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Recent amendments to Bulgaria's securities legislation

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It looks as though Bulgaria's long wait at the threshold of the EU will soon be over. Despite strong criticism from the EU in the past few months, the Bulgarian government hopes that the country will join the EU on January 1 2007, or failing that, January 1 2008.

Regardless of when exactly Bulgaria will join the EU, Bulgarian domestic securities legislation has been substantially harmonized with the relevant EU directives and regulations. Bulgaria has one piece of primary legislation regulating securities and the securities markets – the Public Offering of Securities Act (the POSA), as well as a number of secondary pieces of legislation detailing it.

The POSA was enacted in December 1999 and came into force on January 31 2000. It has subsequently undergone a number of amendments and supplementations (the last important one was in May 2005) which brought the POSA in line with Directive 93/22/EEC, Directive 2004/39/EC, Directive 93/6/EEC, Directive 97/9/EC and Directive 85/611/EEC.

The POSA regulates, among other things, the following:

- the public offering of, and trade in, securities in Bulgaria (that is, dematerialized corporate shares, shares of collective investment schemes, bonds and other securitized debt, as well as other transferable rights related to shares, bonds or securitized debt);
- the issuance and transfer of dematerialized securities;
- the regulated securities markets;
- the Central Depository for Securities (that is, the national depository system for dematerialized securities);
- investment intermediaries (investment firms);
- investment companies and management companies;
- securities dealers; and
- public companies and other issuers of securities.

The main changes to the POSA introduced in May 2005 were:

- (i) as of January 1 2006 the provisions of the POSA related to licensing investment intermediaries ("investment firms" under Directive 93/22/EEC) have been harmonized with Directive 93/22/EEC by:
 - (a) detailing the list of core and non-core investment services that investment intermediaries can provide, and introducing a requirement that investment intermediaries be licensed not only for the core investment services, but also for any non-core investment services they wish to provide; and

- (b) increasing the initial capital requirements of investment intermediaries in line with the Directive (BGN250,000 (\$164,000), BGN1.5 million and BGN100,000 (€51,000) respectively), depending on the investment services carried out.

In line with the above changes, existing investment intermediaries had to apply for relicensing not later than January 31 2006 to allow them to choose the investment services they would like to be licensed for.

- (ii) The single authorization concept of Directive 93/22/EEC has been introduced, providing that, as of the date of entry into force of the agreement for accession of Bulgaria to the EU, any investment firm that has its seat in an EU member state (or in another state belonging to the European Economic Community) and that is licensed as an investment firm in its home state can provide the investment services for which it is so licensed in its home state, either through setting up a branch office in Bulgaria or under the freedom to provide services principle.

Vice-versa, the POSA states that after Bulgaria's accession to the EU, Bulgarian investment intermediaries will be entitled to provide investment services, for which they are licensed in Bulgaria, in other EU member states, without the need to be licensed in such EU member states, by setting up a branch office in the respective EU member state or under the freedom to provide services regime.

- (iii) In accordance with Directive 97/9/EC, the changes to the POSA provided for the establishment of a special guarantee fund to provide compensation to non-professional investors in securities in circumstances where their investment intermediary could not perform its obligations to them. All investment intermediaries in Bulgaria holding non-professional clients' money and/or securities must make initial and annual contributions to the fund. This applies also to branch offices of foreign investment firms if (i) their home countries do not maintain investor-compensation schemes, or (ii) if such schemes exist, but do not cover foreign branch offices, or (iii) if such schemes exist and cover foreign branch offices, but the coverage provided is less than the coverage provided for under the POSA (in which case, only the difference is covered by the fund under the POSA).

The initial contributions to the fund are at the amount of 1% of the initial capital requirements for the respective investment intermediary. The annual contributions are determined by the management board of the fund each year not later than December 31 of the previous year, and cannot exceed 0.5% of the total amount of the non-professional clients' money held by the investment intermediary plus 0.1% of the total value of the

non-professional clients' assets held by it.

