and integrity, as well as the cruciality of good moral standards. He was more than just an inspiration, he was a mentor who taught me the importance of education and balance in order to succeed. He was a personality that I admired and I will probably always remember.

Octavian Popescu, Partner, Popescu & Asociatii

MARKET SPOTLIGHT: SLOVAKIA



ACTIVITY OVERVIEW: SLOVAKIA

Firms with the most client matters reported by **CEE Legal Matters**.

Dentons	32
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Viliam Mysicka

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Peter Kubina

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Vojtech Palinkas

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Adam Hodon

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Juraj Frindrich

7
Martin Magal

7
Sona Hekelova

Activity Overview:

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- Period Covered: December 17, 2013 - February 15, 2022

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INTERNATIONAL FIRMS' PRESENCE IN SLOVAKIA – NOT A PASSING TREND

By Andrija Djonovic

The Slovakian legal market has, for quite some time, been a vibrant landscape of international law firms. Given the positioning of the central European country, and the proximity of major markets such as Austria, Poland, and Ukraine, Slovakia has been able to maintain the high number of international law firms, especially relative to other CEE jurisdictions.

Taking a deeper dive into the reasons behind the persistence of such a high number of major international law firms, we reached out to legal professionals who work in Slovakia to get their insights.

Origins of Internationals – How Did Slovakia Become Attractive ...

Location, Location, Location

"Thanks to its strategic location and close links to other CEE markets, Slovakia is consistently a natural target jurisdiction for businesses with interests across the CEE region," shares Wolf Theiss Counsel Rudolf Pfeffer. According to him, both international clients, as well as major local players, need "high-quality legal work, deep local insights, and the ability to coordinate transactions across different jurisdictions." In Pfeffer's opinion, Slovakia has a synergetic quality of being "a small but vibrant legal market which generates a steady flow of legal business in most of the practice areas that international law firms typically cover."

And, Pfeffer is not lonesome in his opinion – Taylor Wessing Partner Andrej Leontiev shares the view that Slovakia's central location is a contributing factor: "The extraordinary proximity of Slovakia to other significant CEE markets, such as Austria, the Czech Republic, Poland, and Hungary plays a role."

CMS Partner Michal Hutan agrees with the point. "[Slovakia's] geographical position – right in the center of Europe and bordering Austria, Hungary, Czech Republic, and Poland – certainly makes it very appealing to an impressive range of international, CEE and European clients to base their operations in," he says. Following that fact, Hutan believes that a high number of international law firms is a natural consequence. "This is particularly the case with major e-Commerce players, many of whom have set up logistics and distribution centers here in recent years."

Strong Economy and the Euro

Still, it's not *just* geography. Slovakia, or the 'Tatra Tiger' as the country was called as a result of the 2002 and 2007 strong economic growth, offers a developed market for international businesses.

"After joining the EU in 2004, Slovakia experienced a period of strong economic growth and became a more attractive destination for foreign direct investment," Pfeffer says, on the one hand. "This development was further accelerated after 2009 when Slovakia joined the Eurozone and adopted the euro as its currency, becoming the only country from the Visegrad Group to do so."

On the other hand, Bird & Bird Managing Partner Ivan Sagal does not feel there is a sole reason for Slovakia's allure. "There does not seem to be one universal answer applicable to all the firms with a footprint in Slovakia. Instead, each of

Ivan Sagal

these firms follows their own strategy in terms of international expansion, and for those who are present here, the Slovak market simply fits into that strategy," he says.

"Of course, the strategic reasons are not rigid and may change over time, so while some firms might have initially come in the first wave of the 'privatization harvest' in the nineties, they have since established a sustainable local client base and are staying because their Slovak operations contribute to the success of their global business," Sagal continues. "These later entrants sometimes paired up with or even absorbed existing local law firms whom they found appropriately large or reputable."

Additionally, Sagal thinks that the relatively early adoption of the euro in Slovakia, compared to "most CEE jurisdictions, might have also played the role in clients' decision to set up here and consequently in creating the client base for international law firms."

Transnational Business

And Slovakia's strong economy generated a diversified market with many transnational businesses present.

"Slovakia is a significant production hub for the automotive and electronics industries in the region," Leontiev says. "International production facilities often use group subcontractors as well as group legal and tax advisors." Leontiev believes that this nature of the businesses themselves is a reason international law firms are present. "If a law firm does not 'follow' its major clients into new territories, its long-lasting relationship in its original market can be endangered," he explains.

"Slovakia is a leader when it comes to automotive manufacturers, which value not only the country's geography but also the green-field investment opportunities and state support Slovakia offers when choosing where to base their plants," Hutan chimes in. "This, coupled with the stable and moderate political climate, EU membership, and relatively low labor costs, has made the country a hub for this sector and its suppliers."

Allen & Overy Managing Partner Martin Magal agrees with the point. "Slovakia has a small but very open economy," he says. "Most of its GDP is generated by local subsidiaries of multinational corporations rather than by local champions. This generated a demand for sophisticated international-style legal services at a time when local law firms did not yet have the required expertise and size," Magal explains. "International firms, therefore, found quite attractive conditions for setting up their operations in Slovakia."

... and How Come Firms Are Not Leaving?

While many international firms have slowly pulled out of several CEE markets, Slovakia does not seem to have had experienced a considerable exodus. There are several potential reasons for that.

Most of its GDP is generated by local subsidiaries of multinational corporations rather than by local champions. This generated a demand for sophisticated international-style legal services at a time when local law firms did not yet have the required expertise and size.

Firstly, there's the aforementioned overall economic strength of the Slovak market. "If I had to name one common denominator which makes the Slovak market interesting for any international law firm, it would be the overall economic landscape," Pfeffer says. "The country is an inherent part of the region that is their natural ecosystem and strategic focus."

Secondly, there's the calm political climate coupled with a well-diversified market. "Due to political developments and separation from the Czech Republic – a much larger market – Slovakia has never been considered to be a major market, so there was no significant pullback after most important privatization deals were concluded," Leontiev explains. "Being a small market has some advantages. Among others, the expectations of an international law firm vis-a-vis its subsidiary on a small market are rather moderate. This gives the local management considerable 'freedom' in doing business."

Thirdly, there's the legal expertise of local lawyers. "For CMS, Slovakia is considered a dynamic and growing market, and we are seeing more instructions from local clients seeking a high level of service and legal support, especially as they grow," Hutan reports. "Another factor is that the best local lawyers are more than happy to work for international law firms rather than setting up their own boutique firms," Magal adds.

"That trend may not last forever but it is certainly bound to continue for at least another decade."

Fourthly, there is a strongly developing business habitat. " I would emphasize our ever more transparent business environment – there is a real commitment from companies and our government to fight corruption and ease the processes for international businesses that wish to operate and invest in the country," Hutan says.

That said, "to be fair, over the years, Slovakia had its fair share of exits," Sagal notes, adding "but I would agree that there was no significant exodus and in fact, international law firms successfully dealt with multiple spin-offs, former regulatory challenges, initial distrust of some client segments and growing sophistication of clients' management of external legal budgets."

Sagal trusts that global law firms each have their own strategy and that they are "regularly evaluating whether their presence at certain markets fits into that strategy. Similar to other jurisdictions' exits, those firms that pulled out of Slovakia each had their own different reasons, often purely internal, rather than collectively reacting to some adverse market change."

Of course, Sagal too considers there to be advantages of the Slovakian economy that sets it apart, if only just: "Cost of labor, geographic location, and strength in certain industrial segments are among the factors that are sometimes considered as advantages of the Slovak market – but specifically in the market of legal services, none of them has a sufficiently significant impact to be the driver behind strategic decisions. The fact that some firms that closed their offices in other CEE jurisdictions still stayed in Slovakia is, in my view, therefore driven by their internal reasons rather than some uniqueness of the Slovak market."

Local Spin-Offs

Andrej Leontiev

After the privatization waves that saw international firms come in, many international offices saw a lot of spin-offs that strengthened the offering of local firms across the region. But has this been a case in Slovakia as well?

"The 'privatization' time required for the development of deep-rooted international firms leaving Slovakia was relatively short, and that has also reflected on the spin-offs," Leontiev explains. "Our experience is that if an international firm trusts the local management, which often manages the office as 'its own,' self-sufficient in business development and commercial strategy, the spin-off intentions are less frequent."

"Spin-offs are an inevitable feature of any maturing legal market, and Slovakia is no exception in this respect," Pfeffer adds. "Many of these spin-offs are well-run, adhere to high professional standards, and possess a solid portfolio of clients. I believe they are a welcome complement to the local service offering, although, for big, complex or multijurisdictional mandates, the clients may still prefer international law firms."

Magal, on the one hand, believes that there were *fewer* spin-offs in Slovakia. "It is true that local spin-offs are a less frequent phenomenon than in other CEE countries," he says. "This could be down to people looking for more stability – something an international platform can provide – as well as local lawyers being given more managerial responsibilities early on."

Sagal, on the other hand, believes there were more spin-offs. "Actually, there might have been more spin-offs in Slovakia than in some other CEE jurisdictions, but given the size of the market, they have been less visible. It has been a typical feature at the Slovak market for quite some time that experienced individuals or mini teams were leaving their original firms to either set up their own boutique operations or team up with other 'leavers' to do so at a larger scale, often initially serving predominantly one big client or a client group and then later evolving into more established local firms," he explains. "As opposed to some other (bigger) markets, such departures often involved individuals below the partner level (i.e. early career moves), and that might be why they sometimes have not been recognized as traditional spin-offs."

With so Many Internationals – Is there Enough Work for All?

Traditionally, international firms usually position themselves as targeting complex, big-ticket work. Given the size of the Slovak market, a logical question begs to be asked: Is there enough such work in the country to sustain the current number of international firms present?

"If big-ticket work is a synonym for cross-border and multi-jurisdiction work then Slovakia is not and will never be very attractive," Leontiev says. "However, many local businesses, mainly because of their commercial ties to foreign markets or foreign partners, appreciate international law firms' standard of work. Acquiring this higher standard of legal services is often considered key to international success or attractive divesture of the shareholding."

Martin Magal

Magal, too, believes that, while there isn't a growth in these types of engagements – there are enough of them for the time being. "There is enough work to keep the firms that are already on the ground reasonably busy. Plus, there is a growing appetite from purely local clients to instruct international firms with their cross-border transactions," he says. "I can even imagine existing international firms expanding further. See the example of Eversheds [Sutherland] opening an office last year, Dentons and Bird & Bird hiring more lawyers, and Allen & Overy and White & Case continue to record impressive results."

Hutan, as well, thinks that, while there might not necessarily be a lot of big-ticket work, this is not an issue. "In my view, a good international law firm should, as we do, care about more than just the complex/big-ticket work and invest time and energy into working for a range of clients and across a range of practice areas," he says. "A lot depends on the market in terms of the number of these types of deals we might see. However, if an international firm solely chases big-ticket work and only focuses on those projects that will attract attention rather than taking a client-centric approach, they could potentially struggle," he explains.

Building on this view, Sagal shares his opinion that there isn't, really, any work within the exclusive purview of international firms. "Given the development of the Slovak market over the last decade, there is hardly any area of service that would be reserved exclusively for international law firms, but equally, hardly any area that would be reserved exclusively for local firms either," he argues. "The question, therefore, is no longer whether there is enough big-ticket work on the market for the internationals to sustain, but rather whether the particular firm's quality of service and the ability to cultivate its base of clients and contacts is strong enough to maintain a healthy business operation. This applies equally to international as well as to local firms."

Looking Ahead

Looking into the future, "on the one hand, the Slovak market of legal services is certainly more saturated than it was, let's say, ten years ago," Sagal comments, adding: "However, this statement was also true ten, 15, and 20 years ago – and in each case, it was followed by a trickle of further arrivals. Therefore, the straight answer is that it could go either way: it largely depends on a combination of the future performance of the Slovak economy and the degree of success of individual law firms in executing their international strategy with respect to Slovakia. There is definitely no universal factor present at the current Slovak legal market that would give an indication either way."

"I do not have a crystal ball, but there may be, as there often are, changes in the legal market," Hutan adds. "Some firms with smaller offices dependent on doing the Slovak part of regional transactions could think at some future point that they do not need a presence here or others that are less established in the market or may struggle due to the competition." Still, he does believe that Slovakia has many attractive qualities and is a dynamic market. For this reason, Hutan says that "CMS is certainly very committed to Slovakia and our clients here and is investing in our office due to a growing volume of work we are seeing, so we are without a doubt here to stay"

"In my opinion, the legal market in Slovakia is relatively stable," Pfeffer says, with a note of optimism. "Therefore, in the absence of any significant unforeseen circumstances, I don't expect any major developments in this regard in the short to medium-term."

