

Ukraine

Chamber of commerce:

Ukrainian Chamber of Commerce and Industry
33 vulVelyka Zhytomyrska
01601 Kyiv
Ukraine
Tel: +380 44 272 2911
Fax: +380 44 272 3353
Email: ucci@ucci.org.ua

Professional body:

Ukrainian Bar Association
2nd Floor, 2a Kostyantynivska St.
04071 Kyiv
Ukraine
Tel: +380 44 230 6003
Fax: +380 44 230 6001
Email: info@uba.kiev.ua
Web: www.uba.ua

Equity fundraising

Oleg Zagnitko
Beiten Burkhardt
Kyiv

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 shareholder 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 out-

side 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	Chadbourne & Parke CMS Cameron McKenna DLA Piper Salans Vasil Kisil & Partners
Tier 4	Andriy Kravets & Partners BC Toms & Co Beiten Burkhardt Clifford Chance Gide Loyrette Nouel Grischenko & Partners Schoenherr

Few countries have been hit harder than the Ukraine by the global downturn. The onslaught of the credit crunch, the decline in commodity prices and ongoing squabbles within the government and with Russia all combined to change Ukraine's economic outlook.

The change has left the country dependent on handouts from the IMF to stop it from defaulting. Even receiving the handouts has not been plain sailing, with the IMF adopting a carrot-and-stick approach to handing out each tranche of the \$16.5 billion bailout.

The squabbling between the president, Viktor Yushchenko, and prime minister, Yulia Tymoshenko, has not helped on this front. Now commentators are starting to dispute the mantra that political turmoil has no effect on business in the country. First it creates a perception problem for foreign investors. Second it has a material effect on the country's finances. "Look at the last few weeks. When there was some stability the Ukrainian Eurobonds went up. It affects many micro-factors," says one partner.

The currency has devalued rapidly in the past year, losing up to 40% of its value at some stages. With lending primarily coming from foreign banks, the sudden deterioration

in currency value has meant many will struggle to repay the loans.

Now banking and finance work is dominated by refinancing and restructuring deals, buy-out of debt, multi-party debt and non-residents setting up structures. "We are working as lawyers and business facilitators," comments a partner.

What makes it worse is that the majority of Ukrainian banks are in the same boat. "Ninety-nine per cent of banks are technically bankrupt," says one lawyer. This led to the government placing a moratorium on accounts.

The problem with banks being in such a bad way is that it makes it harder for them to restructure loans owed to them. Many believe that Ukraine is only at the beginning of a long process of restructuring that could last longer than in most European countries.

Eurobonds is another area that is undergoing heavy restructuring. Problems exist: "There is a lack of experience in restructuring Eurobonds," says a partner. Some local bonds are being restructured too. "They are not very sophisticated, but they are difficult to unravel," says one practitioner.

Finally, project finance has not kicked off as expected. The UEFA European football championship in 2012 is anticipated to bring about work in this market, but reports so far suggest little is happening yet.

Baker & McKenzie

Baker & McKenzie was the first international law firm to set up in Ukraine, and has carved out a reputation for quality and innovation that gains universal praise from peers. "Bakers is a standout firm," says one rival. "They did the first securitisation in the Ukraine."

With offices across Europe, Moscow and London, the firm has obvious advantages for high-end customers working on cross-border deals. But it is the quality of local partners that makes it equally capable on domestic issues.

"Serhiy Chorny is certainly one of the best," says a peer, while Glib Bondar "is starting to make a name for himself," according to a competitor. Ihor Olekhov and Oksana Simonova also receive praise.

Managing partner James Hitch led on the IPO of global depository receipts on the London Stock Exchange in June 2008, raising \$371 million for agricultural production and food processing group Myronivsky Hliboproduct.

Zaporizhstal Integrated Iron & Steel Works used the advice of the Baker & McKenzie team, led by Bondar, on obtaining a \$250 million syndicated pre-export finance

facility. The loan was arranged by the London branch of Citibank.

And, despite a general lack of liquidity, Bondar again led on a loan facility for Ukrainian Property Development Holdings. The facility was a secured non-revolving loan worth \$232 million from a Russian bank in January 2009.

