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Securities law reporting obligations for foreign acquirors

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When entering Russian markets through purchasing shares in a Russian stock company (issuer), or increasing its shareholding in the company, a foreign investor should bear in mind certain Russian securities laws and rules that would require the investor to disclose its shareholding. Notably, these rules apply regardless of whether the issuer is a company with publicly traded or privately-held stock.

5% reporting requirement

Under Article 30 of the Federal Law 39-FZ of April 22 1996 (Securities Market Law), a person acquiring or holding shares in any issuer must report to the issuer as well as to the Russian securities market regulator, the Federal Service for Financial Markets (FSFM), on any transaction which causes such person's shareholding to reach, exceed or fall below 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the issuer's total outstanding ordinary shares. Such person must send their report (shareholder report) within five days from: (i) the date the relevant credit entry is made on its securities account, if it acquires the already existing shares; or (ii) the date it learned or should have learned about the state registration of the report on the results of issuance of the shares in question, if it acquires newly issued shares.

Despite Russia being a very formal jurisdiction, there is no prescribed form for the shareholder report. However, the Securities Market Law lists certain information that should be included in the shareholder report, namely: (i) the name of the reporting person (shareholder); (ii) the name of the issuer; (iii) the state registration number of the share issue

(additional share issue); and (iv) the number of shares owned by the reporting person.

Notably, the duty to report may be triggered actively (due to purchase or sale of shares resulting in meeting a certain threshold) or passively (as a result of an increase or decrease in the number of outstanding ordinary shares of the issuer).

Dissemination to the public

Although the Shareholder Report is sent to the issuer and the FSFM, it could become public if the issuer has had at least one securities prospectus registered in Russia. Such issuer then has an obligation to disclose information on inclusion in the shareholder register of the issuer of a person holding not less than 5% of total outstanding ordinary shares of the issuer, as well as on any change in such shareholder's holding exceeding or falling below 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total outstanding ordinary shares of the issuer. The issuer must make the information public through the newswire within one day or on the issuer's website within two days, as well as filing this information with the FSFM within five days.

The above almost certainly applies to companies with publicly-traded stock (companies listed on a Russian stock exchange, for example) but could well apply to closely-held and unlisted companies. Under Russian law, even a closely-held and unlisted company can have a registered securities prospectus.

100% disclosure requirement

Under Article 98.6 of the Civil Code of the Russian Federation (Civil Code), information on acquisition by a person of all shares of the issuer must be made public. Neither the Civil Code nor other laws contain any reference as to which person is obliged to make such information public and within which time period. Based on Article 314.2 of the Civil Code, one may say that such information must be made public within a reasonable time period and, if not made public within such time period,

then within seven days after a person entitled to demand performance of the obligation has required its being made public.

Due to the vagueness of the above disclosure rule, it is rarely followed in practice.

Foreign holding specific reporting

Under Article 29 of the Securities Market Law, parties to a transaction associated with the acquisition of shares of the issuer by a foreign person must report to the FSFM or other governmental agency on the completed acquisition of shares by such foreign person in cases where foreign shareholding in the issuer is limited by virtue of any Russian federal law or other legislation, provided there is a Russian federal law specifically requiring such report to be made. Until recently, there was no such federal law.

However, the newly-adopted Federal Law on Procedure for Making Foreign Investments into Business Companies Having Strategic Significance for Securing the Country's Defence and National Security 57-FZ of April 29 2008 (New Law) introduced the reporting requirement. Under Article 14 of the New Law, a foreign investor must report to the governmental agency in charge (the Federal Antimonopoly Service of the Russian Federation) on any acquisition of 5% or more shares in an issuer that is a company with strategic significance (strategic company).

No specific strategic companies are named: the New Law lists 42 specified areas of strategic activity including exploration and production of mineral resources on "fields of federal significance" (the list of these fields is yet to be published); certain power transmission enterprises registered as natural monopolies; certain aviation/aerospace activity; certain telecoms providers with dominant positions; certain TV, radio and print media enterprises (with certain defined reach/circulation); fishing; special metals; nuclear; weapons/military; cryptography companies; and certain geo-physical process enterprises.

The New Law does not describe the reporting procedure and time period for referring these to the decision-making authority of the Russian Federation Government. So far, no such procedure has been adopted.

All reports as described above should be filed in Russian or, if in any other language, they should be accompanied by a notarised Russian translation.

The above addresses only some of the reporting requirements associated with the Securities Market Law. There are other reporting requirements that could be triggered by Russian competition law, natural monopoly law, specific industry-related laws (banking, for example) and others.

Capital markets - equity

Recommended firms	
Tier 1	Cleary Gottlieb Steen & Hamilton Linklaters Skadden Arps Slate Meagher & Flom
Tier 2	Allen & Overy Clifford Chance Freshfields Bruckhaus Deringer Latham & Watkins
Tier 3	Debevoise & Plimpton White & Case
Tier 4	Akin Gump Strauss Hauer & Feld Andrey Gorodissky & Partners Dewey & LeBoeuf Herbert Smith Hogan & Hartson Liniya Prava

Capital markets - debt

Recommended firms	
Tier 1	Cleary Gottlieb Steen & Hamilton Linklaters
Tier 2	Allen & Overy Clifford Chance Skadden Arps Slate Meagher & Flom White & Case
Tier 3	Baker & McKenzie Freshfields Bruckhaus Deringer Latham & Watkins Lovells
Tier 4	Debevoise & Plimpton Liniya Prava

Russia has become one of the key emerging markets that capital market teams at international law firms are focusing on. The mass of equity offerings hit a peak in 2007, with VTB's \$8 billion IPO bigger than any previous offering in the world that year.

Volatile global conditions and the lack of liquidity in international markets have led to a lack of confidence of potential Russian issuers to undergo a listing. Rusal's planned flotation on the main market of the London Stock Exchange could have been comparable to the VTB offering, but the volatile market conditions have put the IPO on hold.

The situation has carried on throughout 2008, with activity on the equity markets slowing down substantially. Partners seem confident that the mandates will come back, but the point for debate is exactly when it will happen. "There is a tremendous amount of work in the pipeline, but the pipeline is fragile," says one partner.

Russia's economy is buoyant from the natural-resources boom, but those seeking to fund growth can not turn to the international debt markets at the moment, as they have been shut off by the credit crunch. Despite everything, the domestic Russian bond market has been a fruitful source of credit for financial institutions and corporate entities, with TKG-10's R5 billion (€137 million) bond issue in February 2008 a sign of the market's increasing health.

Allen & Overy

Allen & Overy has continued to build its comprehensive capital markets practice with the promotion of Konstantin Kroll and Stephen Matthews to the partnership. Peers

and banking clients have noticed the firm's efforts to develop its capital markets offering. In relation to its equity work, one banking client comments: "Allen & Overy have been making a huge push and they have succeeded on the issuer side."

The firm has also been acting for underwriters in a couple of successful IPOs in the past year. It advised joint bookrunners Deutsche Bank and Renaissance Capital regarding M.video's November 2007 domestic IPO. The listing of the consumer appliance retail chain raised \$365 million.