The compensation to a client is limited to 90% of its claim, but not more than BGN40,000. This level will however be reached gradually by January 1 2010, as follows:

- by December 31 2006: BGN12,000
 - from January 1 2007 to 31 December 2007: BGN24,000
 - from January 1 2008 to 31 December 2009: BGN30,000
 - from January 1 2010: BGN40,000.
- (iv) In accordance with Directive 85/611/EEC the POSA has introduced a new investment scheme – the contractual fund (that is, a *common fund* according to the terminology of said Directive). The main point to note regarding the contractual fund is that it is not a legal entity, but an aggregation of segregated assets aimed at collective investments in securities.
- A contractual fund is managed by a management company under the terms of a special permit issued by the Financial Supervisory Commission. The assets and liabilities of the contractual fund are separate from the assets and liabilities of the management company.
- The net asset value of each contractual fund must be at least BGN500,000, to be reached within an year from the issuance of the permit to the management company to set up the fund.

Banking and capital markets

Recommended firms

Tier 1

Borislav Boyanov & Co
Djingov Gouginski Kyutchukov & Velichkov

Tier 2

Eurolex Bulgaria
Georgiev Todorov & Co
Kambourov & Partners
Landwell & Partners
Spasov & Bratanov

Tier 3

Batkov Stoev Botev & Associates
Boteva & Kantutis
Chernev Komitova & Partners
Deloitte & Touche OOD
Dimitrov Petrov & Co
LegaCom Antov & Partners
Lega Interconsult – Penkov Markov & Partners
Novel Consult

Tier 4

PI Partners

Mergers and acquisitions

Recommended firms

Tier 1

Borislav Boyanov & Co
Djingov Gouginski Kyutchukov & Velichkov

Tier 2

Georgiev Todorov & Co
Kambourov & Partners
LegaCom Antov & Partners
Lega Interconsult – Penkov Markov & Partners

Tier 3

Batkov Stoev Botev & Associates
Braykov's Law Office
CMS Cameron McKenna
Dimitrov Petrov & Co
Landwell & Partners
Novel Consult
Spasov & Bratanov

Tier 4

Boteva & Kantutis
Deloitte & Touche OOD

Project finance

Recommended firms

Tier 1

Djingov Gouginski Kyutchukov & Velichkov

Tier 2

Borislav Boyanov & Co
CMS Cameron McKenna
Kambourov & Partners
Lega Interconsult – Penkov Markov & Partners
Novel Consult
Spasov & Bratanov

Tier 3

Eurolex Bulgaria
Georgiev Todorov & Co
Landwell & Partners
LegaCom Antov & Partners

Borislav Boyanov & Co

Borislav Boyanov & Co has nine partners and 22 associates in its Sofia office and a further two partners and four associates across Sevlievo, Varna, Burgas and Plovdiv. However, the firm is planning to move to new premises in the near future which will allow for expansion. Internationally, Borislav Boyanov & Co is a member of law firm networks TerraLex, the World Services Group and the South East Europe Legal Group.

The firm is excellent across the board but banking and capital markets are the real jewels in the firm's crown, as seen by yet another year ranked in the top tier. Indeed, clients recognise this by highlighting that "Borislav Boyanov & Co has an excellent reputation for honesty and integrity." At the turn of the year, Borislav Boyanov & Co proved its prime placing by completing advice to a Citigroup and Landsbanki syndicate that was lending

€875 million to the Bulgarian Telecommunications Company. Just before this, in November 2005, the firm worked with Freshfields Bruckhaus Deringer's London office on counselling a foreign borrower and local guarantors in relation to a multipurpose €110 million syndicated facility. It is high-profile work such as this that leads competitors into saying that "it is logical for Borislav Boyanov & Co to be in tier one".

Increasing capital markets activity is also proving a fruitful source of work for Borislav Boyanov. At the time of writing, the firm was advising Credit Suisse International in relation to the Bulgarian elements of a €265 million bridge facility agreement granted to, among others, Belvedere.