Chorny is a leading lawyer for securities work and he led on the securitisation of PrivatBank's auto-loans portfolio, following on from securitisation of the bank's mortgage portfolio the year before. The firm is developing a line in assigned amount units (AAUs), working on the New Energy and Industrial Technology Development Organization's purchase of AAUs from the National Environmental Investment Agency.

Leading lawyers

Glib Bondar
Serhiy Chorny

Sayenko Kharenko

Sayenko Kharenko's position at the top of the rankings is highly deserved, note most commentators. "Sayenko Kharenko is a niche boutique that has a lot of the market," says a rival. "Dynamic" is a common word attributed to the firm, due in part to its willingness to innovate. Sayenko Kharenko was one of the first to do Eurobond and securitisation work.

"They are responsive, well connected – they are good lawyers," comments one client. Michael Kharenko is singled out as a top banking and finance practitioner. The firm has also beefed up the department with the addition of new partner Denis Serdyuk, who comes from Citigroup Ukraine. Nazar Chernyavsky is picked out as a rising star.

The firm is a leader in debt capital markets work, securing roles on most Eurobond issues from the Ukraine. In August 2008 Sayenko Kharenko advised BNP Paribas, UBS and Alfa-Bank on the \$2 billion MTN programme of UkrSibbank and issue of \$250 million.

Equity work has declined but Sayenko Kharenko worked on a couple of IPOs in 2008. The first saw the firm advise Morgan Stanley and UBS on Myronivsky Hliboproduct's IPO in May 2008. The second was the IPO of London oil and gas company Cadogan Petroleum, which has assets in Ukraine.

The firm also has strong banking credentials for financing, but the downturn has seen banks mandate Sayenko Kharenko on refinancing and restructurings. A recent deal in May 2009 was advising the European Bank for Reconstruction and Development

(EBRD) on a \$250 million facility to State Export-Import Bank of Ukraine.

Leading lawyer

Michael Kharenko
Vladimir Sayenko

Asters

After a couple of turbulent years that saw the former managing partner leave, and a rebranding of the firm, Asters has steadied the ship. It is an experienced operator in banking and finance work, with Armen Khachatryan considered both an excellent lawyer and a nice guy.

Clients like the firm too: "I would be very positive about them. I would say that Iryna Pokanay is excellent. They are good at transactions; they have very good quality and good depth," says one client.

The firm has been busy acting for the multilateral banks European Bank for Reconstruction and Development (EBRD) and International Finance Corporation (IFC), two of the more active lenders in the market now.

Pokanay has led on a number of EBRD deals, the most recent a \$50 million loan to NCH New Europe Property Fund. The facility is to aid harvests in Ukraine. Another transaction saw the firm advise the EBRD on a \$34.4 million syndicated loan to Terminal Brovary.

Leading lawyers

Armen Khachatryan

Magisters

Magisters is somewhat unlucky not to gain a top-tier ranking this year. The firm is a strong performer in banking and finance practice, with a near monopoly on sovereign work. Many commentators feel that Magisters is close to the two top-tier firms, and above nearly everyone else given that it has worked some sophisticated capital markets deals. But, says one peer: "They do not do cross-border securitisation".

In Olga Khoroshylova the firm possesses one of the strongest performers in the market. "She is an ambitious lawyer," says a competitor, while a client believes that she is "very good".

"Magisters are good at some technical areas, I even prefer to use them for certain areas," reports one client: "It is just some technical issues; I think they pay a little bit more attention to detail than others."

Recent sovereign work saw the firm represent the State Road Administration of Ukraine (Ukravtodor) as borrower and the

Ministry of Finance of Ukraine as guarantor on a facility raised by Credit Suisse International in January 2009.

Magisters has clients from outside the sovereign circle too, and represented Alfa-Bank on its Euro MTN programme. The work saw the firm update the value of the programme to \$2 billion and release the issuance of third notes worth \$250 million in July-August 2008.

Leading lawyers

Olga Khoroshylova

Other ranked firms

Chadbourne & Parke's Kyiv branch has settled down after some losses in recent years. Rumours suggest that the office is closing soon, but this has little basis in reality as one partner notes: "There were the same rumours last year and they are still here."

Managing partner Jaroslawa Johnson comes in for praise from peers. "She is doing a good job there," says one.