Again in November 2007, the firm advised the same joint bookrunners on the Bank Saint Petersburg IPO, raising \$274 million. As well as being only the second public listing of a Russian bank, it was the first to use a temporary GDR programme.

The firm is traditionally stronger on the debt side and this is the case with the Russian office. The firm is focusing heavily on debt work and Kroll and Matthews' promotions were in aid of this. Allen & Overy acted on several notable bond issues, including advising the arranger, Bank of Moscow, on Russian leasing company Business Alliance's R8.3 billion issue of loan participation notes (LPNs), which was secured by lease payments and pledged assets.

The firm was also active on other issues in the Russian domestic bond market, which was an active source of financing compared to the dry international bond market. The firm advised Gazprombank as the arranger of KrasAir's R3 billion offering of fixed-rate secured notes.

Matthews is particularly experienced in the Russian structured finance and securitisation market, where firm has been at the forefront of the action.

The firm advised on the first cross-border acquisition of a mortgage portfolio from the Agency for Home Mortgage Lending (AHML), which is owned by the Russian government and is one of the country's largest refiners of residential mortgages. A team under Stephen Matthews advised the Russian American Mortgage Company, which bought the portfolio. The transaction was financed by Standard Bank through a securitisation-based structure.

Leading lawyers

Varun Gupta
Irina Mashlenko

Cleary Gottlieb Steen & Hamilton

Cleary Gottlieb Steen & Hamilton may be trying to establish itself in the Russian M&A market, but it is still well recognised as a cap-

ital markets powerhouse in Russia. As a result of its corporate focus, the firm is stronger in equity work, but its abilities spread across to the debt side. "They have excellent lawyers, a good capacity and a commercial approach to deals," says one peer.

Like the other top US outfits, it is the personnel, not the size, that really makes the firm. Daniel Braverman splits his time between Russian and London, and has impressed clients in the process. "If you have Cleary and Braverman then you are in a very safe pair of hands," says one client, while a peer adds: "Dan Braverman is the dean of Russian deals and US securities law for foreign firms."

In equity capital markets work the firm has secured some impressive issuer instructions. Cleary advised potash producer Uralkali in its October 2007 IPO of GDRs on the London Stock Exchange (LSE), and its listing of shares on the Russian Trading System (RTS). The firm also acted as counsel to the X5 Retail Group, one of Russia's largest food retailers, on its May 2008 \$1.03 billion underwritten rights offering of GDRs on the LSE.

Cleary's debt work is particularly strong in the area of Eurobonds, in which it has acted on a number of issues. In April 2008, in a sign of the international market reopening, the firm advised Evraz Group in its \$1.65 billion Eurobond issue in two tranches. Before the international bond market shut down, a team led by Sebastian Sperber advised coal miner Kuzbassrazrezugol in its \$200 million debut Eurobond issue in July 2007.

Leading lawyers

Murat Akuyev
Daniel Braverman

Clifford Chance

Clifford Chance is well on its way to perfecting its capital markets strategy in Moscow, and is pushing hard towards the top tier. On the equity side the teams it fields are now a combination of its London and Moscow capabilities. "They have really changed their approach and gained the respect of banks," says one client.

With partners such as Adrian Cartwright and John Connolly working out of London, the firm now has counsel Dennis Uhlir working on the ground in Moscow, who one client says has "made a big difference" and added real quality. Investment banking clients have no issue with where the team is geographically located. "Even if the deal is on the Moscow Stock Exchange we are selling to Euro investors," says one.

The firm has made a progression on the equity side from smaller issuers' counsel role

to bigger underwriter work, and has worked hard to combine foreign and local skills along with expats on the ground. In 2007 it advised Renaissance Capital as the lead manager and sole bookrunner on the \$100 million IPO of Rosinter Restaurants on the RTS.

The firm also advised Troika Dialog as the arranger and bookrunner in pharmacy chain 36.6's \$115 million secondary offering. On the issuer side, Clifford Chance advised LSR Group, a real-estate developer and construction company, on its \$772 million IPO under Rule 144A and Regulation S, which featured an issue of GDRs on the main board of the LSE.

Competitors note that Clifford Chance covers all the key financial products and is particularly strong in derivatives work. The firm has acted on a number of large LPN programmes both before and after the onset of the credit crunch. One highlight saw Clifford Chance advise TransCreditBank as the borrower on a \$2 billion LPN issued by Transcredit Finance in March 2008.

On the arranger side, the firm advised UBS on a €1 billion commercial-paper programme in October 2007.

Leading lawyers

Michael Cuthbert
Arthur Illiev
Dennis Uhlir

Freshfields Bruckhaus Deringer

Mikhail Loktionov is respected as Freshfields' primary capital markets contact in Moscow by clients. Like the other international firms, he and his team receive excellent support from London. When dealing with Freshfields: "You tend to see a combination of western [and Russian] partners," says one client. The same client also notes the quality of the London assistance, highlighting partner Ken Martin: "He is a safe pair of hands, he is extremely well regarded."

According to one rival, Freshfields is "going in the right direction" in the equity market, with the firm acting on some big IPOs in 2007. In May the firm advised underwriters Deutsche Bank, Goldman Sachs, Citigroup and Morgan Stanley on Russian real-estate developer AFI Development's \$1.4 billion IPO, which included a GDR listing in London.

In November 2007 the firm advised JP Morgan as the depository bank on the GDR programme of Novorossiysk Sea Port's \$955 million international IPO. The Black Sea port operator's listing in the UK was on the LSE, and in Russia on the RTS and Moscow Interbank Currency Exchange (Micex).

The firm's standout debt transaction, in November 2007, was its advice to financial group IFD Kapital on its \$1.26 billion issue of convertible bonds, secured by stock in its top manager Lukoil, to fund the acquisition of power company TGK-8. The firm had to work under pressure as the deal was put together in less than a month.

Freshfields was active on some complex securitisations in 2007. The firm advised HypoVereinsbank and a Dutch bank as the arrangers of Home Credit and Finance Bank's securitisation of a portfolio of credit card loans - the first securitisation of this asset class in Russia.

Leading lawyers

Mikhail Loktionov

Latham & Watkins

Latham & Watkins has significantly restructured its capital markets team in the past year and is well placed to push back up the rankings once its deal flow picks up again.

Managing partner Anya Goldin left the firm in August 2007, following Varun Gupta's departure for Allen & Overy earlier in the year. But the recruitment of new managing partner Mark Banovich from Dewey & LeBoeuf is a coup for the firm.

Client enthusiasm towards Banovich's arrival indicates that the firm could really progress. "They have a real chance of getting in on the underwriters' side," says one investment banking client.

Building on its role advising VTB bank on its \$8 billion IPO on the LSE in May 2008, the Moscow office of Latham & Watkins acted on several IPOs throughout the second half of 2008. The firm represented Renaissance Capital as the global coordinator, joint lead manager and joint bookrunner on distilling company Synergy's \$190 million IPO in Moscow.

The firm is viewed by commentators as more of an equity practice, but has been advising on some large debt issuances. In 2007 the firm advised VTB Capital on the creation of its \$20 billion LPN programme for issuance on the Irish Stock Exchange.

