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Recent changes in Russian corporate and securities law

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The most significant recent changes in the field of Russian corporate law include the following measures.

Shareholder agreements introduced

To increase efficiency of corporate governance in joint-stock companies, the Federal Law on Joint-Stock Companies has been amended to include a new article called *shareholder agreement*.

There have been earlier attempts to use shareholder agreements in Russian joint-stock companies, especially in those involving foreign partners. However, application of these agreements in Russia was limited as, in many respects, joint-stock companies had to operate in an over-regulated environment; also, Russian legislation did not contain any recognition of the concept of shareholder agreements.

Currently, a *shareholder agreement* is defined as an agreement on execution of the rights certified with shares and/or on peculiarities associated with execution of the rights to shares.

The crucial point here is that infringement of a shareholder agreement cannot be considered grounds for recognising decisions by company managing bodies as null and void. However, any agreement concluded by a party to the shareholder agreement in violation of that shareholder agreement can be nullified by a court of law pursuant to a claim by an interested party to the shareholder agreement, only if it is proved that another party to the agreement knew or obviously had to be aware of any restrictions provided by the shareholder agreement.

Conceptual change to regulation of limited liability companies

As stated above, the shareholder agreement institution has been unavailable until quite recent times, and validity of concluded shareholder agreements has been successfully contested in courts. The new amendments allow the OOO (*obschestvo s ogranichennoy otvetstvennostiyu* - limited liability company) founders (shareholders) to conclude an agreement on execution of the OOO shareholder rights, according to which the founders (shareholders) can accept obligations to execute their rights in a particularly defined way or to refrain from execution of the rights.

The law establishes a more complicated procedure for alienation of shares in the company's chartered capital: any transaction being grounds for share transfer from one shareholder to another or to any third party must be notarised. The notary involved in such a process must check the powers of the person alienating the share. Earlier, nobody checked authenticity of signatures on the corresponding agreement, which made potential fraud and illegal takeover of the company easier. Additionally, to protect proprietary interests of OOO shareholders against hostile takeover, as well as against unfaithful directors, notaries are made responsible to file with the registrar the documents being grounds for amending entries to the Unified State Register of Legal Entities.

Procedure of legal entity reorganisation corrected

The earlier order of legal entity reorganisation provided creditors of reorganised legal entities with an unconditional right to claim termination or early execution of debtor obligations, including damages. Now, we have the first attempt to depart from the principle of unconditional creditor protection during legal entity reorganisations: OAOs (*otkrytoye aktsionernoye obschestvo* - open joint-stock companies) reorganised in the form of merger, acquisition or transformation, enjoy more

flexible procedures providing the balance of both creditors' and shareholders' interests. However, an OAO creditor has the right to put forward his/her claims judicially unless the OAO, its shareholders or some third parties provide sufficient collateral to secure fulfilment of the OAO's obligations to the creditor. It is stated directly that creditor claims don't entail suspension of any actions associated with reorganisation.

In the arena of securities market legislation, the most significant recent changes include the following measures.

Changes to foreign securities admission

Until recently, there were no foreign corporate securities in the Russian stock market because Russian legislation contained prohibitive provisions regarding admission of foreign securities to public offering and trading.

Currently, foreign securities may be admitted to placement, including public offering and/or public circulation in Russia, provided they have been issued by certain foreign issuers - in particular, foreign organisations established in jurisdictions that are members or observers of the FATF (Financial Action Task Force on Money Laundering).

There are two methods of admitting foreign securities to public circulation in Russia. The first is a simplified procedure designed to ensure rather liberal access for quality foreign securities, (ie foreign securities listed at a foreign stock exchange included in the list approved by the FFMS (Federal Financial Markets Service of Russia)). In that case securities of foreign issuers may be admitted to public circulation in Russia provided that a Russian stock exchange passes a resolution on their admission to trading.

The second procedure, for all other foreign securities, is more complicated: they may be admitted to public circulation in Russia by FFMS decision, based on a substantiating Russian stock exchange application. A similar order is used for public offering of foreign securities in Russia.

For securities of foreign issuers to be admitted to placement - including public offering - and to public circulation in Russia, securities prospectuses must be filed with the FFMS.

Reform to administrative liability for securities market offences

Earlier sanctions for administrative violations in the securities market were so insignificant they were unable to render any serious effect on offenders, or to prevent similar illegal acts in future.

To ensure effective protection of the rights and legitimate interests of investors in the securities market, and to increase the trustworthiness of Russia's financial market, the body of violations has been significantly clarified. At the same time, administrative fines for offences in the securities market have been considerably increased (by up to 50 times).

Federal Law on insolvency amendments

The concept of *suspicious* transactions has been introduced, including transactions with non-equivalent counter-execution of obligations by the other party to the deal. For example, where the transaction price and/or other conditions are worse than market conditions; and transactions resulting in damage to creditors' proprietary interests if the other party of the deal knew about this goal of the debtor by the moment of transaction execution.

The list of conditions used to recognise transactions as displaying preferential treatment to the claims of one creditor as compared to other creditors has been clarified.

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 Herbert Smith White & Case
Tier 4	Akin Gump Strauss Hauer & Feld Andrey Goroditsky & Partners Dewey & LeBoeuf Hogan & Hartson Linija 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 Linija Prava

Now is not a great time to be a capital markets lawyer. The recent equity boom that started to slowdown in 2008 came to a complete halt following the "September slump" as one partner calls it. Now equity work is almost non-existent, with the debt side showing relatively more activity.

But the debt markets have had their trouble too, with a particularly volatile performance in 2009. But Gazprom brought a ray of light to proceedings in April 2009 with a Eurobond issue – the first Russian placement since September 2008. Most issuances in the

immediate future are expected to come from state-affiliated companies.

The debt market decline did offer another opportunity for law firms. For a couple of months they gained work performing buy-backs – "the least sexy part of the work" according to one lawyer – while other work arose from companies defaulting on bonds. With large chunks of foreign debt due in the third quarter by Russian companies, an increase in this work is expected from September 2009.

Equity markets have been even harder hit than debt, and firms are not hopeful of any Russian IPOs within the next year. Some work might emerge relating to equity-for-debt deals, but little else is likely to happen in the immediate future.

Speculation suggests that a future trend might see Russian companies shun the London Stock Exchange when looking for an IPO; specifically, Hong Kong is mentioned as an alternative. Such a dynamic change would have an obvious affect on firms in Moscow, leaving those with strong Hong Kong offices in a position to dominate.

However other partners say that London is still in the number one position for Russian listings. Political and other issues make it difficult for Russian companies to list in Hong Kong say commentators. "Any tentative enquires we have had about listings have only looked at London," says one partner.

