

Ukraine

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Equity fundraising

Oleg Zagnitko
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To Ukrainian people, the word investment is typically associated with the word foreign. Although Ukrainian law gives equal treatment to foreign and domestic investors, the concept of the investor does not embrace as many areas of the theory and practice of the law as one would expect. The Ukrainian regulatory system offers unequal remedies to investors in various areas of the economy.

Any investor should be wary of the various risks and remedies available to investors in different areas of the Ukrainian economy. Stock market statistics for 2007 place Ukraine second in the world in terms of lucrative investment. However, the major drawbacks of the market remain the same: (i) the Ukrainian securities regulator, the State Commission on Securities and the Stock Market of Ukraine (SCSSM) favours issuers' rights over investors' rights; (ii) the SCSSM regulatory system gives priority to form over content; and (iii) the complex regulation of the financial services market by multiple bodies (the National Bank of Ukraine or NBU for banking institutions and currency control, SCSSM for securities and asset management and the State Commission on Regulation of Financial Services Markets for the rest of financial services), each having different views on the development of the domestic investment market.

The end result is the creation of a piecemeal investment environment for market players. It is worth looking at some issues that relate to equity securities in Ukraine.

Inbound placements

Few differences exist between closely-held and public joint-stock companies (JSCs) established under Ukrainian law. Both must register issued shares with the SCSSM, distribute

the first issuance (of a minimum \$130,000) among the founders and both may have their securities traded on the secondary market with or without limitations. The closely-held JSC, however, may not offer securities for subscription or trade its securities on the stock exchange.

Ukrainian law does not provide minority shareholders with any appraisal rights, and the SCSSM does not regulate fair dealing by directors and officers. What causes further worry for investors is the conflicting treatment of corporate governance. While the law and the SCSSM do not deal with the fiduciary duties of directors in detail, shareholders have powers to intervene with most JSC affairs. Therefore, an alliance of the board with a majority shareholder or shareholders creates an overwhelming concentration of authority in a JSC, leaving minority shareholders with insufficient remedies to resist possible abuses.

Moreover, the judicial system has not created any sound principles to honour agreements among shareholders. Therefore, even majority shareholders may be affected by the lack of proper corporate governance. This leads to corporate wars and adds to the persistent trend of Ukrainian businesses holding 100% interests in JSCs through offshore holding companies.

Because in Ukraine a JSC may not create securities with different voting powers, the legal possibility to issue hybrid securities or warrants is questionable. A foreign shareholding in a Ukrainian company can only be registered in Ukraine. Therefore, a distribution of the securities among foreign holders will run into institutional barriers.

The enforcement of rights by foreign shareholders in Ukraine requires significant administrative effort. This results in a lack of meaningful supply on the Ukrainian equity market. Creative equity fundraising is very limited, even though regulations are very liberal regarding debts issued by local corporations. The largest traders look for foreign

placement not only as a matter of capital concentration but also as a matter of their own reputation. However, they could be attracted to the domestic market by corporate governance reform and the institutional reform of securities registration.

On the demand side, investors have yet to deal with new requirements on public placements adopted to enhance investor protection. Institutional investors are cautious of the undercapitalised depository institutions responsible for clearing title transfer against payment. Matching title with the registry of shareholders is also a problematic area (there have been many negative stories told by the media), however technically simple this may seem. The proposal goes to eliminate the class of registrars altogether without clear alternative for checking the list of shareholders for payment of the dividends or attendance of the general meeting.

One relatively minor problem is the conflict of the SCSSM and NBU regulations on the definition and status of a custodian (most Ukrainian custodians are also banks). The norm of the broker or dealer as the mandatory intermediary between a non-professional seller and a buyer of securities is also redundant. Sophisticated investors are also concerned about the incompatibility of Ukrainian and foreign stock markets, which impairs effective enforcement of shareholder rights in a Ukrainian company, especially when the foreign investor has acquired a GDR or ADR.