"Mark Banovich is generally recognised as a star," says a client of the firm. "We are very keen to work with him and he is held in very high regard."

Leading lawyers

Mark Banovich

Linklaters

Linklaters' Moscow capital market practice dominates on both the equity and debt side.

The firm has been active on a significant proportion of the jurisdiction's underwriter mandates.

According to peers and client, Linklaters' strength is its ability to genuinely staff deals out of Moscow. "We use them for two reasons," says a client. "They are one of the leading capital markets firms around the world, particularly in Europe, and they also have excellent expertise in Moscow." Another client adds: "The have excellent Russian partners in Russia and experience in London."

Dmitry Dobatkin heads the Moscow capital markets practice and is on all of his competitors' and clients' lists of top lawyers. "Dmitry is generally held to be the best lawyer around in Moscow," says one investment banking client. The firm has been further strengthened by the arrival of partner Peter Allen from London.

The firm was as busy as any during the bonanza of activity in summer 2007. The firm secured a number of roles building on from its instruction to the joint global coordinators and joint bookrunners on VTBs record \$8 billion IPO - the largest-ever retail offering in Russia and the first bank to obtain a GDR listing in London.

In June 2007 the firm advised the managers on another record-breaking IPO, when PIK Group raised \$1.93 billion from its listing on the LSE, RTS and Micex - the largest-ever real-estate listing in Europe.

Linklaters was busy in the international debt market once Gazprom's issuance in mid-April signalled its reopening to quality Russian issuers. Linklaters advised the lead managers on Evraz Group's dual tranche Regulation S/Rule 144A notes issue, with one tranche raising \$1.05 billion and the other raising \$550 million.

Linklaters also advised Citigroup and Renaissance as the lead arrangers on the first public securitisation in Russia in 2008, and the third domestic RMBS securitisation so far in the country. The R10.3 billion issue was by the Second Mortgage Agent of AHML, the government-owned retail mortgage refinancing agency.

Leading lawyers

Dmitry Dobatkin

Skadden Arps Slate Meagher & Flom

Skadden's Moscow office is not the largest in the jurisdiction, but the firm's capital markets resources are focused on equity - and its efforts are well spent. "Skadden are at the top of our list. They are very proactive and helpful and they are very commercial in their approach," says one client. Competitors agree:

"Skadden is a firm we like to see on the other side."

Skadden's individual partners are a big drawcard for clients. "They have the two best capital market partners in Moscow: Pranav Trivedi and Alexey Kiyashko," says one.

The last 12 months have seen the firm act on a limited number of high-quality deals, as opposed to churning out high numbers of instructions. Before the market volatility started, Skadden advised real-estate developer PIK Group on its \$1.93 billion IPO in June 2007, which included a GDR listing on the LSE and ordinary shares on the RTS and the Micex. The deal was the largest-ever real-estate IPO in Europe and the largest-ever IPO by a private-sector company in Russia.

In another blockbuster deal, the firm advised the underwriters Citigroup, Renaissance Capital and UBS on Uralkali's secondary offering of shares on the RTS and GDRs on the LSE. The offering included a Rule 144A placement to qualified institutional investors in the US. The deal involved Trivedi working from London, and Dmitri Kovalenko working from Moscow.

Skadden also advised Deutsche Bank, Troika Dialog and UBS as underwriters of the \$1 billion IPO of shares and GDRs in OGK-2 in October 2007. The shares were listed on the RTS and Micex, and the GDRs on the LSE. The IPO also involved a Rule 144A placement in the US.

The firm is capable of acting on large debt offerings, as illustrated by its instruction of the bookrunners and lead arrangers on VimpelComs \$2 billion Rule 144A/Regulation S offering of LPNs. The offering was the largest US dollar-denominated bond issued by a Russian corporate.

Leading lawyers

Alexey Kiyashko
Dmitri Kovalenko
Pranav Trivedi

White & Case

White & Case's capital markets team in Moscow is now managed by Olga Okouneva; the previous incumbent, Sven Krogus, has relocated to the firm's London office. The firm is regarded by peers as stronger on the debt side, although it did benefit from the boom in equity work before the market suffered in the second half of 2007.

In its most impressive debt instruction of 2007, the firm advised real-estate company AFI Development on its \$1.4 billion IPO on the LSE in the form of GDRs.

On the debt side, the firm represented Barclays Bank, JP Morgan, Merrill Lynch and UBS on the update of Alfabank's \$2 billion

EMTN programme. The firm also advised Credit Suisse and UBS as joint lead managers on a \$500 million issuance under the programme.

The firm advised Barclays Bank, Deutsche Bank and JP Morgan on the update of the Russian Agricultural Banks MTN programme, including increasing its limit from \$3 billion to \$5 billion to allow for LPNs to be issued by RSHB Capital to finance loans to the Russian Agricultural Bank. The firm also advised ABN Amro and Citigroup as lead managers on LPN issuances under the programme.

Other notable firms

Baker & McKenzie is an active practice in the Russian securitisation market. The firm advised the Russian Standard Bank on its first securitisation of credit card receivables, which raised \$550 million. In February 2008, the firm advised the Moscow Bank for Reconstruction and Development on the \$200 million securitisation of part of its car loan portfolio.

Dewey & LeBoeuf managed to complete an offering during difficult market conditions, when in November 2007 it advised Novorossiysk Commercial Sea Port on its \$955 million IPO, which included a listing of GDRs on the LSE and ordinary shares on the RTS. The deal featured new partner Yulia Cherkassova.

Russian firms do not generally lead international capital market transactions, but some are establishing a niche as lead advisor on Russian elements of such deals. Peers respect **Liniya Prava** for its work in this capacity: "As Russian counsel they are in a different league compared to other Russians," says one competitor.

The firm's work has included advising engineering and construction company Kentz in relation to its IPO on London's Aim board. The firm also advised the Agency for Housing Mortgage Lenders on its three-tranche R10.7billion issuance of mortgage-backed securities.

Banking

Recommended firms

Tier 1

Allen & Overy
Clifford Chance
Linklaters

Tier 2

Freshfields Bruckhaus Deringer
Herbert Smith
White & Case

Tier 3

Baker & McKenzie
Chadbourne & Parke
Cleary Gottlieb Steen & Hamilton
CMS Cameron McKenna
Denton Wilde Sapte
Dewey & LeBoeuf
Lovells

Tier 4

Akin Gump Strauss Hauer & Feld
Alrud
Debevoise & Plimpton
Gide Loyrette Nouel
Latham & Watkins
Norton Rose
Salans
Skadden Arps Slate Meagher & Flom

The Russian economy is growing quickly: real GDP growth hit 8.1% in 2007 and is predicted to be 7.2% for 2008. Recession is not an issue in Russia and companies also continue to grow - but the crisis in international credit markets has been making cross-border financing difficult.

Capital markets have been shut off as an option for big-ticket finance, and many Russian corporates have turned to the syndicated loan market to provide relief. The banks have been feeling the strain, with pressure pushing up prices - in fact, \$35 billion worth of loans were ready for syndication in the first quarter of 2008.