On the structured finance side, it is expected that securities will start moving onshore using domestic bonds.

Cleary Gottlieb Steen & Hamilton

Cleary Gottlieb Steen & Hamilton is part of a group of three that "play musical chairs on all the big deals" says one partner. "Cleary is a top capital markets firm on both the equity and debt sides," says one peer, but given the firm's corporate focus it is seen as slightly stronger on the equity side.

In terms of size Cleary Gottlieb is not the biggest office in Moscow, but it is the quality of partners that the firm brings to the table that impresses. Russian lawyer Murat Akuyev comes in for much praise from the market, while Daniel Braverman is a respected partner who splits his time between London and Moscow.

Equity work has been quiet in 2009, but the firm worked on a number of good deals in 2008. Chief among them is a deal that closed in May 2008 which saw the firm provide Russian, Dutch and English counsel to X5 Retail Group on its \$1 billion underwritten rights offering on the LSE. In the same month the firm acted as counsel to the

Cherkizovo Group on its \$82 million share offering listed on the Russian Trading System (RTS).

Eurobonds is Cleary Gottlieb's strength in debt markets work. The firm represented Rosneft on the oil company's repurchase of its own shares worth \$4.7 billion from its subsidiary, RN Development. The counterparty was Irish SPV Linden Capital and the deal, led by Akuyev, was closed in June 2008. The firm was also counsel to the Russian Federation on its \$38 billion issuance of Eurobonds.

Leading lawyers

Murat Akuyev
Daniel Braverman

Linklaters

Linklaters is a powerhouse for the equity and debt markets work in Moscow that earns respect and jealousy in equal parts from the legal market: "We would love to be where they are," says one peer. "They have a lot of experience with guys like Andrew Burge."

The firm boasts a number of strong individuals according to commentators. "Andrew Burge is good. Clients like him a lot. He gets on the phones a lot and that relaxes them," says one peer. But Dmitry Dobatkin is the real star: "People know he is good," says one client, who adds: "Linklaters built the [underwriters] market and had all the deals in Russia."

Linklaters worked on Gazprom's Eurobond issue, the deal seen as an icebreaker to reopening the debt markets by commentators, and was the largest-ever corporate bond by a Russian issuer. The firm advised the lead manager on the \$2.25 billion drawdown. The deal closed in April 2009, with a simultaneous SFr500 million (\$709 million) listing on the Swiss Stock Exchange.

The firm advised the arranger and lead manager, Barclays Bank, on the \$2.35 billion equity-linked floating rate notes over Rosneft shares and the subsequent repurchase deal. The cross-border transaction involved large teams from London and Moscow.

Finally, the firm advised Transneft as borrower on the issue of loan participation notes by Irish SPV TransCapitalInvest to fund two loans to the borrower. The loan is to finance the construction of the Eastern Siberia-Pacific Ocean oil pipeline. The notes are listed on the Irish Stock Exchange.

Leading lawyer

Andrew Burge
Dmitry Dobatkin

Skadden Arps Slate Meagher & Flom

Skadden Arps Slate Meagher & Flom is another US firm that has marked out a reputation for quality capital markets work. "Historically Skadden is a big player in capital markets," says one peer. But the firm has a bigger reputation for equity work, and added to the fact that it tends to stay away from the commodity markets, it posts a higher ranking in equity than debt.

"Pranav Trivedi is a very good lawyer" says one client, while market commentators consistently name Alexey Kiyashko as one of the best lawyers in Moscow.

Despite its strong name in the market, Skadden is in the same boat as most capital markets lawyers, with little new issuances to work on since the collapse of Lehman Brothers.

May 2008 saw the firm's most prominent work. Skadden represented the joint global coordinators and bookrunners on X5 Retail Group's \$1.1 billion rights offering and follow-on secondary offering of Global Depository Receipts (GDRs) to existing holders.

The firm also represented the joint bookrunners on the secondary offering of shares by Cherkizovo Group. The transaction's value was \$71 million and was the first equity offering by a Russian company that did not also include GDRs.

Leading lawyers

Alexey Kiyashko
Dmitri Kovalenko
Pranav Trivedi

Allen & Overy

Allen & Overy is a traditional name in banking, but the firm has been pushing to become recognised as a capital markets force in Russia. The capture of Varun Gupta a couple of years back has helped on this front. "Allen & Overy didn't do equity capital markets until Varun Gupta moved there," says one competitor. "It is more involved now."

Unfortunately any progress the firm has made has been halted by the decline in equity work. The firm has kept more active on the debt markets and on structured finance and securitisation work.

The firm represented VTB Leasing on its short-term Euro commercial paper programme worth \$1 billion. Partner Irina Mashlenko also helped the Siberian Servicing Company on the issue of \$100 million loan participation notes.

And in a deal that will resonate with many peers, Allen & Overy worked on the securitisation of a company's receivables, but the deal was aborted at a late stage.

Leading lawyers

Varun Gupta
Irina Mashlenko

Clifford Chance

Clifford Chance is considered a solid capital markets firm, with a particular penchant for debt work. "In areas like Eurobonds, Clifford Chance is clearly one of the top firms," says one client, while a competitor adds that Clifford Chance is a "big player in the debt market".

Recent years have seen the firm make strides on the equity side too, acting as counsel to the underwriters with a greater frequency before the equity markets collapsed. Clifford Chance has a strong team, with Moscow head of capital markets Arthur Illiev garnering platitudes for his intelligence. "Illiev is good for big strategic type things," says one client. "He is good at complex problems and with coming up with new something new."

Dennis Uhlir has returned to the London office, but is still involved with the Russian practice. The secondment of Simeon Radcliff from the London to the Moscow office should also boost the firm's securitisation work.

Clifford Chance worked on the \$1.75 billion Eurobond offering of loan participation notes for the Russian Agricultural Bank. The issuance was part of the update of the \$5 billion programme that RSHB Capital was offering to provide loans to the Russian state bank.

On the equity side the firm counseled joint bookrunners Morgan Stanley and Deutsche Bank on the Rule 144A IPO and listing on the LSE. The deal is valued at \$470 million.

Clifford Chance has a good name in the structured finance and securitisation market and represented the lead arrangers Deutsche Bank and VTB Capital on the true-sale securitisation of receivables by the Interregional Factoring Company Trust. The notes were listed on the Irish Stock Exchange by a Luxemburg issuing vehicle, and were worth R4.12 billion (\$132 million).

Leading lawyers

Arthur Illiev

Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer's capital markets work is of a high standard, but commentators note that the firm is better known for its equity work. "On quality Freshfields is good at debt, in terms of volume, [tier] three is right," says one peer.