Outbound placements

Most Ukrainian issuers do not see direct foreign placements as attractive because of the number of regulatory restrictions imposed (mostly) by SCSSM Regulation No 36 (October 17 1997). Under the Regulation, an issuer needs a licence from the SCSSM in order to circulate securities outside Ukraine. As a precondition for the licence, the issuer must comply with a number of requirements, including: (i) minimum charter capital not

less than Hrn5 million (\$1 million); (ii) securities must already be listed on the Ukrainian stock exchange; (iii) all securities placed outside Ukraine may not represent more than 25% of the charter capital; and (iv) the price of securities placed outside Ukraine may not be lower than their nominal value on the domestic stock exchange.

In addition, the SCSSM has discretion to determine the type of placement and the foreign stock exchange on which the securities of the Ukrainian issuer are to be placed. To avoid Regulation 36, Ukrainian companies usually issue securities through indirect structures involving an intermediary foreign element.

Most initial public offerings (IPOs) by Ukrainian companies have a two-tier structure: assets are first transferred to a special-purpose vehicle (SPV), usually incorporated in a tax-efficient European jurisdiction (for instance, Cyprus and the Netherlands), after which the SPV's shares are offered on stock exchanges. The two-tier structure also helps mitigate investor risks related to underdeveloped Ukrainian corporate governance standards. Alternatively or additionally to the two-tier structure, depository receipt programs (GDRs or ADRs) are widely used.

The favourite jurisdictions for Ukrainian IPOs have been the UK (both LSE main floor and Aim), Germany (FSE) and Poland (WSE), although Vienna and Moscow have also seen several listings by Ukrainian issuers. The Asian market is relatively new, with the first bid for listing announced this year.

Quite a few Ukrainian legal implications must be accounted for in the course of the pre-IPO restructuring of a Ukrainian company. As well as adherence to numerous corporate law requirements, these include compliance with Ukrainian exchange control and banking regulations and an individual licence from the NBU for the export of foreign currency for payment of the charter capital of the foreign SPV. An individual licence must be sought from the Ukrainian Ministry of the Economy for investment in kind into the charter capital of a foreign SPV. The preliminary approval of the Antimonopoly Committee may be required in case a change of control (that is, where over 25% of voting shares are acquired).

Ukrainian law has yet to respond to the global trend of stock market localisation. Reform of the JSC law and the institutional reform of the stock market will stimulate further development in this sphere which, to date, has mostly related to undervalued assets in the Ukrainian economy. Reform will push the introduction of new fundraising instruments in the Ukrainian market, which have so far been replaced by intricate and far from transparent structures for offshore listings.

The lack of institutional reform and development of the Ukrainian equity market, which is still small and vulnerable to large transactions, may be corrected in the near future.

Banking and finance

Recommended firms	
Tier 1	Baker & McKenzie Sayenko Kharenko
Tier 2	Asters Magisters
Tier 3	Beiten Burkhardt Chadbourne & Parke DLA Piper Salans
Tier 4	Andriy Kravets & Partners BC Toms & Co Gide Loyrette Nouel Grischenko & Partners Schoenherr Vasil Kisil & Partners

The entry of foreign banks into Ukraine over the past few years has begun to have an effect on the market, with many local institutions developing more westernised financing methods such as asset-backed, convertible and exchangeable bonds. Italian bank Intesa became the highest-profile entrant this year, when it purchased Ukrainian bank Pravex for \$750 million in February 2008 - the largest European advance into the Ukrainian banking sector to date.

Banks have also been forced to be more creative in their financing structures following the pressure on lending prices from the credit crunch, along with the caps on interest which form part of the country's stringent banking regulations. Banking lawyers welcome these changes, as it means deals are now a lot more complex and interesting than in the past: "You do get bored doing plain vanilla," says one partner.

The Kyiv Stock Exchange is not known for its frantic activity - or its stability for that matter - but many envisage a far busier capital market in the future. Goldman Sachs' purchase of a 10% share in Ukrainian brokerage firm Dragon Capital in December 2007 was seen as a positive sign for the market. While the deal is not significant for its size, it does illustrate that big investment banks are interested in Ukraine's capital markets.

Project finance is also slow in Ukraine, but the country's joint hosting with Poland of the

2012 Uefa European Football Championship could provide the fuel for the sector's growth. A PPP framework has also been submitted to Ukraine's parliament, and could assist in financing essential infrastructure improvements. Partners warn that law firms should probably hold off on setting up large project finance teams just yet, as Ukraine's role as host of the tournament is not completely secure. The country's bureaucracy is also notoriously inefficient, which could in itself jeopardise the country's push for development in time for 2012 and beyond.