Finally, Leontiev is confident that Slovakia will continue on the path of being an attractive destination among international investors. "The geographical location, skilled workforce, and euro currency provide a fair comparative advantage to other similar jurisdictions," he concludes, while remaining conscious of "larger geopolitical factors at play as well." ■

KNOW YOUR LAWYER: MICHAL SIMUNIC OF CECHOVA & PARTNERS

Career:

- Cechova & Partners, Attorney, 2011-Present
- Cechova & Partners, Associate, 2008-2011
- Dovera Health Insurance Company, Manager of Debt Collection Department, 2005-2007
- Valko & Partners Legal Office, Paralegal, 2003-2004
- Vseobecna zdravotna poistovna a.s. (The General Health Insurance Company), Debt Collection Department, 1999-2005

Education:

- Faculty of Law of Comenius University in Bratislava, Mgr., 2007
- Pan-European University, JUDr., 2007

Favorites:

- **Favorite out of office activity:** Bicycle, Hunting
- **Favorite quote:** "Things are never so bad they can't be made worse." – Humphrey Bogart
- **Favorite book:** *The Witcher* by Andrzej Sapkowski
- **Favorite movie:** *The Last Boy Scout*

Top 5 Projects:

- Advising Just Eat Takeaway.com, a leading online food delivery marketplace in Continental Europe, in its acquisition of Bistro.sk from Ringier Axel Springer Media AG. Bistro.sk is the largest food delivery service in Slovakia;
- Assisting Macquarie/MEIF4, a global provider of banking, financial, advisory, investment and funds management services, in its acquisition of Towercom, a.s., the main national provider of the broadcasting services throughout the whole territory of Slovakia;
- Advising AFS Technologies Inc. on the purchase of 100% shares of the leading Slovak software company Visicom;
- Assisting Cinema Holding/Cinema City with the group reorganization – structuring of the transaction, including completion and relevant registrations;
- Assisting ABB Optical Group, America's leading authorized distributor of all major soft contact lens manufacturers and a leading provider of optical products, services, and business solutions in the eye care industry, in its acquisition of business from Mindent Solutions, Inc. of Affinity Analytics.

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

Simunic: The acquisition of Towercom a.s. by Macquarie/MEIF4. The target is a national provider of terrestrial and satellite television and radio broadcasting services in the whole territory of Slovakia, the project included complex legal due diligence, the establishment of the SPV for the purchase, analysis of the regulatory aspects related to the business, assistance with transaction documents and with the closing of the transaction, and post-closing matters. It was one of the first projects of this size and complexity that I worked on at the beginning of my career as a lawyer – and that was a big challenge for me.

And what was your main takeaway from it?

Simunic: I´ve participated in this project in the first years of my career as a lawyer. At the beginning, I was quite scared by the volume of work required. However, the main takeaway for me was that, with the right team, everything is doable, even when things seem to be difficult and complicated in the beginning, and that with good teamwork and the right approach, obstacles can be overcome and great results can be achieved.

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

Simunic: Most likely it will be the fact that I am a hunter in my free time. This hobby is not very common.

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

Simunic: Our Managing Partner Katarina Cechova played a big role in my career. First, she gave me the opportunity to be part of our team in our law firm. More importantly, she has been providing her continuing support and sharing her knowledge and great experience with younger colleagues. She is always ready to provide her opinion and her view on the matter as a brilliant lawyer with so many years of practice. I admire her commitment to the profession. I hope that I will also have so much energy and enthusiasm for the legal profession after so many years of legal practice as she has.

Name one mentee you are particularly proud of.

Simunic: I don't have any mentees within a formalized mentor-mentee program but I work closely with our junior colleagues and try to help them to develop professionally and to make progress in their careers. I hope that they can benefit from my advice and the experience that I gladly share with them.

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

Simunic: Don't be scared, everything is doable with the right approach and the right people around. Practice will teach you how to cope with difficult situations.

MARKET SNAPSHOT: SLOVAKIA

IS SLOVAKIA READY FOR A HYBRID WORK MODEL?

By Sona Hankova, Partner, CMS Slovakia

Since the onset of the COVID-19 crisis, the *Slovak Labor Code* has changed several times. In 2021, five amendments were adopted, and new changes are expected in 2022. Although we observe progressive changes, the labor code remains quite rigid. Its provisions on remote work do not distinguish between blue-collar and white-collar jobs, which makes their implementation more demanding. Remote working, constant changes to COVID-19 pandemic rules, vaccination, health and safety, data protection, and employment termination rules – these have been the most pressing issues that have led employers to turn to their legal advisors.

Employers continued to analyze the benefits of working from home for their operating model. They have been updating their employment documents to comply with new requirements. In particular, the labor code amendment effective as of March 1, 2021, established better working conditions for *digital nomads*. However, remote work still raises a host of legal and administrative challenges. Many practical questions have arisen concerning the manner and extent to which employees' costs should be reimbursed for working remotely, as well as the tax aspects of working remotely from abroad (the risk of becoming a permanent establishment and the obligation to pay income tax and contributions to social insurance schemes abroad).

At the same time, many employers have postponed updating their remote working documentation templates due to legal uncertainties. They rely on temporary measures introduced by lawmakers in response to the pandemic. These rules currently allow employers to order home-working, and employees to request it. However, when the pandemic retreats, an important question will remain: does the labor code allow remote working without the employee's consent? After the pandemic measures expire, remote working will not be possible without reaching an agreement with the employee.

In 2021, the new topic of vaccination and testing arose, which kept employers busy. Slovakia has a low vaccination rate of only about 48%. Lawmakers required employers to ensure their unvaccinated employees are regularly tested prior to entering the workplace. This rule left many open practical questions for employers to resolve and has been abolished only recently.

The pandemic also encouraged employers to consider means for reducing work-related health problems in the workforce. In Slovakia, employers must ensure that the workplace (including remote workspaces) complies with national health and safety regulations. Employers often asked what health and safety standards applied to remote workers. Some employers went beyond the mandatory minimum as regards mental health: they put more emphasis on implementing adequate systems to support the healthy work practices, training, life balance, and mental well-being of their employees.

Remote working has also been associated with an increased risk of cyberattacks, data leaks, and employee fraud. As part of their ESG programs, employers are increasingly addressing issues such as transparency, risk governance, compliance and ethics, fair working conditions, and diversity and inclusion.

What to Expect in 2022

The legislator has introduced a new legal instrument – short-time work (*Kurzarbeit*) – into Slovak law, following the Austrian model. It will enter into force on March 1, 2022 (later than originally planned), and will be available for employers even after the pandemic.

By August 1, 2022, the Slovak Republic must transpose into law the EU Directives on transparent and predictable working conditions and on work-life balance for persons with caring responsibilities. At the time of writing, the amendments to the labor code are still in the early legislative stages. What can be expected? New provisions are proposed to ensure a minimum of work predictability and employees' right to request transfer to another form of employment. A welcome change is that the employer will be allowed to provide written information on working conditions in electronic form. However, certain communications between employers and employees still cannot be conducted electronically (e.g., delivery of a termination notice). Many other issues that both employers and employees are struggling with in practice are also to be addressed.

The COVID-19 pandemic has forced employers and employees to adopt a new vision for work. The pandemic showed the importance of the social element of ESG. It is now clear that many employers wish to continue with remote working, or at least a hybrid model of remote and onsite working, even after the COVID-19 interim measures expire. ■

NEW SLOVAK ACT ON SCREENING OF FOREIGN DIRECT INVESTMENTS

By Michaela Stessl, Country Managing Partner, and Andrej Liska, Associate, DLA Piper

The planned legislation will introduce a screening of foreign direct investments to Slovakia from third countries. The aim of the screening mechanism should be the protection of Slovakia's security and public order, whereas security and public order in the EU shall also be considered.

The competent Slovak public authority, the Ministry of Economy (MoE), states that despite the generally positive impact of foreign investments, it is necessary to pay closer attention to them and identify their capability to negatively impact security or public order.

The basis for the new legislation stems from EU law, namely from *EU Regulation 2019/452*, which entered into force on October 11, 2020 (FDI Regulation). However, the FDI Regulation as such (deliberately) does not set out, in every detail, what the form and content of the EU member state FDI screening mechanisms should be. The FDI Regulation, among other things, merely sets out certain key elements to be reflected in any national FDI screening mechanism.

The introduction of the FDI screening mechanism as such remains at the discretion of each EU member state. It follows from the European Commission´s First Annual Report on the screening of foreign direct investments into the Union, dated November 23, 2021, that (as of August 1, 2021) Croatia, Bulgaria, and Cyprus were the only three EU member states that do not have an FDI screening mechanism in place and, at the same time, do not contemplate setting up one. However, according to the report, it remains the European Commission´s strong expectation that all EU member states will put national FDI screening mechanisms in place.

When preparing the Slovak legislation, the MoE was inspired by the legislation and practical experiences from selected EU member states but also by the legislation and experiences of non-EU countries (e.g., the US, where the national security implications of foreign investments into US companies or operations are reviewed by the Committee on Foreign Investment in the United States).

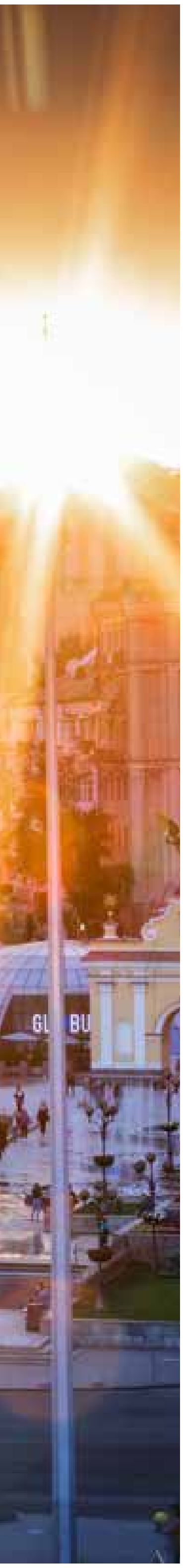
Initially, the MoE anticipated that the new legislation will come into effect on January 1, 2022. The legislative process has been delayed, however. The MoE submitted the draft legislation to the intradepartmental consultation process on June 2, 2021 (the process lasted until June 22, 2021). The draft has drawn substantial attention and 311 comments were submitted overall. Out of these, 116 are classified as essential.

The MoE is now trying to reflect the submitted comments and is preparing a revised draft of the new legislation. Therefore, the effectiveness of the new legislation will be shifted. Initially, our understanding was that the MoE envisaged July 1, 2022, to be the effective date, however, even this date might not be feasible.

Despite the expectation that the draft legislation submitted by the MoE in summer 2021 will be substantially changed, once the comments are reflected, it nevertheless provides a good indication of what the nature of the Slovak FDI screening mechanism will be, once adopted. The draft introduces a wide definition of foreign investments from third countries that fall under the screening regime. The MoE will be the *screening authority*, however, it will consult other Slovak public authorities as well as other EU Member States and the European Commission on the investments. In addition to direct investments, indirect investments should also be affected. In the case of a share deal, as the most common form of acquisition of an entity in the Slovak M&A environment, the threshold is set at 10% for new acquisitions. The draft legislation stipulates that so-called critical foreign investments (e.g., investments in military technology and materiel, dual-use items, digital services, etc.) cannot be effected without the MoE's permit or conditional permit. The MoE should also have the competence to ban a foreign investment, screen past foreign investments, and order their divestment.

It will be interesting to see how the MoE deals with some of the submitted comments and what the final wording of the legislation will be. Some of the comments, for example, aim to increase the above-mentioned threshold to 25% or 33%. In any case, FDI screening will very soon become a new element to be considered within M&A transactions in Slovakia. Currently and until then, a sector-specific and very limited investment screening under the *Slovak Critical Infrastructure Act* applies. ■

MARKET SPOTLIGHT: UKRAINE



ACTIVITY OVERVIEW: UKRAINE

Firms with the most client matters reported by CEE Legal Matters.

Sayenko Kharenko	171
Avellum	110
Asters	94
Aequo	63
Integrites	58

Partners with the most client matters reported by CEE Legal Matters.

54
Glib Bondar

38
Iryna Pokanay

34
Yulia Kyrpa

33
Nazar Chernyavsky

30
Mykola Stetsenko

Activity Overview:

■ Full information available at:
www.ceelmdirect.com/activity-rankings
■ Period Covered:
December 17, 2013 - February 15, 2022

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EXPLORING THE DECREASE IN THE NUMBER OF RANKED FIRMS IN UKRAINE

By Teona Gelashvili

According to the CEE Legal Matters CEE By The Numbers report, between 2019 and 2021, Ukraine saw a large decrease in the number of ranked law firms and lawyers at ranked firms. While in 2019 the number of Ukrainian law firms ranked by Chambers & Partners and Legal 500 was 95, in 2021 the same number decreased to 69. Similarly, the number of ranked-firm lawyers decreased from 1,579 in 2019 to 1,338 in 2021. The decreasing trend is particularly visible in comparison to other CEE countries.

Key Trends in the Ukrainian Legal Market

Merger Trend?