Mikhail Loktionov heads the finance team and is cited as a leader in capital markets work, particularly on the equity side. Loktionov led a Moscow team that advised

Globaltrans Investment on its \$449 million IPO on the LSE in May 2008.

In 2009 Freshfields advised IFD Kapital on its issuance of equity-linked debt worth \$100 million. Freshfields also advised Severstal on its \$1.25 billion Eurobond issue, and advised Alexander Zanadvorov, a major shareholder in Seventh Continent, M Capital and Manezhnaya, on the restructuring of \$560 million of secured and guaranteed notes issued in 2007.

Leading lawyers

Mikhail Loktionov

Latham & Watkins

Latham & Watkins has a strong reputation in equity capital markets work, but commentators note the firm has become more visible on debt work in recent years. "They have a lot to offer because of the personnel there," says one client. Chris Smith is an associate picked out by clients. "He speaks Russian, which is a real benefit to going to meetings and being able to get actively involved," says one.

Mark Banovich, described as Moscow's premier depository lawyer, is the big name at the firm. "In capital markets projects you often need someone like Mark to give credibility to the client, and he was very good at stepping up when needed, while not smothering his associates, or being controlling, which is important for costs," says one client.

The firm represented VTB Capital on two separate issuances of loan participation notes: a \$2 billion notes issue due in 2018; and a \$1 billion notes issue due in 2011.

Latham & Watkins worked for Concern Tractor Plants on its listing of global depository receipts on the Deutsche Borse in December 2008. In July 2008 the firm advised the Razgulay Group on its offering of ordinary shares listed on the Russian Trading System and the Moscow Interbank Currency Exchange for \$295 million.

Leading lawyers

Mark Banovich

White & Case

White & Case's capital markets team is now under the supervision of Simon Morgan, who moved from the firm's London office in July 2008. He replaces the departed Olga Okouneva. The loss of Rachel Hatfield in the London office is significant say commentators, due to the amount of work she brought in for both London and Moscow offices.

The firm is viewed as a stronger performer on debt matters, however it had made strides

on increasing its equity capabilities until the economic collapse hit.

One highlight saw White & Case advise Credit Suisse as lead manager on the issue of Rule 144A loan participation notes. The notes due in 2013 are worth \$600 million, and those due in 2018 are worth \$1.05 billion. The issue was to fund a loan to Transneft, closed in August 2008.

During the same month the firm represented Gazprombank on a SFr500 million (\$709 million) debt issue by GPB Eurobond Finance to fund a loan to the Russian bank. The firm also advised TMK on the issue of \$600 million of loan participation notes.

Other ranked firms

Baker & McKenzie's reputation is strongest for debt and securitisation work, with Vladimir Dragunov recognised as one of Moscow's finest lawyers for this kind of work. One highlight was acting as transaction counsel on the securitisation of approximately \$300 million of mortgage portfolios by bank VTB24. The notes were listed on the Irish Stock Exchange.

Illustrating the firm's abilities in the domestic market, the firm advised MDM Bank in February 2009 on the restructuring of Russian bonds which car factory Izhevsk Auto Plant had defaulted on in December 2008.

Baker & McKenzie also advised Russian Standard Bank on the establishment of its \$1 billion Euro commercial paper programme.

Leading lawyers: Vladimir Dragunov

Equity work is **Debevoise & Plimpton's** strong suit. The firm can do debt, but it is primarily utilised on the equity side. "Debevoise has good lawyers," says one competitor, but it is felt the firm needs to increase its work volume to push up the equity rankings.

The firm has been kept busy working on the launch of depository receipt programs for various Russian power generating companies such as RusHydro and RAO UES.

The market notes that **Herbert Smith** has been developing its capital markets practice recently and became more visible on the equity market before it became moribund. The capture of Evgeny Zelensky from Renaissance Capital is significant too. "I would move them up due to the recruitment of Zelensky," says one competitor.

The firm represented the trio of Renaissance Capital, JPMorgan and VTB Bank on the \$295 million offering of ordinary shares in Razgulay Group. The firm is trying to develop its debt capability too, picking up some Eurobond work this year as well.

Lovells focuses on advising issuers in the Russian banking sector. The firm advised Alfa Bank on its Rule 144A Euro MTN pro-

gramme update and a \$400 million issue of notes. Lovells also advised Probusinessbank on an \$80 million issue of loan participation notes in London in August 2008.

Akin Gump Strauss Hauer & Feld represented Troika Capital Partners on the sale of shares in Avotaz to Renault for \$1 billion.

Local firm **Liniya Prava** performs a niche role in the capital markets. The firm has good relations with the securities agencies, and is often brought on board for regulation matters by international firms. Registering Russian companies is another important niche role.

Liniya Prava has worked on a number of public placements of corporate bonds, including the issuer MTS on a R30 billion (\$920 million) issue. Liniya Prava also advised Razgulay Group on the Russian law aspects of its share offer.

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 Russia 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

In May 2008 many commentators predicted that Russia and other emerging economies were de-coupled from the credit crisis emerging in the West. Deals continued to flow in Russia that summer as they halted elsewhere, with LBOs still the flavour of the month. But then oil prices started to drop and Russia got into a war with Georgia. Deals started to slow, and after Lehman Brothers they stopped altogether.

By October, banking work switched to restructuring, with many Russian companies' debt maturing at the time. The Russian government stepped in to help with refinancing debts, but this has since stopped. Rusal is the most obvious example so far, but restructuring work is expected to accelerate from the autumn.

The main source of new money is from the European Bank of Reconstruction and Development (EBRD), International Finance Corporation (IFC). "When times are good people say 'who needs them, I can get my money from the bank down the road'" says one partner. Now the multilateral banks' rigid terms look attractive.

Small rises in commodity prices has seen trickles of lending, but nothing substantial. Partners report that when banks lend they are not looking at traditional debt instruments, but new ways to protect against exposure. "It involves many, many securities," says one partner.

Allen & Overy

Allen & Overy globally has a strong banking tradition and the Moscow office does not deviate from this. The vast majority of commentators have no quibble with the firm's ranking. "Both Tony Humphreys and Irina Mashlenko are terrific lawyers," says one peer. Humphreys is managing partner, but is still involved in fee earning now and again.

Clients like the firm too: "They are very good, they are really receptive and give you the guidance that is needed," says one.