Baker & McKenzie

Baker & McKenzie's Kyiv office is viewed by the market as a high-quality practice in its own right, in addition to the obvious appeal of its international connections. The firm's partners are frequently cited as some of the leaders in the field.

Serhiy Chorny is one of the most respected partners in the jurisdiction. "He is an extremely talented professional and a very good personality," says a rival. Supporting Chorny are Glib Bondar and Oksana Simonova, who have both recently been promoted to the partnership. Peers tip Bondar to play a growing role in the future.

The firm has secured a string of issuer mandates on the equity side. A recent highlight was in June 2007, when a team featuring Chorny and Simonova advised iron ore producer Ferrexpo on its £213 million IPO on the London Stock Exchange. The landmark transaction was the first full London listing for a Ukrainian company and was the highest sum raised by an IPO in Ukrainian history.

In May 2008 the firm instructed Myronivsky Khiboproduct, a Ukrainian agroindustrial business, on its \$322 million international IPO via GDRs under Rule 144A and Regulation S. The London listing was the second-largest Ukrainian IPO to date. These issuer instructions illustrate the respect Baker & McKenzie's Ukrainian office has among domestic clients.

The story has been similar on the debt side. The firm acted as English and Ukrainian counsel to Tas-Kommerzbank on its \$1.5 billion MTN programme for the issuance of loan participation notes (LPNs) and a subsequent \$100 million floating-rate note issue under the programme. On the corporate side, it advised pipe producer Interpipes on its debut \$200 million LPN programme listed on the Luxembourg Stock Exchange in August 2007.

The firm additionally acted on some huge banking deals. In June 2007 it advised metallurgical holding company Metinvest Group on its \$1.5 billion pre-export revolving term

loan facility, which was the largest loan arranged to a Ukrainian private business.

In another example of a standout deal, this time working on the lender side, Baker & McKenzie advised German bank Bayerische Landesbank in relation to its part in a \$200 million syndicated loan to Ukrainian commercial bank PrivatBank.

Leading lawyers

Glib Bondar
Serhiy Chorny

Sayenko Kharenko

Sayenko Kharenko enters the top tier in the banking and finance rankings following another strong year. With a list of foreign banking clients including UBS, Credit Suisse, Deutsche Bank and Barclays Capital, Sayenko Kharenko has established itself as a reference for foreign investment banks acting in Ukraine.

The banking and finance team is headed by Michael Kharenko, who is widely recognised as a leading lawyer among peers for his knowledge and personality. "You just can not resist his charms," says one rival. Clients are equally as complimentary, with one commenting: "Michael is well connected and pretty diligent."

In August 2007 Sayenko Kharenko acted for Barclays Capital in a \$550 million syndicated secured financing to Ukrainian Railways. This was the first unsecured financing of its type in Ukraine. In another cross-border syndication, the firm acted for Bank Austria in a \$200 million financing to Ukrsofsbank.

The firm is particularly strong in cross-border debt capital markets work, where it primarily represents underwriters. In July 2007 it acted for ABN Amro and ING on a \$200 million Eurobond issue by Interpipe, a Ukrainian industrial group. Later that month Sayenko Kharenko advised UBS on a \$1 billion MTN programme for Alfa Bank - the first MTN program by a Ukrainian entity. In addition, the firm advised lead manager UBS on Alfa bank's May 2008 \$250 million Eurobond issue, Ukraine's first public Eurobond issue of 2008.

Sayenko Kharenko also has a dominant presence in equity capital markets, and in December 2007 advised joint global bookrunners and coordinators ING and Renaissance Capital on Kyiv Donbas Development Group's \$130 million IPO on London's Aim board. The firm also acted for UBS and Morgan Stanley as joint lead managers for the IPO of Myronivsky Khlipoproduct MHP on its \$322 million IPO via GDRs under Rule 144A and

Regulation S, which was Ukraine's second-largest IPO.

The firm is also involved in the development of Ukraine's securitisation market and advised UBS as the lead arranger on PrivatBank's car-loan securitisation - the first such financing in Ukraine.