While some law firms notice an obvious trend of the decrease in the number of registered law firms through consolidation, others explain the statistics by the ranking methodology.

Oleksiy Feliv

Integrites Managing partner Oleksiy Feliv and Asters Co-Managing Partner Oleksiy Didkovskiy believe that the COVID-19 pandemic-related shrinking workload was the main driver for the decreasing number of ranked law firms. "The decline in the number of law firms and lawyers might be explained by 'natural selection,'" Feliv says. "Smaller firms had to leave due to the challenges imposed by the pandemic but those with a long market track record and substantial clientele remained," he explains. For him, a good example of such a trend is "three teams joining the Integrites over the last five years." In addition, he names DLA Piper's merger with Kinstellar and Agreca law firm's merger with Arzinger as examples of a noticeable merger trend last year.

Didkovskiy highlights the drastic change in terms of the number of registered new law firms. In 2021, "the number of registered new law firms

Oleksiy Didkovskiy

compared to the number of the closed ones was equal to 3:1 while in 2019 this proportion was 20:1." He believes that this change is largely influenced by the pandemic, forcing small and medium-sized law firms to leave the market. According to him, "big law firms were more capable to rearrange their operations, rethink strategies, and optimize budgets," and similarly, "boutique law firms with strong presence also managed to overcome the challenges."


Mykola Stetsenko

Avellum Managing Partner Mykola Stetsenko and AGA Partners Partner Iryna Moroz agree that there is an obvious trend of law firms merging, and the main driver for the merger trend is profitability. For local firms, according to Stetsenko, "mergers provide an opportunity to grow their revenue and, potentially, increase their margins." Moroz adds: "During 2018-2019 there was a certain merger trend, mostly inspired by the idea of attracting more clients and work when operating as a full-service law firm."


Olena Stakhurska

Taylor Wessing Local Managing Partner Olena Stakhurska, Everlegal Managing Partner Yevheniy Deyneko, and Peterka & Partners Partner Taras Utiralov say that the consolidation trend was particularly noticeable with small or boutique law firms. Stakhurska says that large national firms tried "to gain additional expertise and partners by taking over strong but small law firms specialized in some specific areas." According to her, there is also a tendency of small law firms "to seek for a union with larger national law firms that provide infrastructure and a stable client-portfolio." Deyneko agrees that there is a trend of Ukrainian law firms absorbing local boutique firms to start or boost new practices. "Some examples include a pharma and healthcare legal boutique joining CMS and a transport/infrastructure-focused legal boutique joining Arzinger," he says, noting that "the trend can be explained by the increasing significance of such industries in Ukraine and resulting increase in the associated legal work."


Taras Utiralov

Ilyashev & Partners Law Firm Managing Partner Mikhail Ilyashev, on the other hand, points out that "there was a demand for the establishment of boutique law firms, but it seems that it did not work. The boutiques must compete with full-service law firms and, in fact, in years boutiques eventually became full-service law firms too."


Mikhail Ilyashev

International Law Firms Leaving

Utiralov and Stetsenko also highlight a trend of international law firms leaving the Ukrainian legal market. For Stetsenko, this can be explained "by the fairly low profitability of the legal market for large international firms." Utiralov agrees but points out that these international firms that left Ukraine in the past few years, were not so well represented on the market. "Some foreign firms opened their offices in Kyiv, but these firms have usually less than 5 offices globally, so are mostly focused on one native jurisdiction, while their other offices usually support its activities. So those international clients seeking international law firms with clear international standards and other related characteristics still have limited choice," he says.

Baker McKenzie Managing Partner Serhiy Chorny, on the other hand, is skeptical about the decrease in registered law firms. According to him, "there were some significant movements in the legal market in Ukraine over the last year, but these were singular rather than indicating a trend." Chorny says that "DLA Piper left Ukraine and substantially all of their local team moved to Kinstellar," however, except for DLA Piper, international or foreign law firms have not left Ukraine recently. "This does not seem to be a trend, at least not as yet and regardless of high-security concerns in Ukraine in view of the continuing threat of escalation of the Russian aggression," he adds.


Serhiy Chorny


Valentyn Zasukha

Similarly, Hillmont Partners Partner Valentyn Zasukha and Mamunya IP Managing Partner Oleksandr Mamunya point out that the legal market has not changed as much. "The market has not witnessed many mergers during the last two years," Zasukha says, noting that some transformations and exits are rather single incidents. Mamunya agrees that "neither the firms merging trend nor the trend for the massive leaving the market" was noticeable in recent years in Ukraine.

Ranking Methodology


Oleksandr Mamunya

Zasukha and Mamunya explain the numbers by pointing to rankings methodologies and firms' drives. According to Zasukha, "several small law firms have switched to a closed format of work, they are no longer interested in any marketing activities, including rankings." Zasukha adds, that "the admission strategies cultivated by the top legal rankings have changed drastically," making it difficult for local law firms to be ranked internationally. Mamunya also explains the data by pointing out that Ukrainian law firms attempt to reduce costs, "inter alia, by reducing the back-office staff, including those in PR and marketing functions." As a result, he says, "Ukrainian firms mostly aimed at domestic clients failed to file their Chambers and/or Legal 500 submissions in 2020 which could result in the decline in the number of ranked Ukrainian law firms." And Didkovskiy argues that international legal rankings "like Chambers & Partners and Legal500, have high entry criteria that many law firms fail to meet. Even a law firm that is already in the ranking needs to prove its expertise annually. If a law firm does not provide undisputable performance evidence, it disappears from or falls in the ranking."

Competition Is in the Air

The great majority of law firms reported that the Ukrainian legal market remains at least as competitive, as it was before. Some law firms, on the other hand, feel that the competition has been even higher recently.


Iryna Moroz

Feliv, Chorny, Utiralov, Deyneko, and Moroz believe that competition among law firms has been constantly growing, especially in specific practice areas. "Definitely, there is no less competition," Chorny reports. On the contrary, "because of a decrease of the volume of work in certain areas, the competition has increased dramatically. This is especially the case for transactional practices, such as finance," he says. "My personal feeling is that the legal market constantly gains new opportunities from the economic and political situation in the country," Moroz agrees, noting that the development of new practices, such as white-collar crimes, criminal law, intellectual property, and IT law, has led to more competition. "Ukrainian firms get stronger by merging in the local branches of international law firms or picking up partners and teams with international experience," Feliv points out. "This brings them into competing with the international firms on the market for international clients."

Country	Number of Ranked Firms 2021	Number of Ranked Firms 2019	Compared to 2019	Compared to 2017
Albania	11	20	-9	+1
Austria	76	96	-20	+35
Belarus	16	20	-4	+3
Bosnia and Herzegovina	10	16	-6	N/A
Bulgaria	39	57	-18	0
Croatia	33	49	-16	+7
Czech Republic	52	68	-16	+9
Estonia	20	33	-13	-1
Greece	83	85	-2	+41
Hungary	39	51	-12	0
Kosovo	6	5	+1	N/A
Latvia	15	24	-9	-6
Lithuania	22	31	-9	0
Moldova	8	10	-2	N/A
Montenegro	11	13	-2	N/A
North Macedonia	12	21	-9	0
Poland	87	109	-22	+28
Romania	71	71	0	+25
Russia	117	130	-13	+60
Serbia	42	38	+4	+11
Slovakia	54	53	+1	+28
Slovenia	25	24	+1	+11
Turkey	134	81	53	+64
Ukraine	69	95	-26	+30

Data source: 2021 CEE By The Numbers

Entry for new players, either from abroad or from existing firms, is very hard, Utiralov adds. "The market of the legal labor force is also very competitive: it is always a challenge to find a talented English-speaking lawyer, either a post-graduate or an experienced one."

Zasukha believes that competition levels might differ depending on a law firm's practice area. "Cross-border dispute resolution and international investigations keep leading as the most profitable areas of legal work," he says, noting that "local litigation work, advisory support of corporate/commercial activities, and counseling on regulatory matters see the highest competition." In contrast, commodity legal products, such as "registration of legal entities, trademarks, and patents, etc., face even more competition and lose to automated legal solutions and legal marketplaces. Such legal work turns cheap and is no longer economically viable," he concludes.

Graham Conlon

On the other hand, CMS Managing Partner Graham Conlon and Mamunya believe that there are no significant changes in the Ukrainian legal market, in terms of competition. "We feel neither less nor more competition. Just the same," Conlon says. "The market isn't changing much in terms of big picture items. Corporate/M&A and energy continue to generate the majority of work, with technology and IT being a strong growth sector in Ukraine." Mamunya agrees: "My feeling is that there haven't been any significant changes on the market since 2019. Some market players gradually lose their market share and some firms, including new ones, are gradually growing."

EPAP Ukraine Managing Partner Oksana Ilchenko, however, reports that competition has decreased. "As more clients started having panels and ultimately, for them, the selection of legal advisors is happening once in a couple of years, which was generally not the case in the past, which contributed to decreasing the level of competition," she explains. According to her, some clients are "reluctant to try new advisors as they believe that the risks related to new collaborations are higher these days. The same is true with respect to the previously established cross-border collaborations between the law firms."

The Prognosis for the Coming Years

While assessing the potential evolution of the Ukrainian legal market, the vast majority of lawyers highlighted the instability and security challenges faced by the country.

"Ukraine now is completely different from what you may name as 'stable situation', so we are rather pessimistic for the upcoming year," Ilyashev says. "2022 is really hard to predict for Ukraine, because of the potential Russian aggression factor," Stetsenko agrees, saying that "it already chilled the business activity in January and may have a chilling effect through the summer."

Stakhurska and Zasukha also point out that smaller law firms might have to face an increasing number of challenges. "The gap between large law firms and small or alternative legal service providers will increase," Zasukha says, adding that the same will happen with legal fees. "We expect that smaller law firms will continue to search for 'safe harbors' with larger national law firms while concentrating on their specific areas of interest and knowledge," Stakhurska agrees. "For reputable law firms, this would be a win-win situation by receiving access to potential new clients as well as expanding their professional services for existing clients or gain new clients interested in specific legal services."

Yevheniy Deyneko

Finally, Stakhurska and Deyneko are rather pessimistic about international law firms entering the Ukrainian legal market. "We do not expect an increase in international presence by foreign law firms as many of them are happy with the existing partnerships with the national advice received locally," Stakhurska says.

"We also do not expect the entry of new international players into the market," Deyneko agrees, adding that to see that Ukraine will need several years of significant and steady economic growth and inflows of FDI.

Consequently, the active development of the legal market is expected, Moroz concludes, noting that the "forecast is that this trend is provisional," and dependent on "the political situation in Ukraine, which influences the Ukrainian legal market." ■

KNOW YOUR LAWYER: OLEXIY SOSHENKO OF REDCLIFFE PARTNERS

Career:

- Redcliffe Partners, Managing Partner, 2015-Present
- Clifford Chance, Counsel and Head of Banking & Finance in Ukraine, 2008-2015
- CMS Cameron McKenna, Associate, 2007-2008
- Chadbourne & Parke, Associate, 2004-2007
- Altheimer & Gray, Associate, 1998-2004

Education:

- University of Minnesota Law School, LLM, 1997
- National 'Jaroslav the Wise' Law Academy of Ukraine, Degree in Law, 1996

Favorites:

- **Favorite out of office activity:** Swimming, Gardening, Cider making
- **Favorite quote:** "If I got rid of my demons, I'd lose my angels." – Tennessee Williams
- **Favorite book:** *Three Comrades* by Erich Maria Remarque
- **Favorite movie:** *The Big Short*

Top 5 Projects:

- Advising a syndicate of European banks, led by ING and UniCredit, in a debt restructuring of up to USD 850 million loan portfolio of Donetsksteel Group, which lasted from 2008 to 2011, and followed by an up to USD 500 million refinancing of some of the existing debt of the Donetsksteel Group;
- Advising J.P. Morgan Securities Plc (debt coordinator), EBRD, NEFCO, BSTDB, Proparco, Finnfund, IFU, FMO, and Green for Growth Fund in connection with an EUR 262 million secured term loan to Ukrainian project company Syvashenergoprom to fund the construction of a 250-megawatt wind power plant near Syvash Lake;
- Advising EBRD in connection with a 30% equity investment in JSC Raiffeisen Bank Aval;
- Advising IFC and EBRD on a USD 74 million senior secured loan to MV Cargo LLC for the greenfield development of an oil and vegetable terminal in Yuzhny seaport in Ukraine;
- Assisting EBRD on financings of up to USD 150 million to Gastransit to finance the construction of a gas compressor station and then the expenditure of 70 km of parallel pipelines in the south-western part of Ukraine.