The syndicated loan market is one of the firm's strengths, helped by the strong relationships it has cultivated with international and domestic banks. Examples of Allen & Overy's syndicated work includes advising Barclays and a syndicate of banks on a \$1.2 billion general purpose loan facility to Sberbank. The firm advised ABN Amro on a syndicated \$613 million letters of credit and term facilities for Sistema to fund the acquisition of a telecoms licence in India through a joint venture.

In September 2008 Allen & Overy advised the Sumitomo Mitsui Banking Corporation on a sale/leaseback financing involving railcars. The \$90 million loan went to a SPV subsidiary of Transgarant, and was guaranteed by Far East Shipping.

The firm can also work on the borrower side, with roles representing Ukrali on a \$200 million loan and Evraz Group on a \$1.8 billion refinancing facility.

Leading lawyers
Irina Mashlenko

Clifford Chance

Many commentators think that Clifford Chance is the most active banking practice in Moscow. "In terms of volume, Clifford Chance is number one," says one peer. The firm has strength-in-depth that few can match, with partner Logan Wright coming in for praise: "Logan Wright has been a partner there for about three years. He is very good a finance work. He is one of the best in Moscow," says one client.

While Jared Grubb has moved to Clifford Chance's new Kyiv office, commentators note that Victoria Bortkevicha is coming to the fore more. "We use them for a number of financings. They are very highly-rated in town. Every product is different, but when I do finance and banking deals they are strong," says one client.

On the syndicated lending front, Bortkevicha advised dairy producer Wimm-Bill-Dann on a \$250 million facility from a syndicate of banks. The firm advised Moskovskaya ob'yedinennaya elektrosetevaya kompaniya on a \$300 million syndicated facility with Barclays.

Wright and Bortkevicha advised the Savings Bank of the Russian Federation on a \$1 billion loan for Sberbank. Wright is also active on trade finance deals, advising Calyon on \$150 million of pre-export finance for Afipka NPZ.

Leading lawyers
Victoria Bortkevicha
Logan Wright

Linklaters

"They are dependable, they know what they are doing, they are conscious of timing and they offer quality," says one client about Linklaters' banking team.

Both clients and peers rate Michael Bott highly: "He is the guy," says one peer, while one client says: "Bott is a real asset to the office."

The firm focuses on working with lenders. One standout deal saw Bott lead a team advising Vnesheconombank on a programme set up by the Russian government to rescue companies. The work included providing advice on the refinancing of maturing foreign debt to a number of corporations.

Linklaters advised 13 mandated lead arrangers on the pre-export financing for Metalloinvest. The financing was eventually worth \$1.6 billion after two amendments. The firm worked a pre-export financing with eight mandated lead arrangers on \$2.5 billion to Severstal, and advised the mandated lead arrangers in a €400 million bridge facility for Lukoil.

Leading lawyers
Michael Bott

Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer has a strong corporate focus, and in banking matters tends to work more on the borrowers' side. Mikhail Loktinov heads the finance team, and is considered one of Moscow's best lawyers in this practice area.

Loktinov advised rail transport operator Freight One on a \$130 million loan facility received from the European Bank for Reconstruction and Development and the International Finance Corporation in January 2009.

However Freshfields also showed it could work on the lenders' side, advising the PPF Group on a \$500 million loan facility to Eldorado in September 2008.

Freshfields has obvious cross-border capabilities, and it showed this representing Amtel-Vredestein on its debt restructuring. The deal involved the London and Amsterdam office, working alongside the Moscow practice. The work involved several layers of complexity and the deal was valued at \$319 million.

Leading lawyers
Mikhail Loktinov

Herbert Smith

Market commentators acknowledge that hiring Ed Baring from Allen & Overy's Moscow office was a great move, bolstering an already capable team. "He is a good lawyer, with a good commercial approach and easy to push a deal through with," says one competitor. Alexander Currie is another lawyer that comes in for praise from the market.

Baring led a team advising a syndicate of arrangers on a \$1.35 billion secured facility for Rosneft in 2009. Meanwhile in December 2008, Currie advised Calyon and Deutsche Bank on a \$750 million secured financing for TNK-BP. Finally, Herbert Smith worked for ING Bank as lead arranger on a \$500 million export finance facility to TAIF-NK.

Leading lawyers
Ed Baring
Alexander Currie

White & Case

The market notes that White & Case is always near the top in terms of volume, and has good all-round banking capabilities. White & Case has restructured its practice along regional rather than office lines, with Simon Morgan

arriving in Moscow from the London office to co-head the central and eastern Europe banking team and settle the office down after a couple of years of significant changes in Moscow.

White & Case clients appreciate the firm's service: "I have worked with them for ten years, so if I wasn't happy with them I would have changed by now," says one client. "It is hard to single anyone out. There are a lot of people that are good, and no matter whom I deal with, it is always a good service." The firm's peers are more forthright, singling out Maya Melnikas and Irina Nesvetova for praise.

One highlight saw White & Case represent Goldman Sachs as sponsor of a \$315 million senior leveraged financing for Lion Capital's purchase of the Russian Alcohol Group in July 2008.

In the latter stages of 2008, White & Case advised Decmos on the refinancing of a \$200 million loan from Deutsche Bank. The loan was refinanced by a company linked to the Moscow City Government. The deal saw the City's subsidiary take an increased stake in the project. Decmos is the company behind the reconstruction of the Moskva Hotel.

Leading lawyers

Maya Melnikas
Irina Nesvetova

Other ranked firms

Baker & McKenzie "is a practice I rate highly" says one client. "The thing I like about them is they are proactive." The market views Baker & McKenzie as a solid firm capable of working with both lenders and borrowers.

The firm represented BNP Paribas on a \$150 million pre-export loan facility provided to Russian coal producer Sibirsky Delovoy Soyuz. Baker & McKenzie also advised European Bearing Corporation on a \$145 million syndicated loan.

It has been a tumultuous year for **Chadbourne & Parke** with the loss of three partners, including former managing partner Laura Brank and partner Konstantin Konstantinov to Dechert, who is setting up an office in Moscow. It is too early to assess the effect on the firm's banking practice, but the firm has work to do to regain lost ground.

Banking work is not **Cleary Gottlieb Steen & Hamilton's** biggest focus in Moscow, and the market views its banking practice as being different in style to most of its competitors due to its concentration on corporate rather than banking clients. Managing partner Scott Senecal "is a very good lawyer" for banking work, says one peer.

The firm's connection with blue-chip corporates provides it with some significant banking mandates, in particular on the debt restructuring side. The firm is acting for Rusal on its debt restructuring, including the standstill agreement reached in March 2009. The same month saw the firm act as counsel to Mirax on the \$445 million restructuring of loans and credit-linked notes.