The firm receives regular work from the European Bank for Reconstruction and Development (EBRD). In January 2009 the firm advised the EBRD when it gave a \$50 million unsecured loan to Ukreximbank under the Ukrainian Energy Efficiency Programme (UKEEP), and under the same programme to OTP Bank. The firm is more active on the lender side, but worked for Interpipe on a pre-export loan facility for a new smelting complex.

CMS Cameron McKenna jumps into the third tier on the back of strong approval from the market. "I would expect to see CMS in this, even though they are new. They have hired a good team," comments one peer. The consensus is that the firm is growing faster and will become a real competitor for the higher ranked firms soon.

Leading lawyer: Adam Mycyk

DLA Piper is considered a solid firm that can count some large industrial groups as clients. It works primarily with lenders, but also advises borrowers.

"They offer a good service," says a client. "In some tasks they over-performed, in others under-performed. In the majority they out-perform." The firm worked with the International Finance Corporation (IFC) on an \$84 million financing to Swedbank and Swedbank Invest in the Ukraine.

DLA Piper acted for the joint venture between Apollo Real Estate Advisors and 1849 on a syndicate loan worth \$32 million. The deal is notable because the Kyiv office counselled on English and Ukraine law.

Leading lawyers: Oleksandr Kurdydyk

Commentators believe that **Salans** is making a real push to grab a slice of the restructuring market. Consequently, it is doing well on this front.

The firm has had a solid year, working on some notable transactions. Chief among them is advice given to lead arrangers BNP Paribas Suisse and Bayerische Hypo- und Vereinsbank on a \$300 million syndicated loan to a coal, coke and steel producer.

Salans is known for real-estate finance work and counselled Argo Real Estate Opportunities Fund on a \$75 million loan from Marfin Laiki Bank to build a shopping centre in Odessa.

Vasil Kisil & Partners is a local firm that is getting more active in banking and finance, with many commenting that it was under-ranked in tier four. "They are a powerful firm," says a rival.

Clients also like Vasil Kisil. "I was very satisfied," reports one international client. "They are flexible and we closed the deal in their office." Of partner Denis Lysenko, the client says: "He is very pleasant. He is quite a bright, thinking guy."

The firm represented Desnagrain on borrowing \$30 million from the European Bank for Reconstruction and Development (EBRD), with French company Champagne Céréales as sponsor.

Andriy Kravets & Partners benefits from acting as local counsel for international firms lacking a base in Ukraine. Allen & Overy and White & Case are two such players. "It was fine – we have no complaints, we were satisfied," says a client.

One notable deal saw the firm act alongside Allen & Overy for a syndicate of banks on a pre-export facility worth \$225 million to the Kernel group of companies.

BC Toms & Co "has decent clients and I think Bate [Toms, managing partner] works closely with colleagues to maintain quality," says one peer. The firm has opened a London office staffed by Clifford Dammers.

The market feels that German outfit **Beiten Burkhardt** has been affected by the economic downturn and become a less visible presence. The firm moves down for this reason, but should still benefit from its German connections.

On financing deals it tends to work with lenders from the German or central Europe market. However, it was mandated by Ukrainian investment bank Dragon Capital for a private placement of Mriya Agro Holding on the Frankfurt Stock Exchange.

Clifford Chance is the latest international player to try its luck in Ukraine. The firm is quite strong regionally and is hoping to make its presence felt. In some ways its timing is unfortunate, but it already has some connec-

tions with the country having run a Ukraine desk from Poland in recent years.

The firm has also moved finance partner Jared Grubb from the Moscow office, and appointed him office managing partner in August 2009 – an indication of the firm's increasing focus on debt restructuring work. Former managing partner Nick Fletcher will remain head of corporate but will relocate to Warsaw.

Mergers and acquisitions

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

From boom to bust is the most apt cliché to describe what has happened to the Ukrainian M&A market. For 2008, the predicted volume of M&A transactions was expected to hit \$20 billion for the first time – however \$3.7 billion was the true figure.

Partners comment that in the third and fourth quarter nearly every deal that was being worked on collapsed, even those at the signing stage. Numerous factors played into this: the financial sector was a hub of activity, but the sudden freeze in liquidity exposed banks in Ukraine; the collapse in metal prices; the property decline. The fluctuating value of the hryvnia was also a huge factor.

Now every firm reports being mandated to do due diligence and being put on alert by sellers, yet the problem is that buyers just don't exist. "Everybody is just sitting around waiting," says one lawyer.