The focus of much of the market's banking and capital markets respect is for Boris Boyanov who has "great experience in this sphere." One commentator notes that Boyanov "has lots of banks as clients and as a result has expertise." The market is also aware of the experience Boyanov can draw from being co-chair of the International Bar Association's eastern European forum.

However, Boyanov is also "highly regarded as a well accomplished M&A lawyer"; indeed, the firm is almost as renowned for its quality M&A work as it is for banking and capital markets. For example, in the past year, Borislav Boyanov advised Global Steel Holdings on the acquisition of a 71% shareholding in Kremikovtzi – the largest steel manufacturer in Bulgaria – which involved obtaining finance through the issue of eurobonds via a Luxembourg acquisition vehicle. Impressively, the firm was also mandated to handle the Bulgarian aspects of the merger between Unicredito Italiano and Bayerische Hypo- und Vereinsbank, which resulted in the largest Bulgarian banking group in history with a value of €3.5 billion. Yordan Naydenov ensured that all regulatory permits were complied with during implementation and is now handling the reorganization of the group into one single entity. This latter phase is expected to be completed by June 2007.

From among the strong team, Alexander Chatalbashev is "recommended as a rising star" by market observers and, like Boyanov, he had a busy year. For example, he led the firm's advice to Wing Equity on its acquisition of Devin (Bulgaria's leading bottled water producer), and at the time of writing he was acting for Warburg Pincus on the acquisition of cable operator Eurocom Plovdiv. Without doubt, Chatalbashev is an excellent facet for the firm, that clients describe as "effective – it has proven to be well qualified over the years."

Leading lawyers

Boris Boyanov
Raina Dimitrova
Yordan Naydenov
Damien Simeonov

Key contact partners

Alexander Chatalbashev
Raina Dimitrova
Yordan Naydenov
Damien Simeonov

CMS Cameron McKenna

On January 1 2006 CMS Cameron McKenna merged with Hayhurst Robinson, who had had a presence in the Bulgarian market for eight years. The new entity is made up of five regional partners and 15 associates, who are supported by numerous paralegals and administrative staff. Most importantly, the firm is overlooked by managing partner David Butts, the former head of Hayhurst Robinson's Bulgarian operations. CMS Cameron McKenna is therefore in the enviable position of being led by an experienced lawyer with local knowledge who also has strong ties to the old firm which helps maintain a smooth changeover.

Indeed, the market outlines the firm's "very smart leadership", and note that it has "done well for a small team". The future for CMS's Bulgarian outfit certainly looks bright for the time being.

Hayhurst Robinson was always best-known for its work in project finance, and it is little surprise that CMS Cameron McKenna has taken over the mantle. The ex-Hayhurst Robinson lawyers in the team have a vast amount of experience in this area. For example, they advised Credit Suisse on the proposed €825 million Trakija highway project, and counselled the European Bank for Reconstruction and Development and the Nordic Investment Bank in relation to the €30 million financing of a pulp facility. The new team has used this know-how in multiple dealings with Landmark Property Management, and also advised an international bank on the acquisition and expansion of a large hotel in Sofia.

The firm also has a pedigree in M&A work. Among recent highlights, the corporate team advised the Quinn Group on its acquisition of the Hilton hotel in Sofia, and acted for Imperial Tobacco on its bid for Bulgartabac. In addition, CMS Cameron McKenna has enveloped the experience of Hayhurst Robinson, who last year advised OTP Bank in relation to its €311 million acquisition of DSK Bank.

The firm does have a banking and capital markets arm, and although it is probably less visible than other areas of the firm, it still boasts an impressive client list that includes Plena Holding, Credit Suisse, OTP/DSK Bank and the International Finance Corporation.

Naturally, the firm is part of the CMS international alliance; however, the Bulgarian arm of the firm is also a member of the British-Bulgarian Chamber of Commerce and the Confederation of the Employers and Industrialists in Bulgaria.