In January 2009 the three CMS firms in Moscow – Bureau Francis Lefebvre, Cameron McKenna and Hasche Sigle – merged their operations in Russia to form **CMS Russia**. However the majority of the banking team comes from CMS Cameron McKenna's practice.

The firm has a strong reputation for working on real-estate financing, with peers noting Grant Williams' strength in this sector. Williams led a team that advised VTB Bank on a \$150 million acquisition financing facility provided to a company for the purchase of a stake in the Otkritie Financial Corporation.

Denton Wilde Sapte has a strong network of offices in the Commonwealth of Independent States (CIS), and is known as a good banking firm. Clients see the Moscow office as a springboard into the CIS region. "I think on the right deal Dentons is good," says one client. "They have some offices in strange places, and we do some deals in strange places, so they are quite useful in that respect."

Lovells works primarily on the lenders side, and is active on syndicated loans and export finance deals. Clients like the strong connection between the Moscow and London offices. "Their work is very good legally. Moreover since we must use English law, they always need a good connection with London and Moscow office. This interconnection worked flawlessly," says one banking client.

Lovells acted for BNP Paribas and Société Générale, the mandated lead arrangers, on a pre-export syndicated loan to steel producer Novolipetsk Steel. The loan facility was worth \$1.6 billion and closed in June 2008.

Alrud is the sole local representative in the banking rankings. This reflects the dominance of the lending market in financial hubs such as London, but some suspect that local firms could do well in the current market due to the need for Russian law in restructuring cases.

Alrud advised OTP Bank under Russian law on the financing for two real-estate projects worth around \$200 million.

Debevoise & Plimpton is traditionally known for aviation finance work, but the firm has developed its practice in recent years to get involved with the syndicated loans market and financing related to derivative and share acquisitions.

The firm represented a borrower on a \$3.2 billion margin financing secured by a pledge of shares in the company.

Salans advised the European Bank for Reconstruction and Development on its multi-product for medium-sized banks. The deal involved 25 individual projects worth \$350 million.

Mergers and acquisitions

Recommended firms

Tier 1

Clifford Chance
Freshfields Bruckhaus Deringer
Linklaters
White & Case

Tier 2

Cleary Gottlieb Steen & Hamilton
Dewey & LeBoeuf
Herbert Smith
Skadden Arps Slate Meagher & Flom

Tier 3

Akin Gump Strauss Hauer & Feld
Allen & Overy
Baker & McKenzie
CMS Russia
Debevoise & Plimpton
Latham & Watkins
Salans

Tier 4

Alrud
DLA Piper
Egorov Puginsky Afanasiev & Partners
Lovells
Norton Rose

It hardly seems like yesterday that, as one partner puts it, "the question was, which client to turn away". M&A deals started to fall away in December 2008, a time when more than one partner reported turning to drink.

Now the market is down significantly, and one of the big problems is the price differential between buyers and sellers. "People, even the most robust sellers, need to forget about 2007. It is a major stumbling block at the moment," says one partner.

Deals that are moving forward are generally the small and mid-market type worth between \$50 million and \$70 million. "I am doing one \$10 million deal," says one partner. "I haven't seen something of that size since 1995."

The energy sector is expected to keep producing large deals however, and many law firms are trying to establish themselves in this industry. At the same time, Daimler's acquisition of a stake in truck maker Kamaz might be illustrative of another type of deal that could

happen. "Global players still want to establish a base here," says one lawyer.

There have been some changes to the structure of deals too, with clients looking to structure companies offshore again. This is a turn-around from the last few years, when political pressure forced more companies onshore. One partner attributes this to the new LLC Act, which means companies now need a local notary to witness stamp a restructuring deal.

There are also changes in how buyouts are structured. Companies are doing deals that see the buyer purchase a stake now, with the provision that the buyer will buy the other stake at a specified date in the future.

The expected flood of distressed sales has yet to be seen. Many attribute this to the Russian Federation's bailing out of several key industries; however this has since stopped, leading to commentators predicting a flood of distressed work in the months to come.

Clifford Chance

Clients like the large team that Clifford Chance offers, and its high-quality partners on the ground in Moscow means clients don't have to wait for answers from London.

Andrei Dontsov is described by the market as one of the best M&A lawyers in Moscow, while the arrival of Alex Erasmus from London last year is a further boost to the practice. "I really like Erasmus," says one peer. "He is effective at getting deals done." Marc Bartholomy also receives praise from the market.

In March 2009, South Africa's Standard Bank announced its investment in and strategic alliance with the Russian investment bank Troika Dialog. Erasmus advised Standard Bank on the deal that saw it give Troika \$200 million in exchange for an equity stake and will see Standard Bank transfer its own Russian bank into Troika.

Clifford Chance advised the shareholders in Lebedyansky on the sale of their controlling stake in the juice manufacturers to Pepsi for approximately \$1.4 billion.

The firm is looking to develop a reputation in the energy sector in anticipation of M&A activity in that industry over the next decade. Clifford Chance has advised Rosatom on a joint venture with Siemens, and advised Gazprom on Eon's acquisition of a stake in Severneftegazprom.

Leading lawyers

Marc Bartholomy
Andrei Dontsov
Alex Erasmus

Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer is considered top of the pile in the M&A market due to the type and quality of the deals the firm wins roles on. "Freshfields is one of the main players in M&A deals" says one competitor.

Peers and clients describe M&A head Dmitry Surikov as one of the best M&A lawyers in Moscow, and along with Igor Gerber and Mikhail Irzhevsky, the team is able to offer a strong Russian practice that some international firms lack.

Harvey Nugent has come to prominence since his move to Moscow in 2006, while Jacky Baudon is one of the most experienced foreign lawyers in Moscow. Associate Daniel Cook is a good prospect say commentators.

Nugent led on the IPH Polychrom Holding acquisition of a majority stake in the silver and gold producer Polymetal. The stake was bought from Aniketa Investments for \$1.8 billion.

Creative Retail Management sold its mobile retail chain Evroset in a sale that saw the firm sell 100% of the company for \$1.25 billion, including company debts. Other work has seen the firm advise Gazprom Neft.

Leading lawyers

Jacky Baudon
Harvey Nugent
Dmitry Surikov

Linklaters

Linklaters' place at the top of the M&A table is unquestioned. "Linklaters has BP [as a client] for M&A and it has some very good people," says one peer.

Denis Uvarov is the big name of the firm's Russian lawyers, but a number of commentators mention former Moscow office managing partner Dominic Saunders. He works from London now, but with a focus on Russian work, and is still a visible operator in Moscow.

The energy sector has maintained steady levels of activity, and Linklaters has picked up its fair share of mandates in the sector. In 2009 the firm advised Total on a joint venture with Novatek worth \$900 million to develop the Russian gas field Termokarstovoye.