Leading lawyers

Michael Kharenko
Vladimir Sayenko

Asters

Shevchenko Didkovskiy & Partners rebranded as Asters in 2008 following changes to its partner structure. Managing partner Igor Schevchenko left the firm and the legal profession at the end of 2007 and three senior associates were promoted to the partnership, including Iryna Pokanay and Svitlana Poroschuk, who both focus on banking and finance work.

Senior partner Armen Khachaturyan remains at the firm. Clients and peers respect Khachaturyan as a leading specialist in financial matters, due to the length of his experience in high-profile deals.

The firm often represents arrangers, and in one standout transaction in April 2008 it advised Barclays Capital and Citigroup as joint mandated lead arrangers and underwriters, along with the Italian Export Credit Agency, on the \$344 million financing of the Dnepropetrovsk steel mill project, sponsored by Interpipe. The deal featured both Khachaturyan and Pokanay.

The firm also advised Société Générale and ING as mandated lead arrangers on three syndicated loans, totalling €106 million, to a subsidiary of the Industrial Union of Donbass for the development of a steel plant.

Asters has worked with the European Bank of Reconstruction and Development (EBRD) on several projects, including on the provision of a €139 million secured loan to the Ukrainian subsidiaries of Expert Capital, a Luxembourgian development company, to fund several commercial real-estate projects.

Leading lawyers

Armen Khachaturyan

Magisters

For Ukrainian legal advice on banking and finance work, Magisters is well-established as one of the top few domestic firms in Ukraine. Partner Olga Khoroshylova heads the banking and finance team. One client comments: "She is very good; a very detail-oriented person."

The firm is particularly active on the debt side working for local issuers. It can often be

seen working for the state, and has advised the Ministry of Finance in all its external borrowings in 2007. These included a \$500 million issuance of notes in June 2007 and a \$700 million notes issue in November 2007 under Regulation S and Rule 144A.

The firm also acted as Ukrainian legal counsel to Alfa bank in its establishment of a \$1 billion EMTN programme to issue LPNs. Other debt highlights included advising Nadra Bank on its \$175 million LPN issuance in June 2007.

The firm's bank lending activities also saw it working with public entities, including advising the State Road Administration of Ukraine and the Ministry of Finance on their roles as borrower and guarantor respectively, in relation to the \$930 million financing by Morgan Stanley of the construction, reconstruction and repair of highways.

Finally, the firm acted as Ukrainian legal counsel to Credit Suisse International on its provision of a loan facility to one of the largest Ukrainian banks in April 2008.

Leading lawyers

Olga Khoroshylova

Chadbourne & Parke

Despite the loss of Adam Mycyk at partner level, Chadbourne & Parke has bolstered its numbers by adding nine new associates. Clients enjoy working with the team on financing matters. "They were very helpful and supportive," says one banking client.

The firm's work with EBRD is well noted by peers, but it has also acted on a number of corporate bank lending deals. The firm's standout banking deal of the past year was advising Interpipe on its financing for an electric-furnace steel smelting complex in Dnepropetrovsk. This consisted of \$187 million pre-export financing provided by Barclays and Citibank for the complex's construction and a \$344 million financing by the same lenders, guaranteed by the Italian export credit agency, for the design and construction of the plant. The borrower was advised by a team featuring partner Oleg Mazur.

Chadbourne also working on a number of notable banking deals in May 2008. These included advising Radobank on its provision of a \$35 million secured loan to the Ukrainian subsidiary of Glencore, a commodities group.

Leading lawyers

Jaroslaw Johnson

DLA Piper

DLA Piper's Kyiv office is building a reputation for equity capital markets work, particu-

larly working with its London office on the listing of Ukrainian companies in London. In August 2007 it advised AISI Realty, a real-estate investment, company on its \$110 million Aim listing. The firm also advised agribusiness Landkom International on its Aim IPO in October 2007, which raised £54 million.

The firm can also turn heads on the debt front and in one complex instruction advised Financial and Investment Energy Holding on the \$50 million convertible note issue by its subsidiary Galnaftogaz in November 2007. The petrol station operator has since announced plans for an IPO in 2009 and it was particularly important that the pre-IPO financing was done via the correct instrument, due to the choppy market conditions.