Banks have also been embracing the safety-in-numbers qualities of syndication, with large numbers of banks clubbing together on deals amid worries of over-saturation in the loan market and overexposure to certain large-scale borrowers. In early 2008 Evraz took out a \$3.2 billion loan in a syndication involving 10 mandated lead arrangers. Meanwhile, Rosneft's \$3.5 billion refinancing was provided by now fewer than 16 banks.

Loan liquidity has received some respite with the re-opening of the Russian bond market. Although margins on loans have increased since the credit crisis hit, the lending market has moved more toward normalisation. "Lending is busy, not frantic," says one partner.

As has been common across eastern Europe, real-estate finance has felt the tightening most severely. But acquisition finance in general remains busy off the back of the booming M&A sector, and asset finance is also heating up.

Unfortunately for the domestic practices, lending work is the domain of the international law firms. With 98% of the international loan agreements drafted under English law, as one foreign partner puts it: "Domestic firms never really put their hat in the ring."

Allen & Overy

Former Moscow managing partner Peter Timchur returned to London in 2007 and will be missed by clients, one of which reports "good memories of working with him". Tony Humphreys is now managing the office, and leading partner Irina Mashlenko remains, as does Edward Baring. Peers believe it is only a matter of time before Baring is elected to the partnership. The team has also appointed Stephen Matthews as a partner this year.

Allen & Overy has a reputation as a leading international banking firm, with peers noted that the practice is still growing on the ground in Moscow. Clients are very happy with the firm's banking service and slightly altered partner line-up. One client comments: "They are very cooperative. Overall [ours] was a very positive experience."

The firm occupies a leading position on the syndicated loan market, advising a comprehensive list of lenders, including ABN Amro, Calyon, Gazprombank, Citigroup, Deutsche Bank and Morgan Stanley.

In April 2008 the firm advised Deutsche Bank as a mandated lead arranger on Rosneft's \$3.5 billion refinancing facility, secured by oil export contracts. An impressive 16 banks syndicated the loan, which shows the appetite that exists for big club deals offered at the right price and with the right securities. It is also proof that lenders view Russia's natural-resource borrowers as something of a safe bet.

The firm also advised ABN Amro as one of four arrangers of Gazpromneft's \$2.2 billion secured syndicated facility. The deal was completed in November 2007, just before borrowers put massive pressure on the domestic syndication market.

As well as large scale corporate financings, Allen & Overy has also been advising on lending amongst institutions. One notable role was advising KBC Bank on the granting of an \$800 million facility to Absolut Bank.

Leading lawyers

Edward Baring
Irina Mashlenko

Clifford Chance

Logan Wright heads the banking and finance team at Clifford Chance's Moscow office, which has grown significantly in the past year with the addition of 10 associates. The firm is secure in its top-tier position, impressing peers and clients alike. "We have a most favourable opinion of Clifford Chance," says one client: "We were very happy with their performance."

Clifford Chance has been advising lenders on some large syndicated loans. The firm advised lead coordinator ABN Amro which, along with 10 mandated lead arrangers, provided steel company Evraz with a \$3.2 billion trade and acquisition financing. The loan was launched in January 2008, and the deal involved the counsel of partners Logan Wright and Victoria Bortkevicha.

In a deal closing at the end of June 2007, the firm advised Société Générale and BNP Paribas as the lead arrangers, lenders and agents of a \$6 billion acquisition financing facility for Norilsk Nickel to purchase a publicly listed Canadian company.

The firm also acts on the borrower side, advising Brunswick Rail Leasing on its \$305 million secured loan facility from BNP Paribas to finance rail cars in 2008.

Also in 2008, the firm advised Deutsche Bank on a R7.5 billion (\$206 million) secured bridge-to-securitisation loan facility for a Russian factoring company. The deal was led by partner Jared Grubb, who has made a very positive impact since joining from CMS Cameron McKenna in 2007. "It often depends on the person and we were very happy with Jared," says one client.

Leading lawyers

Jared Grubb
Logan Wright

Linklaters

Linklaters' banking practice in Moscow focuses on lenders, and the banking clients have an excellent relationship with the firm. One comments: "They are very well-known in that market. We have an international relationship with them."

Competitors hold partner Michael Bott in very high regard - according to one peer, "Michael Bott is the best financial counsel in town". Clients are equally complimentary. Says one: "He is very good, very accessible and very knowledgeable on all things Russian."

In September 2007, the firm advised ABN Amro, Morgan Stanley and Société Générale as issuers of a \$5.2 billion bank guarantee to support Gazprom's mandatory offer to shareholders in the Russian power company Mosenergo. The deal contained bespoke elements, as no Russian banks could provide the

guarantee, so one had to be issued for the first time by non-Russian banks.

In January 2008 the firm advised ABN Amro and BNP Paribas as bookrunners and mandated lead arrangers on a \$2 billion secured acquisition facility to mining company Mechel to finance its purchase of Yakutugol's coal assets. This is one of the largest secured acquisition financings in Russia to date.

The firm again advised ABN Amro, Merrill Lynch and RBS as arrangers on a \$1.5 billion public acquisition bridge finance facility to Mechel to finance its bid for Aim-listed Oriel Resources.

Leading lawyers

Michael Bott

Freshfields Bruckhaus Deringer

Peers have commented that Freshfields' Moscow office has - in line with the firm's international strategy - shifted its focus towards corporate rather than banking work, but the firm earns its tier two placing having acted for both borrowers and lenders on some notable deals. Clients also comment that Freshfields' banking practice "compares well to other firms".

In September 2007 the firm advised Russian Railways on two financing facilities totalling €292 million, arranged by Deutsche Bank, for the purchase of eight high-speed trains. In March 2008, the firm advised the same client on its \$1.1 billion syndicated loan, provided by seven banks and given in two equal tranches.

On the arranger side, in December 2007 a team involving partner Mikhail Loktionov advised HSBC, BNP Paribas, Calyon and Raiffeisen Zentralbank as lead arrangers of a \$1.1 billion secured three-year facility to X5 Retail Group for refinancing purposes.

Again on the borrowers' side, the firm advised the Lebedinsky mining-and-processing plant and the Oskolsky electrometallurgical plant on its \$1 billion syndicated facility from BNP Paribas and another bank in November 2007.

Leading lawyers

Mikhail Loktionov

Herbert Smith

Herbert Smith is establishing itself as a strong player in the Russian market, and peers have noted that the office is making progress and comprises a number of quality lawyers. Alexander Currie is singled out as being particularly talented, with an expertise in acquisition finance. John Balsdon is now based in London,

but is described by one peer as "the best financial lawyer in Moscow".

Herbert Smith has been advising ING Bank on a number of deals, with one notable role seeing Balsdon and Currie act on a \$500 million export finance facility to Russian oil company TAIF-NK. More recently, the firm advised ING on its role as part of an international syndicate lending \$525 million to TNK-BP Finance.

The firm is building up its borrower practice, and advised Trust Bank in connection with a \$140 million financing facility provided by Credit Suisse and Merrill Lynch.