Some predict that in terms of deals the quantity could return to the M&A market, but the price level will be dramatically down. The days of massive prices are gone for a long time.

A change in the type of buyer might have an affect on law firms too. One partner explains: "The new types of investors are hedge funds, distressed asset funds [that are] doing business in the Ukraine for the first time. So, they will naturally turn to the international firms."

The agricultural sector is one area that has potential for deals. It is underdeveloped and in need of investment, and interest from Middle East investors has already materialised. Retail is another interesting sector. People see the opportunity not only in a chain but in the real-estate chains possess, providing potential to raise cash.

Baker & McKenzie

Baker & McKenzie has the twin advantage of having an international network and being the longest-established international firm in the country, which gives it credibility acting on cross-border deals for both Ukrainian and international outfits.

Lately the firm has got involved with the sale of banks, an active area in Ukraine given the difficulty that sector is facing. Serhiy Chorny led a team that included lawyers from the London office on the sale of Parex Bank to Italian banking group Intesa Sanpaolo for \$750 million.

In terms of lawyers, the firm possesses a strong corporate bench. While maybe not as active on fee-earning as before, James Hitch is named by many as a leading lawyer and adds an experienced head to deals. Viacheslav Yakymchuk has been a partner since July 2008, moving up from counsel level.

Providence Equity Partners invests in media and communications globally, and Baker & McKenzie assisted it on a \$300 million investment into Volia, a cable TV and broadband supplier in the Ukraine.

And finally, despite the country's reputation for vodka, beer sales have been growing rapidly in recent years. Brewing company SABMiller has been expanding in Europe, and Baker & McKenzie advised the company on its acquisition of the Ukrainian drinks proucer Sarmat.

Leading lawyers

Serhiy Chorny
James Hitch

Magisters

Magisters is a strong brand name in Ukraine that is well known for its connections to the government. "They do their best work in this

sector,” says one rival. The firm has taken a blow recently with the loss of partner Volodymyr Baibarza, who retired for personal reasons.

Andrew Mac remains to head up M&A work and he is considered one of Ukraine’s leading lawyers in this practice area – particularly for structuring deals. Clients like the firm too: “They are responsive, well connected, they are good lawyers,” remarks one.

The firm’s strong reputation in the local market does not limit it to acting for Ukrainian entities. Italian banking group Intesa Sanpaolo brought Magisters on as counsel for its acquisition of the Ukrainian Parex Bank. The deal was one of the most significant in the banking sector in 2008 and was valued at \$504 million.

That transaction closed in June 2008 and in the same month the firm represented two individual shareholders, Boris Fuchsmann and Alexander Rodnyansky, on the sale of their shares in Studio 1+1. Fuchsmann and Rodnyansky’s share totalled 30% of the company, and was sold to Central European Media Enterprises (CEME) for \$220 million, bringing CEME’s stake up to 90%.

Leading lawyers

Andrew Mac

Sayenko Kharenko

Sayenko Kharenko is considered a dynamic firm that “brings a fresh and flexible approach” to its work says one client. The approach has worked, with the firm doing well in terms of attracting both international and local buyers.

Name partner Vladimir Sayenko heads the firm’s M&A department and is well regarded. “I hear a lot of good things about his M&A work,” says one peer. Fellow name partner Michael Kharenko mucks in on this side too. Over the past year the firm recruited two new counsels – Dmytro Korbut and Svitlana Kheda – from the International Law Institute in Washington DC.

The firm’s M&A practice has held up well, with Sayenko Kharenko brought in on a couple of deals in April 2009. The first saw the firm represent the tourist company Tui on the acquisition of a 75% stake in Ukrainian tour operator Voyage Kiev and Galopom po Evropam. The second deal that month saw the firm work for Central European Media Enterprises (CEME) on its 100% acquisition of the Kino TV channel and 10% stake in Glavred Media.

The purchase of the Commercial Fleet of Donbass by Mariupil Investment Group is an example of the firm working for a Ukrainian buyer.

Sayenko Kharenko is active working for companies that are looking to dispose of assets. Examples include representing shareholders of Barvinok on its sale to Abris Capital Partners and shareholders of Rodovid Bank on its proposed sale.

Leading lawyers

Michael Kharenko

Vladimir Sayenko

Asters

Asters is an experienced M&A outfit that competitors feel is pushing hard on the top-tier firms. It boasts an enviable list of international corporate clients that are keeping it active in the market.