On the regulatory side the firm advised the investment fund GML International on the regulatory issues surrounding its purchase of a consumer finance portfolio from a Ukrainian bank.

In one particularly notable case of financial restructuring, DLA Piper advised Gazprom on its \$729 million restructuring of the indebtedness of Ukrgasenergo to Rosukrenergo in October 2007.

DLA Piper is relatively active in the Ukrainian project finance market, and provided support to a foreign investor for the construction of a container terminal at the Yuzhny Port in Odessa, as well as advising the city council on the tender for the construction of the Odessa airport.

Leading lawyers

Oleksandr Kurdydyk

Other notable firms

Following its arrival in Ukraine in 2007, one partner commented of CMS Cameron McKenna: "We are on the lookout and expect them to get stronger." Rivals note that it has made more of an impact in M&A than finance so far.

The Kyiv office is likely to benefit from CMS Cameron McKenna's international real-estate expertise, and has been working on property projects right from start, including advising real-estate bank Eurohypo on its €75 million loan to refinance the construction of a Kyiv office development. The firm has been active on the regulatory side too, advising HSBC on establishing a Ukrainian presence.

Beiten Burkhardt has been making the most of its German connections, acting on a variety of cross-border financing transactions. For example, the firm advised the lead manager in a May 2007 private placement by a Ukrainian issuer of GDRs and their inclusion for trading on the Frankfurt Stock Exchange.

Vasil Kisil & Partners has advised Fitch ratings in relation to some complex finance transactions, including a covered bond issue by Bank Kreshatyk and the first-ever Ukrainian auto loans off-balance securitisation by Privatbank.

Mergers and acquisitions

Recommended firms	
Tier 1	Baker & McKenzie Magisters Sayenko Kharenko
Tier 2	Asters Chadbourne & Parke
Tier 3	BC Toms & Co Beiten Burkhardt DLA Piper Frishberg & Partners Grischenko & Partners Salans Sergiy Koziakov & Partners Vasil Kisil & Partners
Tier 4	Gide Loyrette Nouel Ilyashev & Partners Kononov & Sozanovsky Proxen Salkom

The total volume of M&A transactions in Ukraine is expected to reach \$20 billion in 2008, up from \$14.5 billion in 2007. Foreign direct investment has been spurred on by impressive GDP growth - which reached 6% in the first quarter of 2008. This positive picture is strengthened by Ukraine's entry to the WTO after 14 years of negotiations.

The banking sector has been a focal point for foreign investors, with financial services and retail also faring well. But against the back drop of the global market conditions, activity has now shifted to mining and Ukraine's enormous metal resources.

Private-equity funds have also flirted with the Ukrainian market. In the largest investment in the region by a western private-equity firm, Providence Equity Partners invested more than \$200 million in Ukrainian multimedia provider Voila Cable in December 2007.

International law firms have been following investors into Ukraine. In September 2007 CMS Cameron McKenna became the

first UK firm to set up in Kyiv, looking to take advantage of a market which was buoyant yet under-lawyered at the top level. The firm controversially raided local rivals to staff its office, which caused a sharp rise in salaries across the market. Clifford Chance's opening in Kyiv in 2008 didn't cause anywhere near as much friction; rather, it has been credited with reinforcing Ukraine's position as one of Europe's new legal market hotspots.

That is not to say that international firms are poised to take over the market, at least not for the time being. Ukraine has several high-quality domestic practices that have experience of large international transactions and receive extensive praise from the market. The battle has only just begun.

Baker & McKenzie

Baker & McKenzie lost partner Olexander Martinenko to CMS Cameron McKenna in 2007 when the firm set up in Kyiv, but has since bolstered its team, adding three new associates from The Silecky Firm in October 2007 and Viacheslav Yakymchuk as counsel in February 2008.

Baker & McKenzie maintains a large core of skilled corporate lawyers and constantly secures roles on the headline transactions. The banking sector has dominated the M&A market in recent times and Baker & McKenzie have been in the thick of the action.

In March 2008 the firm acted on one of the jurisdiction's highlight deals, advising Pravex Bank as it was acquired by Intesa through a tender procedure for \$750 million. Baker & McKenzie is one of the few international firms in Ukraine, so it offers an extra dimension to clients, one of whom says: "Transactions are in English law. If we use an international firm, things will run more flawlessly."