The firm has been advising on the financing of Russia's embryonic LBO market. The firm acted for Russian private-equity house A1, part of the Alfa Group, in connection with a \$250 million acquisition and LBO financing of a 49.9% stake in the owner of a Russian car dealership.

Leading lawyers

Alexander Currie

White & Case

White & Case's finance team advises on a broad range of banking work, and is active on both the transactional and the regulatory sides of the practice. The team was strengthened in the past year by the addition of partner Evgenia Laurson, who has experience in the natural-resources sector.

The firm has a long and impressive client list. "We use a number of law firms and every year we still are very pleased with the level of services they render," says one client.

Maya Melnikas is particularly respected among clients for her real-estate financing expertise. Melnikas advised Capital Partners on a €380 million loan from EuroHypo, the real-estate and public-sector bank, for a property development project in Moscow.

The firm is involved in the financing of the energy sector, with one notable role acting for ABN Amro on a \$200 million upstream financing facility for the Imperial Energy Group. The firm is also advising on a number of LBO facilities.

White & Case has been active in the flurry of M&A activity in the banking sector. Linked to this, the firm's finance team has carried out regulatory work advising foreign investors on the establishment and operation of banking and financial services in Russia. One highlight was advising Société Générale on its entry into the Russian banking sector following its record \$2.3 billion acquisition of Rosbank.

One client reserves particular praise for the firm's attention to service: "I would like to underline the strength of the client relationship."

Leading lawyers

Maya Melnikas
Irina Nesvetova

Chadbourne & Parke

Chadbourne & Parke has historically advised on a wide variety of banking deals, and still receives mandates from both lenders and borrowers, including the European Bank for Reconstruction and Development (EBRD).

In November 2007 a team featuring Laura Brank and Konstanin Konstantinov advised the EBRD on a €300 million secured loan to Severstal to finance the acquisition and upgrade of equipment. The firm acted again for the same client in July 2007, advising on a long-term senior \$182 million loan for the development of a glass manufacturing plant.

The firm also regularly acts for commercial clients. In June 2007 Chadbourne & Parke advised Raiffeisenbank on a \$48.8 million syndicated loan to Agarrant. The bank returned to the firm for counsel in relation to a secured \$70 million facility awarded to Nezavisimost, a car retailer.

Cleary Gottlieb Steen & Hamilton

Cleary Gottlieb Steen & Hamilton's Moscow office would probably admit itself that banking work is not its bread and butter. But due to its strength in corporate law, the firm has been active on the borrowers' side in relation to some large and complex acquisition finance transactions. One such role was acting as counsel to Rusal in April 2008 in its procurement of a \$4.5 billion syndicated loan to fund its 25%-plus-one-share stake in Norilsk Nickel.

The firm also advised the Evraz Group on a \$3.2 billion syndicated loan, which was underwritten by ABN Amro and featured 10 arrangers. The loan was secured by steel contracts and was partly used to refinance a previous \$1.8 billion loan taken out to acquire Oregon Steel Mills.

Cleary is capable of acting as counsel for lenders too. In January 2008 the firm advised Goldman Sachs as the co-arranger of a \$165 million secured syndicated credit facility for commercial real-estate company RosEvroDevelopment. This was the first Russian mezzanine finance deal in the commercial property sector.

Leading lawyers

Scott Senecal

Other notable firms

In November 2007 Baker & McKenzie advised Eurasia in a \$747 million secured loan facility provided by a German bank for the

development of a commercial real-estate project in the Moscow region.

Simmons & Simmons this year became the latest UK firm to establish a presence in Moscow. The firm opened its Moscow office in September 2007 having previously been servicing its Russian clients from London. The firm has already acted on a number of large cross-border financing, including representing an investment bank on a \$470 million facility for a steel company.

Mergers and acquisitions

Recommended firms

Tier 1

Clifford Chance
Dewey & LeBoeuf
Freshfields Bruckhaus Deringer
Linklaters
White & Case

Tier 2

Cleary Gottlieb Steen & Hamilton
Skadden Arps Slate Meagher & Flom

Tier 3

Akin Gump Strauss Hauer & Feld
Allen & Overy
Baker & McKenzie
Chadbourne & Parke
CMS Cameron McKenna
Debevoise & Plimpton
Herbert Smith
Latham & Watkins
Salans

Tier 4

Alrud
DLA Piper
Egorov Puginsky Afanasiev & Partners
Lovells
Norton Rose
Pepeliaev Goltsblat & Partners

Russia's surge in M&A activity is fuelled by rapid GDP growth and a natural-resources bonanza - foreign investors seeking a safe haven from volatile assets at home are increasingly looking to commodities in eastern Europe for low-risk returns. But activity has grown beyond megadeals in oil, gas and mining, and spread into the retail, banking and insurance sectors. The trickling down of new money in Russia has created a growing middle class and an increased demand for these consumer services, which are underdeveloped due to the Soviet legacy.

The international law firms have not just established themselves in Russia to service for-

eign investors. Many partners noted an even balance between foreign and Russian corporate clients, which are keen to diversify their investments, and this can mean expanding abroad. There is also an increasing use of English law on purely Russian deals.

As one of his last acts before (theoretically) leaving office in May 2008, President Vladimir Putin signed a new Law limiting foreign investment to 42 key strategic industries. Investors had hoped it would clarify the unofficial policy of state control of strategic sectors. The Law covers all the obvious sectors such as nuclear power, as well as some of the less obvious, such as fishing.

Whether the Law is a help or a hindrance is unclear at this stage. Critics have claimed it is open to interpretation, and lawyers in the jurisdiction are taking a wait-and-see approach. But their clients are rarely so patient: "People are pulling out as they don't understand the rules of the new Law," says one Russian lawyer.

Outside the strategic sectors the state is marginally less of a factor, but in these industries where the real lucrative investments can be found, in the words of one partner: "You would be naïve to think political factors are anything but of prime importance."

Clifford Chance

Clifford Chance takes the Russian M&A market very seriously and has built a strong team in Moscow. This approach has been noted by clients, who appreciate being able to deal with a large domestic team, as opposed to one relying heavily on London. The practice has had a number of arrivals in the past 12 months, including partner David Griston from CMS Cameron McKenna.

"It is a very big office, there is always support. This is usually an issue for other firms," says one client. Peers also note the firm's activities: "Their involvement in high-profile work is significant."

As an indication of the firm's growing focus on the energy sector in Russia, Clifford Chance's global oil-and-gas head Bledwyn Phillips was seconded to the Moscow office in May 2008.

One highlight this year was advising the shareholders of oil company Alliance on the company's takeover of OMX-listed West Siberian Resources. The deal was closed in April 2008, and the merged group is valued at around \$2.25 billion.

The firm has also been active outside the oil-and-gas sector. Alex Erasmus, another seconded from London, advised Barclays on its \$745 million acquisition of Expobank. The March 2008 deal is an example of the increasing western penetration into the Russian commercial banking market.

In another noteworthy deal, the firm advised Lebedyansky on the \$1.4 billion sale of 75% of its juice business to Pepsico, the international beverage company's biggest ever cross-border acquisition.