In late 2008 Linklaters advised Glencore International on a \$4 billion joint venture between Swiss company Glencore and En+ Group in relation to the oil production subsidiaries of NK Rusneft.

Beyond energy, Linklaters closed a deal in July 2009 that saw Unilever purchase Baltimore Holdings, a sauce producer in Russia.

Leading lawyers

Dennis Uvarov

White & Case

Some commentators suggest that White & Case has been hit hard by the downturn in the market, but not hard enough to lose its top ranking having worked on some significant deals recently.

Top among them is the firm's work on one of the biggest bank mergers to date in Russia, that will see the new bank become one of Russia's top ten in size. White & Case represented both MDM Bank and Ursa Bank on their merger in mid-2009, which will take MDM Bank's name.

The firm has gained from bank M&A activity in Russia, acting for the Bank of Cyprus on the \$576 million acquisition of an 80% share in commercial bank Uniastrom. The transaction closed in October 2008, and was the first time a Cypriot bank has acquired a Russian banking network.

White & Case was also involved in the energy sector, advising TNK-BP on its joint-venture with OGK-1 to set up a power unit at the Nizhnevartovskaya Thermal Power Plant.

Leading lawyers

Eric Michailov
Igor Ostapets
Hermann Schmitt

Cleary Gottlieb Steen & Hamilton

Commentators have noted the effort the traditional capital markets powerhouse Cleary Gottlieb Steen & Hamilton has made to become a big player in the Russian M&A market. "Cleary Gottlieb is small, but it has done a great job of getting onto [banks'] panels and expanding from its capital markets base," says one competitor, who adds: "Cleary also has the investment bankers on its side."

While some peers note that the drafting for some deals gets done in London, slowing down the process, no-one questions the quality of Cleary's work.

Partner Russell Pollack returned to Cleary Gottlieb's Paris office in September 2009. Pollack will still focus on Russian work, but the firm has moved partner David Gottlieb from its New York office to Moscow to replace Pollack in September 2009 too.

In one prominent deal, the firm represented Gazprom on its acquisition of energy company Eni's 20% stake in Gazprom Neft. The transaction closed in April 2009 and totalled \$4.2 billion. In July 2009 the firm was counsel to TNK-BP on the sale of its oilfield services to Weatherfield International, a Swiss company listed on the NYSE.

Managing partner Scott Senecal is considered a leading M&A lawyer, and he led a team that included Cleary Gottlieb's office in Rome

which advised Alenia on a joint venture with Sukhoi Civil Aircraft Corporation on the development of a new mid-range passenger aircraft. The deal was the first approved under Russia's new law on foreign investment.

Leading lawyers
Scott Senecal

Herbert Smith

Herbert Smith moves into the second tier after a number of years spent developing its M&A presence in Russia. "Herbert Smith is doing well," notes one peer. "It has been here for a long time, but in the last couple of years it has put more energy into the practice, and is doing well targeting clients."

"Herbert Smith is aggressive and has worked on some high profile deals," says another competitor. The firm has hired Evgeny Zelensky from emerging markets investment bank Renaissance Capital, which commentators note as a significant move.

Herbert Smith is advising the Onexim Group on the split of \$15 billion of assets the private investment fund jointly holds with the Interros Group. The firm is also representing the Japan Oil Gas and Metals Corporation on a joint venture with a Siberian oil company in the Irkutsk region of Russia.

Skadden Arps Slate Meagher & Flom

Skadden Arps Slate Meagher & Flom has carved out a reputation for only working on the large, prominent deals. "They are a powerhouse in M&A," says one partner, "they are really focused on the big-ticket M&A work."

The firm has moved to counter claims about its on-the-ground capabilities by moving partner Linda Davies from London to Moscow. She brings nous in UK law that some commentators felt was lacking in the Moscow office.

The asset management company Nafta Moskva mandated the firm on two significant deals in 2009. The first closed in February, and saw Skadden Arps counsel Nafta Moskva on the \$1.26 billion purchase of shares and American depository receipts in the Russian gold mining company Polyus Gold.

The second transaction saw the firm counsel Nafta Moskva on the purchase of a stake in the real-estate company Pik. The stake of the London and Moscow-listed company was bought from the two main shareholders, and as part of the deal Nafta Moskva will assist Pik with its restructuring.

Finally, Skadden Arps represented the German manufacturer of Mercedes, Daimler, on the purchase of a 10% share in Russian truck maker Kamaz from Troika Dialog. The deal

includes the agreement of a strategic partnership between the firms.

Leading lawyers
Dmitri Kovalenko
Pranev Trivedi

Other ranked firms

Akin Gump Strauss Hauer & Feld's M&A work is well regarded in the legal community. The firm has strong connections with the oil and gas industry, and can count companies from the energy sector as regular clients.

One highlight saw Akin Gump advise the Irkutsk Oil Company on the sale of an equity stake in the company to the European Bank for Reconstruction and Development for \$85 million.

But the firm's scope is not limited to the energy sector, and two deals related to the technologies industry demonstrate this. The first saw Akin Gump represent Amikita Investments in its purchase of shares in the mobile phone operator MegaFon from a number of different entities. The second deal saw the firm represent Digital Sky Technologies on its \$200 million acquisition of a 15% stake in Mail.ru.

Recent years has seen **Allen & Overy** expand its Moscow office into practice areas outside its traditional banking and finance strength, such as M&A.

The firm has moved partner Tim Shilling from the London to Moscow office to augment moves made in recent years. Shilling's experience in the oil and gas sectors indicates the direction the firm is trying to move into. Allen & Overy this year advised Goldman Sachs and other investors on the acquisition of a stake in independent oil and gas producer Vostok Energy.

Edwin Tham advised PromSvyazCapital on the restructuring of its shareholdings and subsequent sale of the company's shares in Oranta Insurance Company to Eureko. The firm counselled Ovoca Gold on the proposed disposal of its subsidiary Ayax Prospectors Artel Company, the owner of mining rights to the Goltsovoye silver deposit.

Leading lawyers: Edwin Tham

Baker & McKenzie is another solid M&A outfit with good connections between the Moscow and London offices. This was illustrated on the firm's representation of SABMiller in its acquisition of the east Russian brewer Vladpivo for approximately \$69 million.

French power company Electricite de France (EDF) mandated the firm for advice on the potential acquisition of shares in the Russian energy producer OGGK-1 worth an

estimated \$6 billion and on the potential \$1.5 billion purchase of shares in InterRao, formed from the reorganisation of United Energy Systems of Russia.