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

Soshenko: I would single out the first big corporate debt restructuring in Ukraine, i.e., the restructuring of the Donetsksteel group, which resulted from the global financial crisis of 2008. There were a number of difficult elements, which made that transaction rather complex and challenging, but at the same time rewarding once the deal was closed. The difficult bits were a long line of different creditors, such as Western banks, local banks, Russian banks, trade creditors, etc., some willing to cooperate, some being rather aggressive. The majority of creditors were foreign banks and they wanted to do a classic debt restructuring under English law, introducing such instruments as standstill and override agreements, cash pooling, etc., most of which were not heard of in Ukraine. On top of that, we had very rigid currency control regulations, which made it even more difficult to put everything together.

And what was your main takeaway from it?

Soshenko: The main takeaway is there are no impossible things. You just need to understand the client's needs and adapt them to the local realities.

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

Soshenko: When I was seven, I was going in a new Soviet trolley bus on one of the largest avenues in my native town, Kharkiv, in eastern Ukraine. The avenue was full of lights and illumination, and I looked at all that and thought: "What would we do if there were no Grandpa Lenin?"

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

Soshenko: There were two of them playing an equal role in my professional development. These are Volodymyr Baibarza and Adam Mycyk. We worked together first at Altheimer & Gray and then at Chadbourne & Parke. Volodymyr Baibarza is one of the first recognized practitioners in independent Ukraine, who focused on international private law. Adam Mycyk is an American lawyer of Ukrainian descent. Having practiced law in Ukraine for around 25 years, I would say that Adam knows Ukrainian law better than many Ukrainian lawyers. So, I learned a lot both from Volodymyr, as a Ukrainian senior lawyer, and from Adam, as an American lawyer.

Name one mentee you are particularly proud of.

Soshenko: I am particularly proud of Olesya Mykhailenko, who joined our team as a paralegal and was promoted to counsel this year. Olesya is focusing on general banking, fintech, financial regulatory, and derivatives. She is a great professional, intelligent, hard-working, focused, and active. Olesya is a great example and a perfect role model for juniors.

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

Soshenko: I would quote here Ralph Waldo Emerson: "Always do what you are afraid to do." I've been always keen and happy to face challenges and that always secured further success, but with this advice perhaps I would be even further on the edge of excitement, or maybe not.

MARKET SNAPSHOT: UKRAINE

RENEWABLE ENERGY IN UKRAINE

By Yaroslav Petrov, Partner, Asters

In 2021 the renewable energy market in Ukraine has been in a crisis mode compared to the booming years of 2018 and 2019. Following the legislative changes in 2020, which decreased the feed-in tariff (FiT), the market for solar projects has been very low, except for small solar projects for households and solar projects implemented by industrial consumers to produce electricity for their own use. Primarily, such industrial consumers are aiming to reduce costs for electricity and improve their market position before the introduction of the *Carbon Border Adjustment Mechanism*. Notwithstanding the weakening of the market for solar projects, we have observed a steady growth of wind projects. The 2020 FiT changes have decreased the wind tariff moderately and provided a cut-off day for wind projects under the FiT on December 31, 2022. This has boosted the construction of several large wind projects in 2021 and 2022. In 2022 we anticipate commissioning of almost 1 gigawatt of wind capacity, which is much higher than in 2021.

The payment discipline of the state's off-taker for FiT has been an issue in 2021. In addition to the debts for 2020, in 2021 there were no months where the payments were done in full, except for December, which has been 100% paid in 2022. For 2021, the state-owned off-taker guaranteed buyer has paid the lowest 62% for October, 80% for May-July and September, 86% for August, 93% for January to April, and 94% for November.

The total debt for 2021 is UAH 9,6 billion (approximately EUR 296 million). The main reason for this deficit is that Ukraine's state budget for 2021 did not include 20% to be allocated for payments under the FiT under *Law 810-IX*, which reduced the FiT in 2020 and included a provision saying that a state budget may include funds necessary to cover 20% of FiT payments to RES producers.

The situation with the 2020 debts to RES producers has been resolved in November 2021 after the Ukrainian TSO – NEC Ukrenergo – has placed its debut green and sustainability-linked Eurobonds with a total value of USD 825 million. The TSO's transmission tariff is the main source of income for the guaranteed buyer to pay the FiT, therefore, the Government's secured bonds have been issued specifically to compensate debts to RES producers for 2020. Although there were some delays in payment of the debt to DTEK Renewables, this was resolved in January 2022.

Importantly, the decrease of the FiT and problems with payments for the produced electricity in 2020 has triggered the initiation of two investment arbitration cases by foreign investors, and around ten companies submitted Trigger Letters to the Ministry of Justice of Ukraine.

Despite promises of the Government since 2019, the market is waiting for the first renewable energy auction. The regulatory framework is ready, but the decision to hold the auctions and approve quotas for auctions has not been approved yet.

In 2021, we have seen several positive signals from the Government and the market: a) the market is ready for corporate PPAs, and there are several developers who are developing such projects under this scheme. The Parliament has received draft changes necessary to launch corporate PPAs' projects; b) the Government is planning to launch a new support scheme – feed-in-premium, which is aiming to approve payment discipline to the RES producers enjoying state subsidies. We anticipate the draft law in 2022; c) the Parliament has adopted in the first reading a draft law on energy storage. Implementation of this law will help to improve the balancing and stability of the energy system; d) the Parliament has adopted a law on biomethane aiming to launch a mechanism for the biomethane certificates of origin; and e) the Ukrainian Wind Energy Association, Ukrainian Hydrogen Council, and Asters carried out a joint study on the implementation of offshore wind projects in Ukraine.

In summary, taking into consideration a difficult situation with the FiT payments discipline, we see a trend towards shifting from state subsidy-based support schemes to marke-driven projects, which is a positive signal. Moreover, the current rise in electricity prices may allow investors to develop RES projects without state support. ■

DIIA CITY IN A NUTSHELL

By Vadim Medvedev, Partner and Head of Tax, and Anton Zaderyholova, Senior Associate, Avellum

In 2021, the President of Ukraine had signed two laws establishing a special legal and tax regime for the digital economy called Diia City. It has become effective from January 1, 2022, after the law shaping the taxation regime of Diia City has become effective.

The idea of Diia City is that any Ukrainian legal entity may become a participant in this regulatory regime if certain criteria are met, in particular: (1) the entity is engaged in certain digital-related activities (e.g., software development, video game production, educational activities in the sphere of IT, etc.); (2) the average amount of the monthly salary for employees and gig-contractors (will be described further) is not less than the EUR 1,200 equivalent; (3) the legal entity's average amount of employees and gig-contractors is no less than nine; (4) the amount of the entity's qualified income is not less than 90%, with qualified income defined as income from activities described in point (1) above; (5) the entity does not face one of the restrictions on the approved list. For example, the list contains the following restrictions: (i) the entity is not a foreign one; (ii) the entity has not violated UBO disclosure legislation; (iii) the entity is not recognized as bankrupt, etc.

Residents should submit a compliance report confirming compliance with the criteria above. If the entity cannot comply with the requirements, it will lose the status of a Diia City resident.

Residents of Diia City may engage their workforce as employees and as gig contractors. Gig contracts provide for more flexibility of mutual arrangement between entity and individual.

Diia City was introduced as an alternative to the popular (in Ukraine) structure for engaging software developers, the so-called co-working structure. Within this structure, software developers are engaged as independent private entrepreneurs, paying a 3% or 5% single tax on their income and, usually, united under the umbrella of one co-working office. Such co-working structures have some tax and employment risks. One of the major reasons for introducing Diia City was the mitigation of these risks while keeping a beneficial tax regime.

Residents of Diia City may choose the following taxation regimes: (1) the general corporate income tax at 18%, applied to the entity's profits; (2) a special corporate income tax at 9%, applied to distributed profit and other payments.

Apart from dividends, the special corporate income tax also covers other payments that may be abusive and aimed at artificial profit shifting. For example, some cases of share buy-backs in an amount exceeding the initial contribution or purchase price are taxable; interest payments to a related resident entity or non-resident, in case of thin capitalization, are taxable; some cases of free-of-charge supply of goods and services are taxable, etc.

Diia City also provides for a beneficial salary taxation regime. The salary of Diia City residents' employees and gig-contractors is taxed at a decreased 5% personal income tax rate if the annual income does not exceed EUR 240,000. The income on top of EUR 240,000 is taxed at a standard 18% personal income tax rate. The salary of Diia City residents' employees and gig-contractors is, in addition, taxed at a standard 1.5% military duty rate and is subject to the minimum unified social contribution of approximately EUR 37 per month.

Dividends paid by those Diia City residents who have opted for a special corporate income tax regime are exempt from Ukrainian taxation if the dividends are not distributed for two years in a row.

Diia City is a game-changer for the Ukrainian IT industry. Some big players on the Ukrainian market have publicly supported Diia City and are likely to become its residents.

It is still unclear how the co-working structure will coexist with Diia City. Therefore, some companies may be skeptical about the regime. The argument here is the Ukrainian IT industry was already growing very fast, and it may be dangerous to alter that which is already working. Extra attention from the government may also lead to some unexpected black swans.

Diia City does not apply to non-profit organizations. Thus, it is questionable how IT-focused non-profit universities may benefit from the regime and salary taxation incentives. However, such an issue may be fixed in the future. ■

JUDICIAL CRISIS IN UKRAINE: IS THERE A WAY OUT?

By Maria Orlyk, Managing Partner, and Oleksandr Protsiuk, Counsel, CMS RRH

An effective judiciary forms a cornerstone of a successful state that upholds the rule of law.

However, during the past few years, the state of the judiciary has become critical in Ukraine, despite a number of reforms that have been announced and implemented.

A significant problem has arisen concerning the time needed for a court to consider a case. In many instances, it takes more than a year to obtain a court decision. For example, many cases that were filed to the Kyiv District Administrative Court in 2019 are still pending review.

In 2021, the Civil Cassation Court within the Supreme Court mainly considered cases that had been filed in 2020 or earlier, and the cases filed in 2021 that it did consider were the exception. Several courts in some regions do not even have a judge with sufficient authority to hear cases. In fact, commercial courts are the only branch that functions properly in this regard.

What led to this judicial crisis in Ukraine? First, criteria regarding a judge's qualifications were introduced as part of the reform of the judiciary and, surprisingly, not all judges were able to meet them. Second, and this is the main reason, in November 2019 the Highest Qualification Commission of Judges (HQCJ) was dismissed. The HQCJ was an authority that evaluates existing judges and candidates for judge and recommends whether they should be appointed.

Since it has been dismissed, no state body has been available to evaluate judges and it is thus impossible to appoint new judges, while in the meantime the powers of old judges are expiring.

The law dismissing the HQCJ also details the procedure for forming the new HQCJ. The main idea was that the Highest Council of Justice (HCJ) would appoint the members of the new HQCJ from among a pool of candidates recommended by a special committee acting within the HCJ. This committee, in its turn, would consist of three local judges, proposed by the Council of Judges of Ukraine, and international experts, proposed by international organizations.

The necessity of appointing international experts became a real stumbling block. And eventually, the entire chain of appointments was interrupted and put on hold, resulting in Ukrainian courts being short of judges.

In November 2021, at last, a law unblocking the work of the special committee was adopted and the committee finally gathered for a preparatory meeting. On January 21, 2021, the committee gathered for its first meeting, where it elected its leadership and adopted a number of procedural documents related to its work.

Further, following an open and public competition, the committee will elect 32 candidates for the new HQCJ, recommend them to the HCJ, and the latter will choose and appoint 16 members. According to representations from the head of the committee, their aim is to complete their part of the process by early summer 2021. Thus, there is a chance that by the end of the year Ukraine will have a newly operating HQCJ that will be able to approve new judges and thereby resolve the judicial crisis.

Of course, the courts' ability to effectively protect rights and interests that have been violated is only viable if the time for considering cases is reasonable, while the situation in which courts consider cases for years cannot be treated as something acceptable or normal.

We may only hope that the sacrificed time and continuously invested efforts will result in building an independent and reliable judiciary that will serve as the basis for a state and society beholden to the rule of law.

TOP TRENDS IN UKRAINIAN ANTITRUST LAW ENFORCEMENT: 2022 FORECAST

By Timur Bondaryev, Managing Partner and Co-Head of Antitrust & Competition, and Anastasiia Panchak, Associate, Arzinger

2021 was indeed an active year for the Antimonopoly Committee of Ukraine (AMCU). It seems that antitrust enforcement did not slow down during another pandemic year but even, in fact, accelerated. The agency closed a number of investigations, having imposed million-dollar fines on players from a variety of markets. Below you may find the top trends in Ukrainian antitrust enforcement. They are worth keeping an eye on, especially for companies having or planning a business presence in Ukraine.

Antitrust Fines Are Reaching a Record High

Continuing the trend of the last several years, fines for antitrust infringements are increasing drastically. In recent years, the AMCU has imposed a number of record fines for such antitrust infringements as abuse of dominance practices (the 2016 case against Gazprom, USD 3.5 billion fine), anticompetitive practices (the 2019 case against tobacco market players, USD 235 million fine), and gun-jumping (the 2021 case against sugar manufacturer, USD 2.4 million fine), to name a few. Apart from imposing fines on companies, the AMCU has also returned to the application of structural remedies as a sanction in abuse of dominance cases. It is worth noting that it has not applied this type of sanction since 1995. The practice restarted in 2019 when the AMCU not only fined a company belonging to the Ostchem group for abuse of a dominant market position but also ordered the group's split.