In September 2007 Baker & McKenzie advised on another landmark merger process when it provided advice to UniCredit Bank on its integration with HVB Bank Ukraine. This was the first merger of Ukrainian banks with foreign capital since the new Banking Law was adopted in 2000.

In August 2007 the firm advised Pepsi Americas and PepsiCo on their \$678 million acquisition of Ukrainian juice manufacturer Sandora.

Leading lawyers

Serhiy Chorny

Magisters

Foreign law firms may be eyeing up the lucrative Ukrainian legal market, but the domestic firms are expanding as well. Magisters added

11 associates and one senior associate to its team in the past year, and importantly partner Volodymyr Baibarza, who peers view as a leading partner in the corporate field. The firm's expansion has also been geographical: Magisters benefits from a regional presence including a thriving Moscow office

The firm has been visible on the market's standout transactions, such as advising Intesa Sanpaolo on its acquisition of Pravex for \$750 million. Partner Andrew Mac worked on the deal and is praised by clients. "He was there when issues needed solving," says one.

In August 2007 the firm acted as legal counsel to Shell International in the establishment of a joint venture to operate a network of 150 petrol stations in Ukraine. Taking advantage of its capacity, the firm fielded a large team including Mariya Kharakhash, whose efforts have been appreciated by clients. Says one client: "She is very helpful, very knowledgeable and very hard-working."

Other highlights include advising Imerys Group, a French mining group, on its acquisition of a 60% stake in the Vatutin mineral processing plant. The firm advises a long list of foreign investors, one of which says: "Their quality is undeniably high."

Leading lawyers

Volodymyr Baibarza
Andrew Mac

Sayenko Kharenko

Sayenko Kharenko's M&A practice suffered a setback when it lost partner Valery Fedichin to rival firm Magisters. But the firm's team has been strengthened by the addition of five new associates, while the two driving forces of Michael Kharenko and Vladimir Sayenko remain. The pair is popular with clients: "Both Michael Kharenko and Vladimir Sayenko are nice guys," says one. "They are very presentable."

Despite the personnel changes, the firm has had yet another strong year. Sayenko Kharenko has benefited from high levels of M&A activity in the banking sector, representing Commerzbank during its €435 million acquisition of Bank Forum in September 2007. On the seller side, it is advising the shareholders of Ukribank on its \$136 million sale of a 75.8% stake to Bank Hapoalim, Israel's largest bank.

In other notable deals, the firm represents juice producer Sandora's shareholders in the company's \$542 million sale to PepsiCo. Sayenko Kharenko also advised Evraz Group, the Russian steel and mining business, on its acquisition of five metallurgy plants in Ukraine.

Finally, Sayenko Kharenko was involved in Ukraine's standout private-equity deal. The firm represented SigmaBleyzer, the Eastern Europe private-equity investor, on its sale of part of its stake in Voila Cable to Providence Equity Partners.

Leading lawyers

Michael Kharenko
Vladimir Sayenko

Asters

The firm formally known as Shevchenko Didkovskiy & Partners retains its position in the M&A rankings following the restructuring of its partnership. In the last year, senior associates Svitlana Poroschuk and Igor Svehkar has been promoted to the partnership and both are active M&A lawyers.

Senior partner Armen Khachaturyan is also respected for his M&A work. "He is very fair and very knowledgeable. He's a very bright guy," says one rival.

Recent M&A work includes advising Severstal-Metiz on its \$16 million acquisition of 34.6% of the shares in Dniprometiz, Ukraine's largest metal products producer, from Tas group. The firm also advised Armadillo Holding, a European parcel services company, on its acquisition of a Ukrainian cargo courier company, UVK.

Leading lawyers

Armen Khachaturyan

Chadbourne & Parke

Chadbourne & Parke has suffered in the last year with the loss of partners Adam Mycyk and Volodymyr Baibarza, which peers have noted as having a definite impact on the firm. But according to the market, Chadbourne & Parke is still "well positioned to cope" and maintains a high standard of counsel on deals.