The three CMS firms in Moscow completed a merger in January 2009 to form **CMS Russia** – one of the biggest legal offices in Moscow. "CMS is an interesting firm," notes one peer. The feeling is that the firm should be pushing for a higher position, no doubt something the firm is hoping to do soon.

The firm is acting for Banque PSA Finance on the acquisition of a 98% stake in AIG's consumer finance operations in Russia, with the option of buying the remaining 2% in 2011. CMS also represented Eureko in its purchase of the Russian insurance company Oranta.

Debevoise & Plimpton was involved with two deals for RAO UES. The first saw it represent the firm on the spin-off of its power-generating assets to its shareholders and the second on the sale of RAO UES' 32% stake in TGK-7.

The firm's main problem, says the market, is the lack of UK law partners. Other than that the firm is said to have some good lawyers, with Dmitri Nikiforov singled out in particular.

One highlight saw the firm advise OGGK-6 on the offer and sale of 17% of its shares for R27 billion (\$829 million).

Leading lawyers: Dimitri Nikiforov

Latham & Watkins' reputation lies in capital markets work, but competitors note that the firm has some decent clients that deliver it M&A work as well.

Mobile TeleSystems has kept Latham & Watkins busy with the purchase of two mobile phone retail chains in 2009. The first deal saw Mobile TeleSystems buy Eldorado for nearly \$23 million and the second saw it buy Telephon.ru for \$60 million.

Leading lawyers: Christopher Allen

Russian firms tend to be brought in by international firms lacking a presence in Moscow, and **Alrud** is one firm that benefits from this role. In one deal the firm advised Commerzbank, along with Sullivan & Cromwell, on Russian law aspects to the bank's \$14.4 billion acquisition of indirect control of Dresdner Bank.

Egorov Puginsky Afanasiev & Partners is still advising Rusal on Russian law aspects to the acquisition of a strategic stake in Norilsk Nickel by Rusal to form the Onexim Group, estimated to cost \$14.5 billion.

Russian firms can also be mandated on pure Russian deals as sole legal counsel. Egorov Puginsky Afanasiev & Partners represented investment company Basic Element on its acquisition of a 50% stake in construction company, Transstroy, adding to the 50% stake it bought in 2007.

“Oxana Balayan is very good, Lovells has done some good deals,” says one competitor. Chief among the deals is the firm’s representation of the Mitsubishi Corporation’s acquisition of a stake in the Rolf Group. Lovells is also representing the Alfa-Access- Renova consortium on the amendment and restatement of the shareholders agreement in BP-TNK.

Other notable firms

Baker Botts is a firm worth keeping an eye according to peers and clients, with partner Maxim Levinson singled out as a good M&A lawyer.

Vinson & Elkins “is a small firm, but Rob Patterson gives me quite a bit of his time, and he is very commercial,” says one client. The firm is focused on the energy sector and represented the Oman Oil Company on the sale of its 7% stake in the Caspian Pipeline Consortium to the Russian Federation.

Project finance

Recommended firms

Tier 1

Freshfields Bruckhaus Deringer
Linklaters
White & Case

Tier 2

Allen & Overy
Clifford Chance
Dewey & LeBoeuf

Tier 3

CMS Russia
Herbert Smith

Tier 4

Akin Gump Strauss Hauer & Feld
Chadbourne & Parke
Denton Wilde Sapte
Gide Loyrette Nouel
Norton Rose
Salans

Project finance is a funny business in Russia. Despite some high-profile projects in recent years, the actual level of pure project finance is low. The work that does exist is in two sectors: One is public-private partnership (PPP) work relating to infrastructure, while the other is to do with the natural resources sector. Opinions on which is the better sector to focus on vary.

Another part of the problem is that Russia still needs to become comfortable with the idea of project finance, in particular PPP projects. The flip-side of this is that international banks still need to become comfortable with the country. This makes how Russian companies deal

with foreign debt that is maturing very important.

The other issue is that it can be difficult to distinguish project finance from other types. “Lots of corporate financing is dressed-up as project finance,” says one partner.

Still, law firms see the potential in this practice area and have beefed up their capabilities in recent years. Legislation has been brought in an attempt at making PPP projects more attractive to investors, though there is some way to go on this yet. Russia’s infrastructure needs updating nonetheless, and some of this work is being earmarked for PPP projects.

Work on natural resources has been badly affected by the decline in commodity prices. Oil, gas and steel have recovered to a certain extent, but aluminium is expected to remain low.

Still there is potential. “There is more scope than in the Middle East for project financing,” says one partner. “Even if the crisis in oil prices continues at a low price, the facilities need renewing. Most of capacity on-stream is from the 1970s.”

Potential large-scale projects worth keeping an eye include the Shtokman project and the South Stream project.

Freshfields Bruckhaus Deringer

Freshfields Bruckhaus Deringer is one of the dominant players in the Russian public-private partnership (PPP) market. The firm has a strong history with PPP in the Federation and reached the stage where it appears to be the government’s main choice of legal counsel on PPP projects. The firm has developed a role in which it tends to work on both sides and all stages of the projects.

“Innokenty Ivanov is the leading Russian lawyer on PPP,” says one peer. PPP projects are not without risks though, and some of the projects Freshfields is working on are stalled for now. But most of the bigger deals are expected to go through eventually.

One example of this saw Freshfields advise JSC Western High Speed Developer on two projects for St Petersburg. The first is a \$1.2 billion concession to build and operate a tunnel under the Neve River. The second is the \$8 billion Western High Speed Diameter project, which has stalled for now.

Freshfields is also representing a private bidder on the Pulkovo project, a PPP for the reconstruction and operation of St Petersburg’s airport. Another private project sees the firm advising a consortium on the bidding for Nadzemny Express, a light rail system for St Petersburg.

Leading lawyers

Innokenty Ivanov
Michael Schwartz

Linklaters

Linklaters has a strong record on project finance deals related to the energy sector, having worked on huge projects such as the Sakhalin II oil and gas project, the Nord Stream oil and gas transportation project and the Shtokman gas project. Daniel Tryer is described by commentators as one of the best pure project finance lawyers in Moscow.

Linklaters continues to yield work from energy sector projects, although they are smaller in value than in the boom times. The firm is advising Total E&P Activities Petrolieres on its joint venture with Novatek to develop the Russian gas field Termokarstovoye in a project valued at \$900 million.

Another deal has seen Dubai World mandate the firm to act as counsel to the lenders on the \$1.5 billion bridge financing for the Yuzhno-Russkoye gas field project.