"Having interacted with a number of their competitors, I would rank them as the top firm," says a client. "They have native speakers and local expertise, and this is very convenient."

Leading lawyers

Marc Bartholomy
Andrei Dontsov

Dewey & LeBoeuf

Dewey & LeBoeuf's Moscow office is smaller than some of its competitors, but focuses on large-scale M&A deals and private-equity work, with a strong reputation in the market for work in the energy sector. Brian Zimble is seen by peers as one of the senior figures in the Russian market. The M&A team was also strengthened this year by the addition of Dan Coppel from Cleary Gottlieb Steen & Hamilton in May 2007.

In one standout deal, the firm advised the world's largest steel company, ArcelorMittal, in its \$720 million acquisition of assets, including three coal mines in the Kuzbass region, from Russian steel company Severstal in January 2008. Coppel worked alongside Jon Hines on the deal, which was ArcelorMittal's first Russian acquisition. Dewey & LeBoeuf is now advising ArcelorMittal on other projects globally.

The firm also advised Finnish power company Fortum on its €2.7 million acquisition of a 76% stake in Russian energy company TGC-10.

Away from the energy sector, the firm advised Russian conglomerate Mercury Group in its \$600 million acquisition of a majority interest in Dixy Retail, a Russian supermarket chain.

Dan Coppel is respected as a strong private-equity lawyer and brings extensive expertise in the field to Dewey & LeBoeuf. In November 2007, the firm advised a selling consortium led by private-equity firms Carlyle and Advent on the Russian aspects of the \$1.5 billion sale of a PVC window manufacturer, HT Troplast Profine, to Bahrain's Arcapita Bank.

Leading lawyers

Oleg Berger
Brian Zimble

Freshfields Bruckhaus Deringer

In line with the expansion of other leading Russian corporate teams, Freshfields Bruckhaus Deringer has added seven new associates this year.

The firm has an excellent international reputation in M&A, and the Russian office has some strong individuals. Jacky Baudon is referred to as a "father figure in the market" by a competitor, while Dmitry Surikov is also noted as an important asset. "Surikov has very strong relationships with Russian corporates. He is quite a rainmaker," says one peer. Igor Gerber is also an important asset for the future, which one rival saying: "If I had the chance I would like to hire him."

One notable role this year was acting for Russian steel company Severstal on its acquisition of a 22% stake in UK mining company Celtic, which operates gold and copper mines in Russia. The firm then advised on acquisitions amounting to a further 7.7% stake. The total value is reported as \$325 million. Harvey Nugent was working on the deal, who rivals have noted as being visible on the market since his arrival in Moscow.

In another notable deal in the natural-resources sector, Freshfields advised the Finnish Industrial Development Fund on its \$715 million sale of 43% of the shares in oil-and-gas exploration and production company Taas-Yuriakh Neftegazodobycha to Urals Energy and Ashmore Investment Management.

The firm advised Highstat, which is controlled by Alexey Mordashov - the core shareholder of the Severstal Group - in the \$500 million acquisition of 30.4% of the shares in Power Machines, a Russian equipment manufacturer, in September 2007.

September 2007 was a busy month for the firm, which also finished work on the largest industrial land acquisition in Moscow up to that point. The firm advised global real-estate investor Redwood Group on its establishment of a joint venture with Deutsche Bank and AIG Global Real Estate. The venture is to acquire holding companies owning an industrial real-estate portfolio.

Leading lawyers

Jacky Baudon
Dmitry Surikov

Linklaters

Linklaters launched its Emerging Europe, Middle East and North Africa (EEMENA) Group to focus on the largest and fastest-growing emerging jurisdictions. Its Russian office is at the heart of this strategy, and the M&A deals the firm has been working on go a long way to explaining the new focus. A prominent client describes Linklaters as "one of the go-to firms".

This year the firm advised Russia's largest coal producer, SUEK, on its establishment of a \$16 billion joint venture with Gazprom to

combine the companies' coal-fired power generating assets. The joint venture would have created the largest power generation company in Russia, but was abandoned in June 2008, and the companies have entered into a strategic partnership instead.

Linklaters has also been advising Sual - which is now part of Rusal, the world's largest aluminium producer - on the sale of a 14% stake to Onexim for \$4.5 billion. The transaction is part of Rusal's acquisition of a 25% blocking stake in Norilsk Nickel from Onexim.

Linklaters has been active in other areas beyond the energy sector, such as advising Axa on its \$1.15 billion purchase of 36.7% of the shares in Russian insurance company Reso Garantia. The companies are to launch a joint venture in Russia's emerging life insurance and savings market.

In addition, Linklaters advised car retailer Inchape on its acquisition of Musa Motors for \$700 million.

Leading lawyers

Denis Uvarov

White & Case

White & Case has one of the largest M&A practices in Russia, with more than 50 lawyers working in corporate law. The practice named Steffen Kaufmann as a new partner in June 2007. The firm is also offering clients more than size. "Firms can be very tough with negotiating, but they need to be able to compromise and to find a middle solution. White & Case is very good at that," says one client.

The firm advised Nestlé on its acquisition of one of Russia's leading chocolate producers, Ruzskaya Confectionary Factory. The firm has a long standing relationship with Nestlé in Russia and has just been appointed to the company's Europe-wide M&A panel. Partner Eric Michailov was on the deal; says one client of Michailov: "He is always supportive and very easy to get in touch with."

White & Case were also active on one of the most significant M&A transactions in Russia's thriving banking sector to date. It has continued to advise Société Générale on its \$2.3 billion acquisition of Rosbank from Interros Group.

Although its practice is broad, White & Case gets its fair share of work in the dominant energy sector. The firm advised German Company Wintershall, the oil-and-gas division of chemicals company BASF, on its asset swap with Gazprom for the development of Yuzhno Russkoye, Russia's largest active gas field.

Wintershall received shares in Severneftegazprom, the company holding the

licence to the field, and Gazprom received shares in Wingas, a German gas supplier and in a Wintershall subsidiary. Asset swaps have become increasingly popular among Russian companies seeking to diversify their investments.

Leading lawyers

Eric Michailov
Igor Ostapets
Hermann Schmitt

Cleary Gottlieb Steen & Hamilton

After establishing itself as a leader in capital markets, the Russian office of Cleary Gottlieb Steen & Hamilton has been making a concerted effort to make an equal impression in the M&A market. Peers have noticed the firm's efforts to build up its corporate practice: "I have nothing but respect for them; they are pushing," says one.

The deals Cleary Gottlieb has been involved in are evidence of its progress. The firm advised private-equity house Texas Pacific Group on its \$800 million acquisition of 50% of SIA International - the largest distributor of pharmaceuticals in Russia. The deal is the largest private-equity investment in Russia to date.

The firm acted as Russian and English counsel to Russian electricity generating company OGC-4 in its \$5.7 billion sale of a 69% stake to energy company E.ON in September 2007. This was the largest foreign investment outside the oil-and-gas sector in Russia.