The AMCU Is Expanding and Deepening Its Market Expertise

Such traditional markets as energy & oil, pharmaceuticals, retail, and transport & infrastructure have always been under the spotlight of the AMCU. However, in the last several years, the agency has expanded its expertise by investigating a lot of new markets such as tobacco, mineral fertilizers, molasses of starch corn and glucose syrups, liquid chlorine, and many others. Apart from studying new markets, since the start of the pandemic, the AMCU has also delved into socially sensitive markets, e.g., pharmaceutical and healthcare, food, fuel, telecommunications, transport, to name a few.

It should be noted that, in contrast to world-leading competition agencies, the AMCU has not yet advanced into digital antitrust. In fact, there has been no investigation or scrutiny into the digital market commenced by the agency so far. At the same time, in 2021, the agency announced its intention to initiate a study of the market for advertisements in social media.

Foreign-to-Foreign Transactions Primarily Trigger a Ukrainian Notification

Due to the very low notification thresholds for merger filings in Ukraine, the number of merger clearances for foreign-to-foreign transactions issued by the AMCU is increasing – and so is the number of filing rejections issued because notifications are found incomplete. Significant changes to the current merger control thresholds are expected in 2022. Among other things, a newly announced draft law, which envisages Ukrainian antitrust law reform, proposes the exclusion of the selling group's figures if the transaction leads to its loss of control over the target. If the parliament adopts the draft law, the number of foreign-to-foreign mergers filed in Ukraine is expected to decrease.

Bid Rigging Is Increasingly Investigated and Punished

In recent years, investigating bid-rigging (in other words, conspiracies in public procurements) has been the main focus of AMCU's activities. According to the AMCU, such cases constitute about 50% of all anticompetitive concerted practices investigated. Fines imposed for this category of infringements are increasing. To date, the record fine for bid-rigging (USD 31 million) was imposed in 2019 on the participants of food service procurements. It should be noted that the fine is not the most unpleasant outcome for those caught bid-rigging when compared to a three-year ban by the AMCU from participation in public procurements.

The Forecast for 2022

The agency has several major market investigations and studies pending: poultry, sugar, cement, sodium hydrochloride, sulfuric acid, to name a few. We anticipate it will finish some of the mentioned investigations and studies, in 2022, and will present its results to the public. In early February 2022, the AMCU announced its market priorities for the year. These are energy & oil, banking & finance services, seaports and rail freight, and construction materials, among others.

Besides, in 2022, businesses should be prepared for the anticipated Ukrainian antitrust law reform, which includes numerous amendments to the investigation's procedure, leniency, and settlement, as well as the merger control regime. ■

UKRAINE'S CAPITAL MARKETS: A REGULATORY SNAPSHOT

By Oleh Zahnitko, Partner, Integrites

Relatively high inflation and lowering deposit interest rates became characteristic for Ukraine in recent years, thus heating investors' demand for yields. Savings have been growing continuously, boosting the segments with a higher risk appetite and propelling the development of new investment opportunities. At the same time, the domestic financial sector is undercapitalized and has few financial instruments to offer. The market, therefore, attracts the attention of various non-resident providers of financial services – from the most diversified investment banking groups to single product enthusiasts, who are asked by Ukrainian corporations and high-net-worth individuals to offer a service or specifically target potential customers.

The cross-border financial services regime, however, is a work in progress: Ukraine is not a member of the EU, while the domestic securities markets authority – the National Securities and Stock Market Commission (NSSMC) – is not certifiable as an independent body under IOSCO standards. If a law is passed to ensure the NSSMC's political and financial autonomy (following six years of public debate, the relevant bill awaits its second reading in the legislature, in 2022), the commission will join the club of reputable regulators and start the mutual recognition of proper supervision with other IOSCO members.

Thus, offshore investment banks lawfully providing their services directly to local Ukrainian investors, on a reach-in or fly-in basis, is still a matter of the future. Meanwhile, the recommended course of action would be working through an onshore licensed entity, as an intermediary, or establishing a permanent presence in Ukraine. The NSSMC has been actively supporting the coupling of the capital market with EU and North American infrastructure.

On the investor's side, the retail segment has now obtained a premium category of "qualified investor," with simplified access to the market and looser protection. The initial threshold is a UAH 20 million balance sheet and UAH 2 million in cash equivalents (approximately EUR 625,000 and EUR 62,500, respectively) or even as low as UAH 0.5 million (EUR 16,500) – if the investor has at least one year's experience in capital market transactions. The threshold, however, is set to increase progressively every year, e.g., multiplied by a factor of six in 2022 – with that factor going up as high as 30, in 2030.

The 2020 restatement of the *Capital Markets Law* (effective as of mid-2021) consolidated the state's practice of participating in capital markets and, separately, the roles of the National Bank of Ukraine as an independent investor as well as the administrator of securities with a sovereign rating. In short, both the National Bank and the state (acting through the Cabinet of Ministers and the Minister of Finance) are mostly exempt from the statutory law and can determine their issuer and investment strategies, enjoying more freedom in contract bargaining. Thus, targeting the government of Ukraine and/or the NBU as a prospective issuer (borrower) or investor has become a simpler task, from a regulatory compliance standpoint.

As to the potential instruments of investment, the new rules embraced many more possibilities, to which the issuers have yet to adjust: the most developed to date have been treasury notes and sovereign bonds, with very few shares, mortgage-backed securities, and corporate bonds on top. To remedy the situation, the money market contracts have been officially recognized in support of FX transactions. Further, the notion of derivatives has been set in detail, as part of the financial instruments market and their separation from spot contracts. Most types of betting contracts are now expressly allowed, after decades of consensus that a "contingency contract" (i.e., a derivative) ran a high risk of being confused with a "game of chance" (i.e., gambling).

Notably, "wholesale energy products" can be used as alternatives for investment, since they are exempt from the financial instruments framework – OTC and OTF-traded derivatives contracts for natural gas and power with mandatory physical delivery already conform to the so-called "REMIT carve-out", even though Ukraine is late on the implementation on the rest of the body of transparent energy markets rules. Finally, the legislation in Ukraine has caught up with trendy securities such as green bonds, infrastructure bonds, bonds of the international financial organizations and removed some redundancies in mortgage-backed securities. ■

DIIA CITY CORPORATE NOVELTIES

Maria Orlyk, Managing Partner, and Oleksandra Prysiazhniuk, Senior Associate, CMS RRH

With the ambitious plan to create in Ukraine the most powerful IT hub in Central and Eastern Europe, the Government of Ukraine has established Diia City – a special legal framework for the IT industry, in summer 2021. Currently, the legal and organizational basis for the operation of Diia City is being developed and improved. It is expected that the project will be fully launched already in the first quarter of 2022.

In addition to special tax benefits, efficient employment set-ups, and IP rights protection mechanisms, the *Diia City Law* introduced a number of important corporate novelties.

Professional Management Companies

For the first time in Ukrainian corporate laws history, it is allowed to appoint a legal entity as an executive body of a company. Diia City residents (i.e. companies that meet certain criteria and are included in the Diia City registry), which are organized in the form of limited or additional liability companies (LLCs and ALCs), may hire a legal entity to perform functions of an executive body (i.e. a professional management company). Such a management company must be incorporated in Ukraine and perform management functions as its primary activity. The management company will be hired based on an agreement, the terms of which require pre-approval of the supreme governing body of the Diia City resident. The representative(s) of the management company will act on behalf of the Diia City resident without proxies. The management company will bear full liability towards the Diia City resident for damages caused by its wrongful acts or omissions. It is expected that the novelty will allow the Diia City residents to benefit from the services of professional management companies securing effective operational management.

Shareholders' Agreements

Ukrainian law-governed shareholders' agreements (SHAs) have recently become a popular instrument in M&As involving Ukrainian targets. The innovations suggested by the *Diia City Law* will make this instrument even more practical and useful for structuring M&A transactions with foreign investors. In particular, it has been allowed to subject SHAs to foreign law in relation to Ukrainian companies with at least one foreign shareholder. Such a novelty contributes to the discretion of investors to choose the most preferable jurisdiction for governing their relations.

In addition, the Ukrainian company itself or third parties (i.e. creditors or contemplated investors) may join SHAs for LLCs or ALCs. Indeed, such a possibility creates additional leverages for third parties to control the company's activities and safeguard their investments or assets.

Option Agreements

Another important corporate instrument, which has been often used in practice recently, is the option agreement. Such an agreement provides the option holder with the possibility to purchase company shares at a pre-agreed price in the future. The requirements introduced by the *Diia City Law* relate to the option agreements for LLCs and ALCs and concern the form of option agreements (only in writing) and the mandatory clauses for the option agreements to be valid (i.e. the option shares, their price, option trigger events, and term of option agreements). It is now also possible for LLCs and ALCs to become parties to option agreements in relation to the company shares held by them. Such a novelty opens the possibility to introduce stock option plans for the top management of LLCs and ALCs, which would be beneficial not only for Diia City residents but for many other businesses operating in Ukraine.

There are many other interesting developments suggested by the Diia City Law, which would positively impact the conduct of business in Ukraine, including non-compete, non-solicitation and non-disclosure agreements, convertible loan agreements, etc.

It is expected that Ukrainian, foreign entrepreneurs, and investors from all over the world will highly benefit from the Diia City project and will avail themselves of the opportunities to implement quickly and effectively the most ambitious and innovative business ideas in Ukraine. ■

EXPERTS REVIEW: TAX

This issue's Experts Review section focuses on Tax. The articles are presented ranked by tax revenues, as a percentage of GDP, according to World Bank data available for 2019. Romania goes first, with the lowest percentage collected in taxes, while the article from Greece, the country with the highest taxation to GDP ratio, wraps up the issue.

* 2019 data not available – 2012-2020 average used instead, CEIC Data.

ROMANIA: HOW WILL THE PNRR AFFECT THE ROMANIAN TAX LANDSCAPE AND TAXPAYERS?

By Theodor Artenie, Head of Tax, Noerr

"The Romanian Recovery and Resilience Plan (PNRR) forms part of an unprecedented coordinated EU response to the COVID-19 crisis, to address common European challenges by embracing the green and digital transitions, to strengthen economic and social resilience and the cohesion of the single market," according to the European Commission.

One of the key measures to reinforce Romania's economic resilience is fiscal sustainability with its key goals to reinforce budgetary framework, better expenditure control, the review of the existing tax environment, and the reform of the pension system.

Changes to the existing tax legal framework will be implemented gradually by 2026, which is the deadline for implementing the PNRR measures. What should the Romanian businesses expect?

One thing we expect from the PNRR is that taxpayers will feel the pressure of the Romanian tax authorities in achieving the proposed goals and the relationship between the business environment and the tax authorities, already strained, will become even tenser: (i) to achieve the collection goals in the PNRR (especially in regards to VAT Gap which is one of the highest in the EU), the Romanian tax authorities plan a 10% increase of the number of tax audits with 60% of audits being digital desktop audits, by 2025; (ii) tax audit bodies will have amended and/or increased prerogatives and powers during tax audits (the antifraud directorate already has increased powers, the customs administration has been moved again under the umbrella of the tax authorities, etc.); (iii) tax administration measures will be designed to revolve more around the tax risk class of taxpayers. Implicitly, the tax risk assessment process will be revised and perfected; (iv) there will be an increased audit focus on employment and on alternative remuneration models to reduce un/under-declared labor.

Secondly, part of the review of the taxation policy is the gradual removal of certain tax incentives that are now in place for the construction industry, namely the exemption from the payment of social insurance contributions and income tax for qualifying employees. At the same time, the income tax exemption for IT workers in the IT field also seems to be on its way out. As one may imagine, these tax measures have increased the already existing concern of qualified labor migration which would have an overall negative impact on Romania's budget.

Micro-companies are also in the spotlight. The measure contemplated by the Romanian Government mainly considers the decrease of the turnover threshold under which companies are considered micro-companies from EUR 1 million to EUR 500,000. Following the implementation of this measure, a gradual decrease is estimated in the number of taxpayers who benefit from this tax regime, as follows: a decrease of 15% in the first year, a decrease of 33% in year two, a decrease of 33% in year three.

With regards to VAT, the PNRR mentions that Romania needs to avoid the extension of reduced VAT quotas to other categories of goods or services other than the ones already existing, e.g. food, medicine, water, housing, etc.

One key measure in the PNRR is the digitalization of the National Agency for Fiscal Administration which should lead to a higher collection of taxes and higher prevention of tax fraud. As part of this measure, starting 2022, the Government has taken the responsibility to enforce digital communication, by introducing the obligation to register in the Virtual Private Space for all taxpayers.