In Armen Khachaturyan the firm has one of the brightest operators in Ukraine: “He is a very smart guy,” says one peer. He co-heads the M&A department with Oleksiy Didkovskiy.

Some recently-announced deals have seen the firm give Ukrainian counsel to GlaxoSmithKline and the Czech energy group CEZ.

Leading lawyers

Armen Khachaturyan

CMS Cameron McKenna

CMS Cameron McKenna opened its Kyiv office in 2007 and makes the rankings for the first time. Commentators feel that the firm hired extremely well and that a tier-two ranking is justifiable.

“They are currently involved with a lot of potential deals – they have a lot of potential,” is how one lawyer views the practice. A large portion of the firm arrived from Chadbourne & Parke, including managing partner Adam Mycyk – who is a leading practitioner in this market.

Hiring Olexander Martinenko from Baker & McKenzie is regarded as the real coup for the firm. “He is a real loss to Bakers,” says a rival. Martinenko is the senior partner at the firm in this practice area.

Two recent deals have seen the firm represent Abris Capital Partners on the acquisition of a chain of supermarkets in Ukraine and advise on the purchase of a life insurance company by ING.

Leading lawyers

Olexander Martinenko

Adam Mycyk

Vasil Kisol & Partners

Vasil Kisol & Partners is a local firm that is attracting praise from the market. “They are a consistent firm,” says one rival, while another comments: “They are an impressive local firm, doing well.” Vasil Kisol moves into the second tier based on the almost universal declaration that it was under-ranked.

The firm has been active on M&A taking place in the banking sector. In one deal Vasil Kisol represented the Latvian bank Latvijas Krajbanka on acquisition of a controlling stake in consumer lender Spozhiv Service.

In March 2009, the firm worked on the merger of two subsidiaries of Skandinaviska Enskilda Banken in the Ukraine: SEB Bank and Factorial Bank. The merger saw the accession of Factorial Bank to SEB Bank. Vasil Kisol was sole advisor.

The firm also worked on the establishment of three joint ventures after the sale of 50% of shares in three companies belonging to Ukraine’s Aladdin Group by the Belgian Immo Industry Group.

Other ranked firms

Although the last 12 months were a chance to resettle after significant losses in recent years, **Chadbourne & Parke** moves down because it has never really replaced the partners it lost, reducing its capacity.

However, it is felt that the firm can still offer quality, particularly because Jaroslawa Johnson remains. “Chadbourne is solid,” according to one rival: “Jaroslawa Johnson is a good lawyer with a solid layer of associates.”

The firm has worked on some decent deals. One saw the firm represent the Bank of Cyprus on buying 97.3% of AvtoZAZBank for \$58 million, allowing the Cypriots to enter the Ukrainian market.

Chadbourne & Parke’s London and Kyiv offices worked together on the Horizon Capital and International Finance Corporation (IFC) \$30 million equity investment into Evrotek, the holding company Chadbourne represented.

Leading lawyers: Jaroslawa Johnson

DLA Piper is a reliable firm that has the respect of the market. Partner Oleksandr Kurdydyk is named as a leading M&A practitioner. The firm has strong connections with the financial sector and has secured work from various Ukrainian banks.

Leading lawyer: Oleksandr Kurdydyk

BC Toms & Co moves down a tier this year based primarily on a lack of visibility. “Bate [Toms, managing partner] is great but is getting old, while Taras Dumych is good,” comments a peer. Part of the problem is that there is a lack of stability with the rest of the staff, say commentators.

The market feels that **Beiten Burkhardt** has been badly hit by the downturn in the economy and is struggling at the moment. The firm primarily works on the buyer side, for foreign firms looking to invest in Ukraine – especially German clients.

Gide Loyrette Nouel is widely considered to have investment from French entities covered, but recent deals show it is active outside that sphere. In January 2009 Polish group Telekomunikacja Polska mandated the firm in its €50 million acquisition of a Ukrainian telecom company.

The French container transportation and shipping company CMA CGM used the firm on the purchase of a stake in three companies and subsequent set-up of a joint venture.

Clients like the service offered by **Konnov & Sozanovsky**. Says one: “We found them very co-operative, also in explaining regulations ... I found a good openness of matters – they were practical on quite a few items in general.”