Other notable deals include advising Italian aerospace engineering company Alenia Aeronautica on its joint venture with Russian manufacturer Sukhoi Civil Aircraft Corporation (SCAC), a subsidiary of Sukhoi Aviation Holding. The joint venture is for the development of a new civilian aircraft, and involves Alenia acquiring a stake in SCAC and a new Italian company.

Leading lawyers

Russell Pollack
Scott Senecal

Skadden Arps Slate Meagher & Flom

The quality of Skadden Arps Slate Meagher & Flom's team when it is on an M&A deal is not questioned by rivals, who put the firm at the top of the market in terms of sophistication. The issue keeping Skadden out of the top tier is its lack of capacity on the ground in Moscow. As one partner says: "They are a great brand and they are on headline deals, but they have resourcing issues."

This year Skadden advised the board of directors of Golden Telecom when it was

acquired by VimpelCom in a \$4.3 billion deal in February 2008. The telecoms merger is one of the largest US public M&A deals involving a Russian acquirer to date. Golden Telecom is traded on Nasdaq, and VimpelCom on the NYSE.

A team involving the Paris and Moscow offices advised Renault in its \$1 billion acquisition of a 25% stake in Russian car manufacturer Avtovaz. The deal featured Moscow partner Dmitri Kovalenko, who one rival says "is very well-received by clients".

Skadden has worked on a number of deals that must receive approval from the highest level of Russian government. This was the case when it represented International Paper on its \$650 million investment for a 50% stake in a joint venture with Ilim Holding, Russia's largest forest products enterprise. The deal created the largest foreign-domestic alliance in Russian forestry.

In another deal illustrative of the complex projects Skadden takes on, Moscow partners Pranav Trivedi and Dmitri Kovalenko, along with London partner Julie Bradshaw, advised private-equity house Lion Capital on its \$420 million acquisition of Russian juice producer Nidan Soki. As well as involving holding structures, the deal was one of the first LBOs in Russia involving western banks.

Leading lawyers

Dmitri Kovalenko
Pranav Trivedi

Allen & Overy

Allen & Overy strengthened its M&A practice this year, adding senior associate Kirill Ryrurikov and associate Ilya Kuznetsov to its Moscow office. The firm has acted on some notable transactions as it aims to become a leading corporate as well as a leading financial outfit in Moscow.

Given its credentials among financial institutions, the firm has been very active in the banking M&A sector, which is catching the eye of many foreign investors. The government does not deem the sector strategic, and allows foreign banks to step more easily into the Russian market. A team involving Edwin Tham advised the owners of Expobank on its \$745 million sale to Barclays. The mid-sized commercial bank only has 32 branches, but provides Barclays with the infrastructure to penetrate the Russian market.

The firm also advised Austria's Unicredit group on the \$229 million acquisition of a 9.97% stake in the International Moscow Bank from the EBRD, completing its 100% takeover.

Away from the banking sector, the firm advised Unified Energy Systems of Russia on the sale of its stake in turbine manufacturer

Power Machines for \$486 million, which involved a novel competitive procedure.

Leading lawyers

Edwin Tham

Baker & McKenzie

Baker & McKenzie has recently added a further eight associates to its Moscow corporate team but lost two along the way. The practice has a reputation among peers for being active on a large volume of smaller deals, but it does also act on the large deals at times.

One example is when it advised West Siberian resources on its \$2.25 billion reverse takeover by Alliance Oil in August 2008. The firm also advised ArcelorMittal on its participation in an auction to acquire coal mining companies Elgaugol and Yakutugol.

The firm has also been advising Whitbread on its launch of the Costa Coffee chain in Russia via a joint venture with Russia company Rosinter Restaurants. Whitbread is investing \$40 million in the venture.

Leading lawyers

Sergei Voitishkin

CMS Cameron McKenna

Under the leadership of partner David Cranfield, CMS Cameron McKenna has been active in deals across many of the key areas of the Russian M&A market. In the headline-grabbing energy sector, the firm has been advising Gazprombank on the asset swap between Gazprom and multinational chemicals company BASF. The multi-billion dollar transaction spans Russia, Germany and North America.

As well as being active advising private-equity funds, the firm is involved in the banking sector, and this year advised DEG/Renaissance Capital on a \$55 million acquisition of a 25% share in a Russian bank.

Leading lawyers

David Cranfield

Other notable firms

Chadbourne & Parke moves up in the rankings this year, having acted on some headline transactions and attracted positive market feedback. The firm represented Pepsico in its largest-ever Russian acquisition when it purchased 75.5% of drinks company Lebedyansky for \$1.46 billion.

In a deal involving partners Laura Brank and Konstantin Konstantinov, the firm also represented Golden Telecom in its \$4.2 billion acquisition by VimpelCom - a Russian takeover of a US-listed company.

Herbert Smith advised Severstal on its acquisition to two gold mining operations. The firm has also been advising one of Russia's richest men, Mikhail Prokhorov, and his holding company, Onexim, on the sale of \$15 billion of assets held jointly with Vladimir Potanin.

English law dominates the large scale M&A projects, and domestic Russian firms tend to act as counsel to the international law firms. But the domestic practices can still have an advantage in gaining Russian clients due to their understanding of the Russian business mentality.

Egorov Puginsky Afanasiev & Partners is one such firm. The firm enters the rankings having secured roles on some of the country's largest transactions, including advising Rusal on its acquisition of a 25% strategic stake in Norilsk Nickel from Onexim group, reported to have cost \$15 billion.

Project finance

Recommended firms	
Tier 1	Freshfields Bruckhaus Deringer Linklaters White & Case
Tier 2	Allen & Overy Clifford Chance Dewey & LeBoeuf
Tier 3	CMS Cameron McKenna Herbert Smith
Tier 4	Akin Gump Strauss Hauer & Feld Chadbourne & Parke Denton Wilde Sapte Gide Loyrette Nouel Norton Rose Salans

The Russian government is planning a \$1 trillion investment programme into infrastructure over the next decade. Rather than being purely bankrolled by the wealth gathered from the country's vast natural resources, the aim of the government is to encourage private investors.

The private sector is well aware of the potential returns that can be made from investments in the infrastructure development of the world's largest country. Investment banks have set up infrastructure funds specifically to invest in Russia's dilapidated roads, railways, airports and utilities. This is aside

from lucrative investments in large-scale oil-and-gas projects.

A lot of hope is being invested in PPP-structured projects, with impetus coming from the regional and federal level. The area around St Petersburg has seen a flurry of projects, including the Western High Speed Diameter project - a toll road linking the trade ports to the main road network - and the expansion of the city's Pulkovo Airport.

It takes more than enthusiasm to get PPP-style projects off the ground. The new legislation may still need updating, and some international investors are getting frustrated. Russian law firms may start to feel similar frustrations as PPPs struggle to take off both in Russia and throughout eastern Europe.

Despite these frustrations and the immaturity of true project finance in Russia, international projects teams are focusing serious attention on the country, just as corporate lawyers have been.

Although there have been a number of huge energy projects such as the Nord Stream gas pipeline, which runs from Russia to Germany, and the Sakhalin II offshore oil-and-gas development, the true potential for growth is yet to be realised.