Although not part of the PNRR, in the context of future tax amendments, there is an increasing level of discussions around the implementation of a progressive taxation system and the removal of the fixed-rate system, which has been attractive for foreign investors so far and which has been in place for the better part of the last two decades.

In a nutshell, we expect important tax changes this year and in the following years that will trigger heated discussions between the business environment and the Government as some are envisaged to have a negative impact on companies and private taxpayers alike. Stay tuned! ■

CZECH REPUBLIC: INVESTMENT INCENTIVES IN 2022

By Rostislav Frelich, Tax Advisor and Leader of Tax Desk, Peterka & Partners

Generally, in the Czech Republic investment incentives are provided by the state to support businesses in regions other than Prague. They are approved by the government in cooperation with the respective ministries and processed by the state agency CzechInvest.

Incentives include corporate income tax relief for up to 10 years, job creation grants up to CZK 300,000 (approximately EUR 12,000) per job, training grants up to 70 percent of training costs, and cash grants on capital investment up to 20 percent of eligible costs. Incentives vary depending on the sector of investment, region, size of the enterprise, and investment volume.

Investment incentives are intended for investors in technology centers, business support service centers, the manufacturing industry, and the manufacturing of special medical products (products of strategic importance intended to protect life and health). Business support service centers are software development, data, shared service, and high-tech repair centers. Business support service centers must provide services in at least in three countries.

The minimum conditions for obtaining investment incentives depend on the supported area of investment and the size of the enterprise. For instance, a small technology center needs to create at least 10 new and invest at least CZK 2.5 million (approximately EUR 100,000) in long-term assets.

The maximum rate of incentives and subsidies granted to large enterprises in relation to eligible costs (i.e. usually the investment) is as follows: 40 percent in the Karlovy Vary and Usti and Labem regions, 30 percent in the Liberec, Hradec Kralove, Pardubice, Moravian-Silesian, Olomouc, and Zlin regions, 25 percent in the Tachov, Pilsen-North, Rakovnik, Kladno, and Melnik districts, 20 percent in the remaining regions of the Pilsen, Central Bohemian, South Bohemian, Vysocina and South Moravian regions. There are no incentives or subsidies granted in Prague.

The maximum state aid rates are increased by bonification of 20 and 10 percent intended for small and medium-sized enterprises, respectively.

Consequently, the maximum state aid for small enterprises is 40 to 60 percent of eligible costs (depending on the region). An enterprise that has less than 50 employees and whose annual turnover and the annual balance sheet total does not exceed EUR 10 million (at the group level) is a small enterprise.

The maximum state aid for medium-sized enterprises is 30 to 50 percent of eligible costs (depending on the region). An enterprise that has between 50 and 250 employees and whose annual turnover does not exceed EUR 50 million and its annual balance sheet totals under EUR 43 million (at the group level) is a medium-sized enterprise.

The maximum state aid for large enterprises is 20 to 40 percent of eligible costs (depending on the region). In some regions, only new economic activities and not the expansion of current activities are supported.

Strategic investments are subject to special rules for the maximum state aid. Criteria for strategic investments depend on the supported area of business. For instance, strategic investments in technology centers require a minimum of 70 new jobs to be created and at least CZK 250 million (approximately EUR 10 million) must be invested in long-term assets.

In relation to strategic investments in the manufacturing industry, a minimum of 250 new jobs must be created and at least CZK 2 billion (approximately EUR 80 million) must be invested in long-term assets. Moreover, in selected (developed) regions the condition of higher value-added must be fulfilled: a minimum of 80 percent of employees have at least the average wage in the region and a) 10 percent of employees are university graduates and there exists a collaboration with R&D institutions corresponding to one percent of eligible costs; or b) two percent of employees are employed towards R&D; or c) 10 percent of eligible costs represent machinery R&D.

The above minimum criteria for strategic investments in the manufacturing industry do not apply to the following investment sectors: the production of pharmaceutical products and preparations, computers, electronic and optical devices, and aircraft, aircraft engines, spacecraft, and related equipment. However, research and development must be implemented using key enabling technology like advanced materials technologies, advanced manufacturing technologies, nanotechnology, biotechnology, photonics, microelectronics, nanoelectronics, and artificial intelligence technologies. ■

POLAND: TAXATION OF DIVIDENDS IN THE POLISH LEGAL REGIME

By Andrzej Posniak, Managing Partner, and Mateusz Rowicki, Lawyer, CMS

The taxation of dividends in Poland is a complex issue. Moreover, relevant regulations have recently been changed as part of a wider 2022 tax reform.

In general, income from dividends is subject to a 19% corporate income tax (CIT) rate. Dividends paid by Polish companies to foreign shareholders are also subject to a 19% withholding tax rate. Naturally, the withholding tax applies only if the provisions of a double tax treaty or the Polish regulations implementing the so-called *EU Parent-Subsidiary Directive* do not provide otherwise.

Withholding Tax

In 2019, Polish withholding tax regulations were amended and now expressly require a Polish company making payments to exercise due diligence when assessing whether the recipient of the payment is entitled to rely on the provisions of the double tax treaty or another exemption. 2022 has brought further changes in the regulations concerning this mechanism and with them further issues for taxpayers. They will mainly affect those companies that make payments subject to withholding tax in amounts exceeding PLN 2 million in a tax year to related parties.

If such payment exceeds PLN 2 million, the Polish company making the payment should disregard the regulations providing for an exemption from the withholding tax or the application of a lower withholding tax rate (e.g. the provisions of a double tax treaty) and instead pay the tax to the tax office. Subsequently, the withholding tax will be refunded to the foreign party. The above regulations will not apply if the Polish company provides the tax office with a statement confirming that the company is in possession of documents allowing it to apply a withholding tax exemption or a lower withholding tax rate and that the company does not have any information that would suggest that the exemption or lower rate should not be applied. Providing a statement that turns out to be false may result in a criminal fiscal penalty for the signatories and an additional tax obligation for the company. Alternatively, it is possible to request an opinion from the tax authorities confirming the application of the exemption or lower withholding tax rate. The opinion is valid for 36 months and should be issued within six months from the date of the application.

Holding Company

Apart from the changes to the withholding tax regulations, the 2022 tax reform has also introduced the concept of a Polish holding company.

These regulations may be beneficial for potential investors owning holding companies in Poland. The new regulations provide for an exemption of the dividends received by the holding company from the subsidiary, with the exemption covering 95% of the dividends, even if the subsidiary is not located in Poland. The remaining part of the dividends will be subject to CIT in Poland according to the general 19% CIT rate. Additionally, there is an exemption applied to income obtained by the holding company from the paid disposal of shares in the subsidiary, but only for transactions with unrelated entities.

To obtain the status of a holding company, the company must meet several criteria, e.g., the holding company must directly own no less than 10% of the shares of its subsidiary continuously for at least one year, and the subsidiary companies cannot own more than 5% of the shares in other companies. The preference applies to single-tier structures.

How Will the New Regulations Affect the Influx of New Investors to Poland?

Certainly, when paying dividends abroad, investors will have to check whether they have exceeded the limit of PLN 2 million during the year and, if that is the case, they will be obliged to pay tax or meet additional conditions, which may be burdensome.

It is not clear what are the reasons behind the introduction of certain limitations in the application of the holding company regime – e.g., why can a subsidiary not own more than 5% of the shares of another company?

It seems, however, that the direction of the new regulations is favorable and should induce investors to start considering Poland as a country where holding activity can be developed. It appears that, in terms of the dividend exemption, the new tax regime may be attractive for holding companies that have subsidiaries in countries outside the European Union and the European Economic Area. ■

SLOVENIA: TAXATION OF FOUNDERS' TOKENS IN SLOVENIA

By Janja Ovsenik, Partner, and Lucijan Klemencic, Tax Director, Senica & Partners

The Financial Administration of the Republic of Slovenia (Tax Authority) had already issued its first extensive guidelines regarding cryptocurrency taxation in 2017. According to the guidelines, capital gains generated from trading in virtual currencies by a natural person outside the scope of performing a business activity are not subject to personal income tax (PIT). Nevertheless, any income generated by a natural person as part of a business or entrepreneurial activity associated with cryptocurrencies is taxable.

The guidelines also cover income due to the acquisition of crypto-assets, which is usually important in initial coin offerings or new token launches. Accordingly, taxable income due to a free-of-charge or for a value lower than market value acquisition of crypto-assets is considered realized when the individual actually receives the crypto-assets, even when there may be restrictions on the disposal (e.g., lock-up period). Fundamentally, there are five categories of income that the tax authority considered in the acquisition of tokens, where facts and circumstances of each case should be examined, as presented below.

The first category is income from an employment relationship. For example, the tax authority can treat the received tokens as salary if it establishes the existence of employment relationship elements defined under Article 4 of the *Slovenian Employment Relationship Act*. These elements are voluntary inclusion into an organized work process of the employer, the performance of work for payment, personally and uninterruptedly, according to the employer's instructions and supervision. Therefore, if the tax authority concludes that these elements exist, the allocated tokens are subject to compulsory social security contributions and progressive taxation.

Secondly, tokens can be treated as income from an employment relationship based on other contractual relationships when tokens are given to individuals not employed by the company or given as a reward or payment for services in connection with project development. Accordingly, such a reward is included in the individual's taxable income after deduction of compulsory social security contributions and flat-rate expenses (10%). In such case, the PIT is prepaid at a 25% rate, and the income is included in the annual personal income tax return, subject to progressive taxation when the recipient is a tax resident of Slovenia.

Thirdly, if the natural person has less than a 25% holding in the company associated with allocated tokens, it is taxed as other income. Consequently, other income is taxed at a 25% rate, is included in the annual PIT return, and is subject to progressive taxation when the recipient is a tax resident of Slovenia.

The fourth possibility is the treatment of tokens as a hidden dividend distribution. Suppose the recipient acquires tokens below market value based on their participation of at least 25% in the equity of a company. Such a benefit is considered hidden profit distribution and is taxed as dividend income under the *PIT Act*. Tax is levied at the final 27,5% rate when the income is received/paid to the natural person or otherwise made available, i.e., when it is transferred to the individual's digital wallet. Correspondingly, this possibility seems to be the most favorable one from the taxpayer's point of view.

Lastly, tokens can be treated as income generated by a natural person from an individuals' business activity. Income from the business activity is considered income from independently performing an activity, regardless of the purpose or result of performing the activity, as per Article 46 of the *PIT Act*. The key qualifying factor of entrepreneurial activity is that it is performed regularly rather than occasionally, performed in the market or for the market, and the individual operates as an entrepreneur. Consequently, a natural person performing such activity is obliged to pay PIT on business activity income and calculate and pay social security contributions.

All things considered, the obvious choice for individuals involved in crypto-asset transactions is to work with tax advisors to determine taxation in advance to mitigate potential future tax risks. However, even if the tax perspective of their crypto transactions is not covered before the token's launch, it may still be worthwhile to consult with tax advisors regarding appropriate tax reporting. ■

UKRAINE: A NEW ERA FOR UKRAINIAN TAXPAYERS

By Oleksandr Markov, Partner and Head of Tax and Tax Litigation, Redcliffe Partners

This year marks the start of a new era for all Ukrainian taxpayers – both corporate and individuals. Ukraine lawmakers up to – and especially in – 2021 made unprecedented efforts to implement into local law and the network of double tax treaties major recommendations and principles which went far beyond the minimum base erosion and profit shifting (BEPS) action plan Ukraine committed to in 2017.

The following are the five major trends and expectations for 2022 and onwards.

New Tools for the Tax Office to Administer Taxes and Prevent Malpractices

As a part of anti-BEPS efforts, as well as the recent broadening of the tax base for certain industries, the Ukrainian tax office becomes more powerful.

Further to the continually increasing trend of thorough oversight of any cross-border transaction, the business purpose test is now a controversial topic, in addition to beneficial ownership arguments which taxpayers have, to some extent, become used to. Tax residence can now be assigned to businesses having their place of effective management in Ukraine. Many business groups have been reviewing their corporate structures to meet the new requirements. The controlled foreign companies' taxation has also enlivened the stances for discussion.

Another important development is the revision of the permanent establishment definition and granting the tax service at least a possibility of examining the activities of foreign companies without the latter having a formal legal presence in Ukraine.

Transfer pricing rules have also been further developed, with a particular focus on commodities. In addition to the above-mentioned business purpose test, taxpayers can also be taxed on so-called constructive dividends – those profits distributed in a controlled transaction in excess of market levels.

Tax Rates Increase and Broadening the Tax Base

Although corporate profit tax and VAT rates have for a long time remained unchanged, the overall tax burden has tended to increase. This includes the limitation on losses carried forward, strengthening thin capitalization rules, and reducing the terms for crediting input VAT. Environmental tax, the excise tax on a few groups of goods as well as certain royalties, have been increased and further increases might be expected.