Linklaters is also involved with the various PPP projects arising from St Petersburg. The firm is representing bidders for the first stage of the Moscow-St Petersburg expressway project, and advising bidders on the toll-road project for St Petersburg. The firm is also advising bidders on St Petersburg’s proposed light rail system, and acted for the winning bidders on the Moscow ring-road project.

Leading lawyers

Daniel Tryer

White & Case

White & Case has worked on some of the big-ticket projects in recent years, and competitors acknowledge that the firm does well on volume.

White & Case is still benefitting from its role on the Nord Stream project, representing the project company Nord Stream. White & Case worked on the financing and development of the project, which is to build a pipeline to run from Russia to Germany. The total investment is expected to be \$7.4 billion.

The firm is also advising Japan Bank for International Co-operation on the phase II financing for the \$20 billion Sakhalin II project.

With no new large energy projects coming on-stream soon, firms have had to refocus on other areas. White & Case counts the Czech Export Bank as a regular client, and is regularly asked to work for the bank on deals involving a Russian aspect. The Czech bank used White & Case on the financing to Kurganskaya TEC for the construction of a power plant.

Leading lawyers

Marc Polonsky

Allen & Overy

Allen & Overy is considered a solid project finance firm by the market. The firm boosted its capabilities in this practice area when Tony Humphrey moved from London to Moscow to become managing partner. "Tony Humphrey is a great project finance lawyer," says one peer.

Clients like the service offered by Allen & Overy: "They are very good, they are really receptive and give you the guidance that is needed," says one. Andrei Baev provides strong assistance from its London office, while associate Joe Clinton is picked out as a rising star by one client.

Allen & Overy is involved with a mix of projects. The firm has got involved in the flurry of public-private partnership projects that have emerged in recent years, representing a local municipality in one and a bidder on another.

On the energy side Allen & Overy is advising Taneko on the construction of a power plant in Tatarstan, Russia, AtomStroyExport on the construction of nuclear power plant in Bulgaria and Vyska on the financing for a metallurgical plant in Russia.

Leading lawyers

Tony Humphrey

Clifford Chance

Peers appreciate the effort Clifford Chance has made to push into the top tier in project finance. "Clifford Chance is involved and has done well gaining market share; it has built up the office," says one partner. The firm has a good Russian presence say commentators, with most of its work focused on the lenders side.

While Jared Grubb has departed to work at Clifford Chance's Kiev office, the firm still has the highly regarded Logan Wright. David Griston is another marked out for praise by one peer: "He has an understanding of what project finance is."

Along with Clifford Chance's New York and London offices, the firm advised the Eurasian Development Bank and Vnesheconombank on the \$430 million financing for the construction of a factory to build rail cars. The firm is also advising BNP Paribas on a \$2 billion financing for the construction of an oil refinery in Tatarstan.

Leading lawyers

David Griston
Logan Wright

Other ranked firms

CMS Russia should be all the stronger thanks to the linkup of the three CMS practices in Moscow. The firm's strength is in the infrastructure and public-private partnership (PPP) sector. One highlight saw CMS represent the winning consortium on the \$2 billion tender to build and operate the first section of the Moscow-St Petersburg toll road.

The firm is also advising an international consortium set up by Macquarie bank and Renaissance Capital on the PPP tender for Pulkovo Airport in St Petersburg.

Herbert Smith has made an effort to move into project finance work according to commentators. Both John Balsdon and Alexander Currie are "good guys" says one peer, noting that they are easy to do a deal with. The firm remains in tier three, but if the amount of projects increases it is well positioned to pick up work and push competitors.

The firm's energy focus puts it in a key position to win the role representing the co-sponsors Gazprom and Wintershall on the development of the \$3 billion Yuzhno-Russkoye gas field in Siberia.

Herbert Smith's Moscow office is also a platform for work in emerging regions, with the firm advising on a project financing for a zinc oxide mine in Yemen and a mining project in Madagascar.

Leading lawyers: John Balsdon and Alexander Currie

French firm **Gide Loyrette Nouel** is described as "a very good firm in the Russian market that has done a lot of things" by one peer. The market believes the firm is particularly competitive on mandates from the multilateral banks.

Olga Revzina "is a very good example of a local partner. I believe this local experience is helpful for getting things done," says one peer.

The market notes that **Salans** has made an effort to refocus its practice and the results are noticeable. The firm represented the successful consortium Nevsky Meridian on its bid for the concession to build and operate the Western High Speed Diameter (WHSD) toll road project in St Petersburg.

Restructuring and insolvency

Recommended firms

Corporate restructuring and insolvency has yet to take off in Russia, with the travails of Rusal the only public case so far. Several reasons explain this, but the biggest has to be the Russian Federation's \$50 billion bailout for companies in trouble.

While this has kept companies afloat, there are problems with the bailout. "Vital restructuring is being delayed," says one partner, "and this will have an effect in the future."

Even the concept of insolvency and restructuring is still taboo in Russia. "The psychology and traditions; people don't get it." Any Chapter 11 type deals or court bankruptcies are not happening, with the court route viewed as unpredictable.

This is slowly changing as the government brings in legislative changes and people get used to the concepts. The situation is different to the crash of 1998 say lawyers who were around, as there is more knowledge and more experience this time around.

Given their strong connections with bankers **Allen & Overy** is one firm that is likely to get involved with restructuring and insolvency work. The firm benefits in particular from strong support from London.

Alrud is one of the local firms expected to capitalise on the need for local nous. The firm is representing Amtel-Vredestein on the possible insolvency of the company's subsidiary in Russia. Alrud worked alongside NatuaDutilh, who provided Dutch law advice.

Cleary Gottlieb Steen & Hamilton is advising Rusal on its restructuring process, in what is one of the most high-profile cases in Russia.

Clifford Chance is another of the heavy-weight banking firms, and is benefitting from its connections already. Logan Wright has experience of insolvency work that should benefit the firm.

Debevoise & Plimpton has helped an international bank on the restructuring of its assets in Russia. The firm has also helped a Polish media company on the restructuring of its digital television platform.

Egorov Puginsky Afanasiev & Partners is active in this market already. The firm represented En+ Group on the restructuring of one its power assets, Irkutskengro. The firm is also advising Rusal on several issues.

Freshfields Bruckhaus Deringer is another firm involved with Amtel-Vredestein case. The firm's Amsterdam, London and Moscow offices were all involved in the complex deal that included a share-for-share reverse acquisition of Sibur-Russian Tyres from Sibur Holding and the negotiation of the possible sale of assets.

Herbert Smith represented the Royal Bank of Scotland on the insolvency of Nordisk Mobil Telefon, including the sale of the company to Lev Blavatnik's Access Industries.