Freshfields Bruckhaus Deringer

The large UK firms combine experience and strong local offices to give them a distinct advantage in the project finance market, particularly in PPP expertise, a valuable UK export. This is the case with Freshfields Bruckhaus Deringer, and competitors acknowledge that its PPP experience puts it in the top tier. The firm was faster off the mark than others in securing roles advising the federal government on many of its landmark projects.

Freshfields has continued to advise the public sector developer on the \$7.39 billion Western High Speed Diameter project, which will result in the construction of a road around St Petersburg, and is the first PPP concession project in Russia. The firm is also advising the same developer on the \$1.2 billion Orlovsky Tunnel project in the St Petersburg area, building a toll road that will go under the river Neva.

In addition to the road projects around St Petersburg, the firm is advising the state water company Vodokanal on the structuring of the first water infrastructure concession in the region.

In one completed instruction, the firm advised Russian Railways in the tendering stage for the Armenian Railways concession. The tendering closed in February 2008 and Russian Railways was awarded the \$500 million project.

Leading lawyers

Innokenty Ivanov
Michael Schwartz

Linklaters

Linklaters has the necessary resources and reach to succeed in the Russian project finance market. One client comments: "We needed a big international firm. Their presentation was by far the best. They were very enthusiastic and have very good experience in this area."

The firm also possesses one of the jurisdiction's best project finance lawyers in Daniel Tyrer. "He is excellent, my experience was very good," says one client. The list of projects that Tyrer and Linklaters have been acting on is an illustration of the potential of the energy and infrastructure markets in Russia.

The firm is advising Total on its development with Gazprom of the Shtokman gas field. Total and Gazprom have set up the Shtokman Development Company to design, finance and build the necessary pipeline network, production facility and liquefied natural gas (LNG) plant, which will cost up to \$30 billion.

Linklaters also advised the Sakhalin Energy Investment Company, led by Shell and Gazprom, on the Sakhalin II oil-and-gas project. At a cost of approximately \$20 billion, this is the largest-ever oil-and-gas project financing.

In another megadeal, the firm is advising Gazprom on the financing of the Nord Stream gas pipeline which will run between Germany and Russia. The last 12 months have also seen the firm advise Gazprom Export on a \$12 billion gas transportation agreement, which involves Linklaters' Moscow, Berlin and London offices.

The firm has also acted away from the energy sector, advising bidding consortia for a number of projects including the Moscow-to-St Petersburg and Moscow-to-Minsk toll roads and the St Petersburg light rail project.

Leading lawyers

Daniel Tyrer

White & Case

White & Case is positioning itself to capitalise on the anticipated surge in project finance work. As part of the expansion of the firm's finance team, Evgenia Laurson moved to the Moscow office from London in April 2008, bringing with her project finance and oil, gas and mining expertise.

The firm's workload has been spread across several sectors, but includes the most prominent energy projects. The firm has been

involved in the Sakhalin II oil-and-gas project, with Irina Nesvetova and Marc Polonsky advising the Japan Bank for International Cooperation and the commercial lenders. Polonsky is well-respected by both competitors and clients as a leader in the practice area.

The firm has advised TNK-BP on its establishment of a joint venture with power company OGC-1 to finance and construct a new power unit at a thermal power plant in Siberia.

Away from the energy sector, the firm is advising the IFC and EBRD on a proposed financing to RVK, Russia's largest private water provider, on the \$736 million modernisation and expansion of water infrastructure across southern Russia and Siberia.

The firm has also been involved in early PPP instructions, advising Western Road Concessions on its bid to win the contract to build and maintain a section of the Moscow-to-Minsk highway. The concession is being offered by the Russian Ministry of Transport and is one of the first large PPP road projects in Russia.

Leading lawyers

Marc Polonsky

Allen & Overy

Allen & Overy has a strong international project finance team and looks to be excellently placed to take advantage of the boom in the infrastructure, as well as oil-and-gas supply projects. Clients are happy with the firm's project financing work so far in the nascent market. "The quality of the work is excellent," says one. "They are very flexible and easy to contact."

Peers have noted that the arrival of Tony Humphrey, who became managing partner of the Moscow office in 2007, is likely to strengthen the team's project finance capabilities. As well as Humphrey's extensive projects experience, the firm also has London-based partner Andrei Baev who is well-liked by clients.

Allen & Overy is already gaining significant PPP experience in the Russian market. A team featuring Humphreys has been working alongside the World Bank in advising the city of St Petersburg in its light rail project - the Nadzemniy Express.

The multi-jurisdictional nature of Russian infrastructure projects played to Allen & Overy's strength when it advised the Trans-Balkan Pipeline Company in its financing of the Burgas-Alexandroupolis oil pipeline. The pipeline will run from the Caspian Sea, through Bulgaria and Greece, to the Aegean Sea. The project company is owned by Russian, Greek and Bulgarian joint ventures,

while the Russian joint venture is owned by Transneft, Gazpromneft and Rosneft.

In addition, a team featuring Andrei Baev is advising project company Taneco on the e9 billion Nizhnekamsk refinery project in Tatarsan. The petrochemicals complex will be the largest in Europe.

Leading lawyers

Tony Humphrey

Clifford Chance

Clifford Chance has not quite reached the top tier in project finance work in Russia, but the firm's sheer size stands it in good stead; and means big-ticket projects cannot be far off. The firm's Moscow office is still growing, having added 10 associates to its banking and finance team in the past 12 months.

Clients appreciate the capacity of the firm both globally and in the Moscow office. They are also pleased with the way Clifford Chance conducts business: "It is not just about showing up in meetings; they are proactive," says one client.

The firm advised BNP Paribas on its \$2 billion credit facility for Taneco's financing of the Nizhnekamsk refinery in Tatarsan, in southeast Russia. The deal involved partners Victoria Bortkevicha and Logan Wright, who peers believe will support Clifford Chance's aim of progressing in the project finance market.

Leading lawyers

Logan Wright

Other notable firms

Dewey & LeBoeuf may not be as focused as some other firms on project finance work, but it still managed to secure a notable mandate back in May 2007 when it won a role representing the city of St Petersburg on the PPP project to upgrade the infrastructure of the city's airport. A private investor is redeveloping and maintaining the airport. The Moscow office is working alongside the firm's London office on the deal.

Herbert Smith has also been active in the energy sector, advising a list of notable clients on energy financing, including Gazprom, ABN Amro, ING and Caylor. The firm also advised Sinopec on its joint venture with Rosneft for Sakhalin III, the next stage in the offshore oil-and-gas project.

Chadbourne & Parke's Russian office advised Gazprom on the structuring and financing of the \$20 billion Shtokman LNG project. The firm also regularly advises the EBRD.

Gide Loyrette Nouel has kept up with Russia's PPP developments, advising the government of St Petersburg in the first phase of the Pulkovo airport development. It has also advised the city of Kaliningrad on the first concession of the city's heating network. The firm's growing project finance practice has worked with the EBRD, IFC and Eurasian Development Bank.

Salans advised the winning consortium, Nevsky Meridian, for the construction of the Western High Speed Diameter Toll Motorway - the \$7.39 billion PPP-financed ring road around St Petersburg.