Controlled Foreign Companies' Taxation

Following a grace period for foreign companies' tax-free liquidation, 2022 is the first reporting year for individuals and companies exercising control over foreign entities and formations such as trusts or funds. With quite demanding conditions for exemption, a business need for a foreign company will now require additional tax or administrative costs, and new forms of international tax planning. Sufficiency of economic substance for the foreign entities that receive primarily passive income would be another argument between taxpayers and tax officials. Nevertheless, the new rules also caused the participation exemption and look-through concept to be implemented, in some cases making taxpayers' lives easier.

Another landmark is the tax amnesty available by September this year, with a soon-to-arrive automatic exchange of information between Ukrainian and foreign fiscal authorities.

Launch of the Special Tax and Legal Framework for the IT Industry

In recent years, the Ukrainian government has counted on IT as one of the leaders in GDP and export dynamics. Of the factors for this success, many name the simplified tax regime which allowed the industry to benefit from significant tax savings, but which was criticized from time to time. To end this uncertainty and dismiss the hidden employment risks, the lawmakers offered an attractive alternative. Almost the same level of salary taxes and a possibility to pay 9% of exit capital tax (similar to the Estonian model) are definitely worth considering. As a bonus, capital gains and dividends for individuals, if distributed not more often than once every two years, are exempt from personal income tax. If it will make Ukraine a new Silicon Valley is of course an open question, but this is already a major step forward for the industry.

Foreign Suppliers Will Begin To Pay Ukrainian VAT on E-Services in 2022

Non-residents' supplies of electronic services to Ukrainian customers (individuals who are not VAT payers) are now VAT-able in Ukraine. Reaching the threshold of UAH 1 million triggers the obligation for a foreign supplier to register as a VAT payer and to assess and pay VAT in Ukraine on e-services supplies. The e-VAT registration and reporting procedures are significantly simplified as compared with regular VAT reporting. Registration and tax return filings can be undertaken remotely. Payments would not require a bank account to be opened in Ukraine.

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BULGARIA: INTERNATIONAL EQUITY PLANS – LOCAL TAX COMPLIANCE ISSUES

By Atanas Mihaylov, Head of Tax, Kinstellar

US-based and other multinational employers with subsidiaries in Bulgaria often include their Bulgarian employees in their equity plans and grant them equity awards. Implementing an international equity plan in Bulgaria for the first time can be challenging for any multinational employer, as they should ensure compliance with Bulgarian laws and regulations. Tax compliance could raise particular concerns, as Bulgarian tax law is silent on many issues and the views of the Bulgarian tax authorities lack consistency throughout the years.

Two tax compliance issues are of utmost importance for any multinational employer implementing an international equity plan in Bulgaria: (1) tax compliance obligations for the local Bulgarian subsidiary and (2) the time of occurrence of the taxable event. These two issues have been controversial over the years and have only recently been settled by the practice of the Bulgarian tax authorities.

Tax Compliance Obligations for Local Subsidiaries

Typically, Bulgarian employees work at the respective local subsidiary of the multinational employers. The equity awards, however, are granted to the Bulgarian employees by the employer's parent company, located abroad, which is not their direct employer. This has resulted in inconsistent views taken by the Bulgarian tax authorities in several non-binding rulings:

In certain rulings, the Bulgarian tax authorities have accepted that since the Bulgarian employees are engaged by the local subsidiary, the equity awards should be considered as part of their employment income. This means that the Bulgarian subsidiary should report, withhold, and pay (to the Bulgarian tax authorities) any taxes and social security contributions due on the equity awards, while the Bulgarian employees have no obligations in this respect.

In other rulings, the Bulgarian tax authorities have accepted that since the equity awards are granted by the non-Bulgarian parent of the employer, these awards may not be regarded as part of the employment income of the employees, but are either their income from an independent economic activity or a capital gain. In such cases, there is no tax reporting, withholding, and payment obligation for the local subsidiary, but rather the respective employee has the obligation to report and pay any taxes on this income.

In recent rulings, the Bulgarian tax authorities have taken a more reasonable approach based on the International Financial Reporting Standard share-based payment (IFRS 2), which reconciles the previous contradictory interpretations. Under this approach, the equity awards are provided in exchange for employment services by the Bulgarian employees and, therefore, should be considered as employment income. The fact that the equity awards are granted by the employer's parent company, located abroad, does not change this qualification, as under IFRS 2 the local subsidiary would nevertheless need to report the equity awards as expenses in its books. Therefore, the local subsidiary has an obligation to report, withhold, and pay (to the Bulgarian tax authorities) any taxes and social security contributions due on the equity awards.

Taxable Events

The obligation of Bulgarian subsidiaries to report, withhold, and pay taxes and social security contributions arises only when a taxable event occurs. However, the views of Bulgarian authorities as to when a taxable event occurs have also been inconsistent. In various rulings, the tax authorities have taken the view that the taxable event occurs either at (1) the grant date (based on the argument that the employee becomes entitled to a financial asset), (2) the vesting date (e.g., for restricted stock units, or RSUs), or (3) the exercise date (e.g., for stock options). This has largely caused confusion with employers as to when they need to report and pay the due taxes and social security contributions. The view that the taxable event is on the grant date has been particularly detrimental to multinational employers, as this has resulted in the awards becoming taxable before the respective Bulgarian employees receive the benefit of the award.

However, recent non-binding rulings of the Bulgarian tax authorities seem to eliminate the possibility to tax equity awards on the grant date. As a result, income from equity awards becomes taxable when the benefit of the equity award is actually received by the respective employee. This would be the point of time when the Bulgarian employee acquires the equity, which could be either the vesting date for certain types of awards, such as RSUs, or the exercise date for other types of awards, such as stock options. ■

CROATIA: NON-RESIDENT COMPANY LETTING A PROPERTY IN CROATIA – TAXABLE PERMANENT ESTABLISHMENTS?

By Tamara Jelic Kazic, Partner and Coordinator of Tax Group, CMS CEE

Non-resident owners of property in Croatia who have plans to rent it out should consider domestic and double tax treaty rules on taxation of permanent establishments.

While most double tax treaties concluded by Croatia state that it may tax income derived from real estate (including rent) situated in Croatia, for years Croatia has not specifically regulated this possibility in relation to non-resident companies. Aside from the general rule on taxation of permanent establishments' (PE) profit, there has been no specific rule on taxing such income. On the other hand, Croatia regularly taxes income from property derived by non-resident individuals. After making certain steps towards taxing non-resident companies' real estate income back in 2019, the practical effect remained unclear.

The domestic PE provision was supplemented with a rule saying that "irrespective of other conditions and deadlines relating to a permanent establishment, profit or income derived by a non-resident company from real estate situated in Croatia may be taxed." No specific rule or further explanations have been provided about the type of relevant tax or the taxation procedure.

Does any non-resident company's income from real estate automatically create a taxable PE in Croatia? Or would such income be subject to withholding tax? In the latter case, it seemed odd that the new provision is added to the PE rule.

One could argue that the intention of the lawmaker was to tax a non-resident company as if it owned a PE in Croatia. But this would jeopardize the general definition of a PE, which Croatia applies in its domestic legislation and in all double tax treaties it has signed: a PE is created when a fixed place of business where a company wholly or partly carries out its business. This assumes the existence of a place of business, which must be fixed (i.e., established at a distinct place with a certain degree of permanence), and that the company's business must be carried out at this fixed place of business (usually by personnel who, in one way or another, are dependent on the enterprise).

Without personnel carrying out business in Croatia, a non-resident company should have no taxable presence in the form of a PE in Croatia.

The matter has been addressed in an official opinion of the tax authority, which referred to the OECD commentary about the PE rule, pointing out, rather interestingly, that business carried out through a fixed place of business commonly assumes dependent personnel performing business activities in the state where the PE is located.

The opinion further quoted the OECD commentary saying that determining the existence of a PE belonging to an enterprise must be made independently from the determination about which Double Tax Treaty provision applies to the profits derived by that enterprise. It is clear that the rule on taxation of particular income (e.g. income from real estate) should not be linked to the question of the existence of a PE.

Finally, the opinion pointed out that commencing any activity, including renting out a property in Croatia, must be reported to the tax authorities within the prescribed deadline of 8 days. The report should enable the authorities to determine the potential existence of a PE and related tax liabilities.

It follows that real estate taxes would be based on the existence and activity of a PE and in no circumstance be separated from conditions and deadlines related to the PE (as implied in a 2019 supplement to the PE rule). It is also important to emphasize that in the case of non-residents from double tax treaty-covered jurisdictions, the Croatian Tax Authority would not be able to ignore the PE rule set in the international tax treaty. The Model Double Tax Treaty is clear: rented tangible property will not, as such, constitute a PE if there is no fixed place of business maintained for such a letting activity.

It may be concluded that the purpose of the domestic rule on taxation of real estate income has been to enable the tax authority to review non-resident companies' activities (including the renting of properties) in Croatia for PE purposes. The wording of the respective rule, however, has been somewhat clumsy and left the practice unclear.

Non-resident companies renting a property in Croatia should remember, though, that they have a reporting liability towards the Croatian Tax Authority shortly after commencing the renting activity. ■

HUNGARY: CHANGES IN THE TAXATION SYSTEM IN HUNGARY IN 2022

By Daniel Feher, Managing Partner, Feher Legal & Tax, Alliott Global Alliance

The summary below highlights the most important changes to the Hungarian Tax Regime for 2022.

Further Reduction of Taxes on Labor

The downward tax trend on labor seen in 2012 will continue into 2022. The focus is shifted to the social contribution tax, which fell from 15.5% to 13%. With this reduction, the social contribution tax has been halved over the past decade: previously known as a social insurance contribution, it was 27% in 2012 and constituted a competition barrier for the Hungarian economy.

The clear goal of the present Hungarian taxation policy is to improve labor and entrepreneurial activity through low tax rates. As part of this endeavor, income tax has been cut from 36% to 15% in the past decade, and even corporate tax has been halved, from 19% at the beginning of the last decade to 9%.

The income tax rate remains 15% in 2022, however, the income tax system has been amended with new possibilities.

It is noteworthy that people under the age of 25 will benefit from a full income tax exemption on labor activity after January 1, 2022. This exemption is limited to the amount of the average gross earnings of full-time employees in Hungary, calculated based on the previous year's July data.

Furthermore, the tax benefits for taxpayers with children have been extended into 2022 with a special, unique income tax refund to offset the negative economic impact of COVID-19. Taxpayers with children had to confront the enormous challenges of the pandemic while working and supporting their children's homeschooling at the same time. Therefore, parliament has decided to compensate them with the unique refund of their labor income tax paid in 2021. The refund is limited to the average Hungarian income tax base due to the average gross wage in Hungary, calculated on the data of the previous year's labor activity. The average tax base, according to this, is currently HUF 809,000, which amounts to approximately EUR 2,275.

The rules on tax relief for taxpayers with children, the so-called family tax allowance, will remain the same in 2022. Under this regulation, the monthly amount of the family tax allowance reduces the monthly income tax base, depending on the number of dependents. The monthly income tax base is reduced by 1) HUF 66,670 (EUR 188) if the number of dependents is one, which enables a monthly saving of HUF 10,000 (EUR 28) for one child; 2) HUF 133,330 (EUR 376) if the number of dependents is two, which enables a monthly saving of HUF 20,000 (EUR 56) for each child; 3) HUF 220,000 (EUR 620) if the number of dependents is three or more, which enables a monthly saving of HUF 33,000 (EUR 93) for each child.

Parents with three or more children can save the full amount of income tax payable on the part of their income equal to the average gross wage in Hungary.

Also, the special tax on the professional training of employees, the so-called professional training contribution, has been terminated as of January 1, 2022. This change allows employers to save 1.5% of the gross salary of each employee.

Special Tax Exemptions Due to COVID-19

Due to the pandemic, working from home (home office) has become more common in the last two years. Working from home has increased employees' costs for electricity, heating, water, internet, and the like, which employers have been able to save. These costs would not have been incurred on the employees' side in case of the regular in-office work. In 2022 and as compensation, the employer is also allowed to give employees 10% of the respective minimum wage tax-free, without any certificate.

COVID-19 has also changed traffic habits: traveling by bicycle has become very attractive, primarily in cities, especially during the first wave of the pandemic. Recognizing this demand, the legislator allows employers to provide tax-free bicycles for private use, whose only source of power is directly applied human power or an up to 300-watt electrical motor (e-bikes), from January 1, 2022. This regulation allows employers to provide employees with bicycles or e-bikes for their commute. ■

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MONTENEGRO: WHAT "EUROPE NOW" BRINGS TO THE TAX SYSTEM OF MONTENEGRO

By Igor Zivkovski, Partner, Zivkovic Samardzic

All the countries around the world regardless of whether they are big or small, wealthy or poor, developed or developing, are facing the consequences of the coronavirus crisis. The ongoing COVID-19 pandemic has revealed the fragility of healthcare systems, the instability of economic structures, and the vulnerability of society.