Clients note that the firm has an international reputation, but that this works in conjunction with its knowledge of Ukrainian law. One client adds: "Whatever they say they give an explanation. This has a lot of value".

The firm was heavily involved in the rush of activity in the banking sector, advising Bank Hapoalim on its acquisition of 76% of Ukribank for \$136 million and Marfin Popular Bank on its acquisition of Marine Transport Bank and its three affiliates for \$138 million.

The firm has also seen its workload shift over to the natural-resources boom, advising Berycan, which represents the interests of the Russian MirInvest Investment company, on its April 2008 purchase of a steel mini-mill company Istil for \$700 million. The firm

made use of its international network, fielding a team across seven different countries.

In May 2008 the firm represented Wizz Air, a central and eastern European low-cost airline, in setting up its Ukrainian operations.

Leading lawyers

Jaroslawa Johnson

DLA Piper

DLA Piper is expanding rapidly in line with the general expansion in the Ukrainian market. The last 12 months have seen the M&A team hire three new associates and promote five others. Rivals have commented that the firm has been active on a high number of recent deals.

DLA Piper's M&A team can boast a particularly strong deal flow in Ukraine's financial sector. In common with the other leading firms, it played a key role in the wave of acquisitions of Ukrainian banks. For example, the firm advised Upec Industrial Group in its December 2007 sale of 97.25% shares of Factorial Bank to Swedish financial group SEB for \$120 million.

The firm was also active on several notable deals in the developing Ukrainian insurance sector. Highlights include advising the shareholders of Vesko, a Ukrainian property and casualty insurer, on the sale of more than 90% of its shares to French insurer Axa and UkrSibbank, the Ukrainian subsidiary of BNP Paribas. The deal featured partner Oleksandr Kurdydyk, who is the head of the firm's finance and projects team and is respected by peers and clients as a leading lawyer.

In September 2007, DLA Piper advised an investment fund controlled by UK private investment banking firm GML International on its purchase of a consumer finance portfolio from a commercial Ukrainian bank.

Leading lawyers

Oleksandr Kurdydyk

Vasil Kisil & Partners

Ukraine's booming real-estate market has been provided Vasil Kisil & Partners with some sizeable deals. In September 2007, the firm advised London and Regional Properties, a real-estate investment and development group, on its acquisition of the Globus shopping mall, in central Kyiv. The acquisition was made via four Ukrainian companies and totalled \$210 million.

The firm also advised another European real-estate fund, Meyer Bergman European Retail Fund, on its acquisition of the Aladdin shopping mall in April 2008. The purchase was made through three Cypriot holding

companies and, like many of Vasil Kisil & Partners' notable transactions, featured partner Denis Lysenko.

Another of the firm's standout deals from the past year was its role as lead Ukrainian counsel to CEE broadcaster Central European Media Enterprises on its \$220 million purchase of a minority stake in the Studio 1+1 group of companies - which operates the Ukrainian national broadcaster.

Other notable firms

Peers believe the arrival of CMS Cameron McKenna is likely to make an impact on the Ukrainian M&A market. The firm has hired partners Adam Mycyk from Chadbourne & Parke and Olexander Martinenko from Baker & McKenzie, who are both respected by the market as leading M&A lawyers. These hires will give the new office a strength and depth beyond the CMS Cameron McKenna brand name.

The firm has already been involved in a couple of cross-border transactions that are a further indication that it will become a force in the market. A team including Mycyk advised Piraeus Bank of Greece in its bid for Kreditprombank. The firm also assisted Czech consumer finance group Home Credit of the PPF Group on its acquisition of PrivatInvest Bank.

German firm **Beiten Burkhardt** got its share of the activity in the banking sector as well, on one case representing a buyer on a \$600 million acquisition.

It emerged in May 2008 that **Squire Sanders & Dempsey** had cancelled its association agreement with The Silecky Firm, which has subsequently closed. Partner Peter Teluk and a number of associates have moved to Squire Sanders & Dempsey, who has reopened a Kyiv office. Building on from the reputation that the Silecky personnel have in the market, one partner comments: "Squires provides resources. They can do very well, but it remains to be seen."

Meanwhile The Silecky Firm's name partner Marian Silecky has moved to **Salans**, which is sure to benefit from his experience.