Given the strong impact of the COVID-19 pandemic on the economy of Montenegro over the past year, to improve the economic situation and living standards of the population, the Government of Montenegro adopted an ambitious economic plan – *Europe Now*. The reform aims to increase the living standards of all citizens, improve the business and investment environment, and reduce the grey economy in the labor market.

One of the key parts of the Plan was the changes in the tax legislation, as taxes are undoubtedly among the most important components of every state's economy.

On December 29, 2021, the Assembly of Montenegro passed a series of laws that are part of the *Europe Now* plan. Among the most important changes were amendments to the *Law on Personal Income Tax*, the *Law on Corporate Income Tax*, and the *Law on Mandatory Social Security Contributions*. All changes to the relevant laws are in effect from January 1, 2022.

The starting points of the plan were the high tax burden of employees on the one side and the low level of the minimum wage on the other side. In addition, the plan has introduced a system of progressive taxation, as a more efficient model of taxation.

Amendments to the *Law on Personal Income Tax* have been introduced a non-taxable portion of earnings of EUR 700 on a gross basis, which implies an income tax rate of 0% on a gross wage of up to and including EUR 700. Furthermore, the amount of earnings between EUR 700 and EUR 1,000 is taxed at an income tax rate of 9%, while a gross basis above EUR 1,000 is taxed at an income tax rate of 15%. Reform measures also include the abolition of compulsory health insurance contributions borne by both employers and employees, which will reduce the tax burden by 18.4%.

The amounts of the tax rate on income from self-employment have also been changed so that now the amount of taxable income over EUR 8,400 to EUR 12,000 is taxed at a rate of 9%, while the amount of taxable income over EUR 12,000 is taxed at a rate of 15%.

Another important aspect of the tax reform relates to corporate income tax. Amendments to the *Corporate Income Tax Law* have abolished the proportional rate of 9% and a progressive taxation system is envisaged. The amount of taxable profit from up to EUR 100,000 is taxed at a rate of 9%. If the amount of taxable profit is between EUR 100,000 to EUR 1.5 million, the income tax will be calculated as EUR 9,000 plus a 12% rate on the amount over EUR 100,000. In addition, for taxable profits over EUR 1.5 million, the income tax will be calculated as EUR 177,000 plus a 15% rate applicable to the amount over EUR 1.5 million. The deductible tax has also been increased from 9% to 15%, based on gross income.

For all revenues generated from income from property, capital, capital gains, revenues from sports activities, copyrights, and related rights, patents, the tax rate has been increased from 9% to 15%.

The fact is that the Laffer curve indicates that tax revenues increase with the growth of the tax rate, but to a certain level. After that certain level, progressive taxation and the growth of the tax rate could have a disincentive effect on economic activity and affect the decline in tax revenues and tax evasion.

Therefore, the question is whether progressive taxation will lead to further stimulation of the grey economy or smart, sustainable, and inclusive economic growth. ■

SERBIA: NOVELTIES IN SERBIAN TAX SYSTEM

By Igor Zivkovski, Partner, Zivkovic Samardzic

With the acceleration of the process of transition to a market economy, since 2001, Serbia has carried out a fundamental reform of its tax system, which has undergone several further changes in the past two decades. Last year brought numerous changes to the tax system in Serbia, and the introduction of the taxation regime for digital assets and tax control were a particular focus.

Namely, the newly adopted *Law on Digital Assets* raised numerous questions about the tax treatment related to their holding and trading. As a response, the National Assembly of the Republic of Serbia adopted amendments to the set of domestic tax laws.

By the amendments to the *Law on Property Taxes*, digital assets are subject to inheritance and gift tax at the rate of 2.5%, whereby the tax base is the market value of digital assets at the moment they are inherited, i.e., gifted. Property tax and property transfer tax do not apply to digital assets.

According to the *Personal Income Tax Law*, any natural person who transfers digital assets is obliged to pay personal income tax. In particular, income from the transfer of digital assets is taxed with capital gains tax. Capital gains, as the difference between the selling price and the purchase price achieved through the transfer of digital assets, are taxed at the rate of 15%. Furthermore, some tax reliefs are prescribed as well. The law prescribes a tax exemption for 50% of realized capital gains invested into the share capital of a legal entity or investment fund whose center of business or investment activities are in Serbia.

Under the *Corporate Income Tax Law*, the sale or other transfer against consideration of digital assets by legal entities shall be subject to capital gains tax at the rate of 15%. A legal entity that achieves capital gains by selling digital assets will include those capital gains in the corporate income tax base. In addition, a legal entity acquires the right to tax relief by not including capital gains achieved by selling of digital assets in the income tax base if it invests those funds in the share capital of a legal entity or investment fund whose business center or investment activities are in Serbia.

Another significant novelty relates to the introduction of a special property tax with the *Law on the Origin of Property and Special Tax*. Being in effect from March 12, 2021, this piece of legislation has attracted a lot of attention from the very beginning – both from the professional public and others – not only because of the subject of regulation but also because of its legal solutions.

The competent tax administration unit shall *ex officio* or upon application initiate a procedure to determine whether the assets of a certain natural person correspond to the income that person earned and presented through tax returns in the previous period. The burden of proving the property increase concerning the reported income is on the tax administration, and it is up to the natural person to prove the legality of its acquisition.

If it seems probable that within a maximum of three consecutive calendar years, during which a natural person has seen an increase in the value of their property and there is a difference greater than EUR 150,000, a so-called "control procedure" will be initiated. A natural person whose property is the subject of control has the right to participate in the control procedure and to submit evidence proving the legality of the property. Upon completion of the control, the special unit of the tax administration issues a decision determining the special tax if it establishes said discrepancies.

The special tax base is determined by the value of the assets to which the special tax is applicable. It is the sum of the revalued value of the property for each calendar year that was the subject of control. In essence, the tax base has been expanded by amendments to the law to include the value of a person's natural assets and the value of expenditures for private needs which combined exceed the declared income. The special tax rate is 75%. Therefore, in addition to tax control and collecting special tax, the extremely high rate provided by the law indicates that the goal of passing the law was punishment for tax evasion.

Bearing in mind all the amendments to tax legislation, it is noticeable that there is a clear tendency of the competent authorities to use special tax collection and the expansion of digital assets businesses to rebuild and develop the economy. ■

AUSTRIA: PARADIGM SHIFT IN AUSTRIAN CRYPTO TAXATION

By Roman Perner, Partner, and Marco Thorbauer, Counsel, Schoenherr

The pioneering Austrian legislator is breaking new ground in the area of crypto taxation. Income from cryptocurrencies will no longer be taxed progressively, at up to 55% for individuals, but at a flat rate of 27.5% withholding tax. With these rules, the Austrian legislator has brought clarity to the taxation of crypto assets for the first time and has responded to the increased practical relevance of cryptocurrencies and the need to tax them in line with securities. The previous taxation of crypto assets was mainly based on non-binding information from the homepage of the Austrian Ministry of Finance.

How Crypto Assets Used to Be Taxed

Income from the sale of cryptocurrencies acquired prior to March 1, 2021, is subject to a one-year speculation period. It is therefore tax-exempt if the cryptocurrencies are sold after the expiry of this period. If, on the other hand, the cryptocurrencies are sold prior to the expiry of the speculation period, the income thus generated is subject to a progressive income tax of up to 55% for individuals or 25% for corporations.

Transitional Rules on Crypto Asset Taxation

Cryptocurrencies acquired after February 28, 2021, but sold by February 28, 2022 (inclusive), are still subject to the above-mentioned provisions. Crypto gains deriving from transactions before December 31, 2022, have to be declared in an income tax statement, while from January 1, 2023, crypto gains will be taxed via a withholding tax – if the crypto trading provider has an adequate Austrian nexus (e.g., through a registered office).

The New Way Crypto Assets Are Taxed

Income from cryptocurrencies can be either (1) ongoing income or (2) income from realized appreciation (e.g., sale).

As of March 1, 2022, gains from the sale of cryptocurrencies are subject to the special income tax rate of 27.5% for individuals or 25% for corporations. The prerequisite for this flat tax rate is the existence of a public offering of these cryptocurrencies – as swaps between cryptocurrencies do not constitute a taxable event. In such cases, the acquisition costs are continued by the swap, and the taxation of the hidden reserves is delayed until actual disposal takes place.

If the cryptocurrency services only consist of the use of existing cryptocurrencies (*staking*), or cryptocurrencies are transferred without consideration (*airdrops*), or for only insignificant other services (*bounties*), the acquired cryptocurrencies do not constitute ongoing income. The profits thus generated are not taxed until they are finally realized.

Furthermore, as of March 1, 2022, it is also possible to offset losses with other income from capital assets that are subject to the special tax rate of 27.5%. These are, for example, gains or losses from the sale of securities or bonds, interest from bonds, dividends, etc. The loss compensation is to be exercised within the annual tax return.

The classification of cryptocurrencies as income from capital assets also means that the provisions on exit taxation will apply. If Austria's right to tax these cryptocurrencies is restricted during a departure, the hidden reserves accrued until the departure must be taxed in Austria. In the case of a physical departure of individuals to EU/EEA states, taxation may be deferred (but not entirely avoided) upon application.

It is essential to document crypto holdings in the tax treatment of cryptocurrencies, especially as there are economic consequences for failing to do so. The person required to deduct must assume that the acquisition costs amount to half the fair market value – if the acquisition date is not known or documented. The special tax rate of 27.5% is applied to these fictitious acquisition costs, which corresponds to an effective taxation of 13.75%.

Conclusion

The new rules on crypto taxation at least guarantee legal security in connection with the taxation of cryptocurrencies in Austria. In any case, Austria is a trailblazer internationally in this regard since, to be able to assess taxable income, Austrian crypto platforms will be required to withhold and pay withholding tax for the respective taxpayers. This exchange of data with the Austrian tax authorities may also lead to a new wave of voluntary self-disclosures in Austria. ■

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GREECE: INCOME TAXATION FOR INDIVIDUALS WHO TRANSFER THEIR TAX RESIDENCE TO GREECE

By Marios Bahas, Partner, Sonia Tzavella, Senior Associate, and Maria Thermogianni, Senior Associate, Bahas, Gramatidis & Partners

In early 2021, Greece has introduced a new ambitious tax regime in order to motivate the opening of new employment positions and especially motivate Greeks who have moved abroad due to the severe economic crisis of 2010 to relocate back to Greece. In addition, salaried employees in the private sector, as well as average businessmen and freelancers who perform their activities in Greece while their tax residence is being registered abroad, can also benefit from the new favorable tax regime and transfer their tax residence in Greece.

More specifically, by virtue of *Law no. 4758/2020*, a special tax regime was introduced, which provides paying income tax and solidarity tax only on 50% of their Greek source employment income or freelancer income 50% for natural persons, who will transfer their tax residence in Greece. This favorable tax regime has an exclusive duration of seven years and can be terminated anytime, either by the individual or by the Greek Tax Authority, in case the individual no longer fulfills the eligibility criteria for more than 12 months. However, the individual may request to continue the special tax regime, with the total duration not exceeding seven years. The relevant application together with all supporting documents is submitted to the Greek Tax Authority until July 31 of the year during which the individual is starting employment or business activity in Greece and it relates to the fiscal year of the application and for the following seven fiscal years. Within 60 days from the submission of the application, the tax authority shall examine the application and decide either to approve it or reject it.

In order to be eligible for the new regime, the following criteria should be cumulatively met:

(a) The individual should not have been a Greek tax resident for the previous five of the six years prior to the transfer of tax residence to Greece;

(b) The individual should transfer their tax residence from an EU member state or EEA country or from a country with which Greece has an agreement on administrative cooperation in the field of taxation;

(c) The individual should provide services in Greece under an employment relationship either to a Greek legal entity or to a branch of a foreign company in Greece; a similar provision applies to individuals who transfer their tax residence to Greece in order to carry out individual business activity in Greece; and

(d) The individual will declare that they will reside in Greece for at least two years.

At this point, it has to be noted that, there is no requirement for the individual to remain employed by the same employer for the entire seven-year period. If the employment relationship is terminated, then the individual has 12 months to start a new employment relationship or to start an individual business activity in Greece.

Recently, the new circular *no. E.2224/1.12.2021* was issued, which clarifies the "new employment position" requirement and also how the withholding of tax will be performed by the employer since only 50% of the income is subjected to taxation.

According to the said circular, it is stated that a new employment position exists in case of an increase (in absolute numbers) of the number of employees, on the day that the individual, who submits the request to be subjected under the special regime, starts the employment relationship with the domestic legal entity or the permanent establishment of a foreign company in Greece. In addition, it is provided that the increased number of jobs must not be reduced for at least one year from this date.

Also, it is stated that the employer shall proceed with withholding income tax and solidarity contributions (if applicable) only on 50% of the individual's salaried income, while the remaining 50% will stay free and no withholding tax shall be imposed on it. ■

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