Leading lawyer

David Butts

Key contact partner

David Butts

Dimitrov Petrov & Co

Dimitrov Petrov & Co is the product of a new partnership between Dimitrov Petrov & Co and Eastlaw. It was set up at the start of 2006 to handle purely financial law issues, although both of the original firms remain separate in giving advice on issues such as commercial litigation, tax and telecommunications. The new arrangement means that there are six partners and seven associates dedicated to financial law advice.

This merger has created quite a stir in the Bulgarian market, and almost everyone has an opinion on the matter – with the consensus being that it is "a clever strategy". Eastlaw's Angel Kalaidjiev is described as a "theorist" and an "expert in the field of banking and capital markets" and the feeling among peers is that he will "mix well" with the commercial partners at Dimitrov Petrov & Co to create a "good combination." The experience of Eastlaw partner Margarita Kalaidjieva will also add to the abilities of the new firm.

Over the past year the firm has handled lots of work for Hebrus Bank, including in relation to loans granted to Mesokombinat Sofia and to Strumateks. Dimitrov Petrov & Co also acted for the bank on the execution of a bank guarantee on the request of Glavbulgarstroi. Another regular client is ING Bank; after advising it as an investment agent in Eurobank's €3.5 million public bond offering, the firm also acted on its loan to Overgas Holding.

The new entity retains Dimitrov Petrov & Co's excellent reputation in the telecommunications market. Clients include Nexcom-Bulgaria, Neterra and Memorex Telex Communication, the latter of which the firm advised in relation to the 100% acquisition of Televoice. In another M&A deal, the firm advised the Bulgarian National Bank in relation to its sale of Borica, and acted for Discomp in the sale of all its Bankya Mineral Waters Company shares to the Coca-Cola Hellenic Bottling Company.

Dimitrov Petrov & Co is a member of the American Chamber of Commerce in Bulgaria, the Bulgarian International Business Association and Meritas – an international alliance of business law firms. Such eagerness to embrace the world market epitomizes the firm's "very good development" and market commentators are noticing that the firm is "becoming meaningful and sizeable."

Leading lawyer

Angel Kalaidjiev

Key contact partners

George Dimitrov

Angel Kalaidjiev

Bogdan Petrov

Djingov Gouginski Kyutchukov & Velichkov

"Djingov Gouginski Kyutchukov & Velichkov deserve to be in tier one... they do larger projects and larger transactions." With peer commentary such as this, it is hardly surprising that Djingov Gouginski Kyutchukov & Velichkov has once again retained top tier status in all three practice areas this year. The firm is well respected in the market, and unsurprisingly attracts a raft of top-drawer clients such as Merrill Lynch, Deutsche Bank, Citigroup, JP Morgan, Lukoil and Carlsberg Breweries. Being one of the best-known firms in Bulgaria does not mean that the firm is content to rest on its laurels, though – expansion is on the cards for the coming year. In response to the disappointment of losing Lora Ialamova and Nadia Hadjova, the firm has hired five new associates to bolster the team that can offer services in Bulgarian, English, French and Russian. Despite such obvious qualities, there are drawbacks. One client joked that it is harder to obtain the services of Djingov Gouginski Kyutchukov & Velichkov as it "gets snapped up very quickly when deals and transactions arise."

Name partner Assen Djingov is widely accepted as being "the most hands-on partner" at the firm, and is recognised for his work in banking, capital markets and M&A. However, with regard to banking & capital markets, Vessela Stancheva was described as "a star" due to her "great theory and great approach." Indeed, it is in this area that Djingov Gouginski Kyutchukov & Velichkov has "the biggest personnel, and is engaged in the biggest range of transactions." For example, in March 2006, the firm completed its long-term counselling of Dresdner Kleinwort Wasserstein in relation to First Investment Bank's large loan facility. Similarly, in May 2006, HSH Nordbank turned to Djingov Gouginski Kyutchukov & Velichkov for advice on the provision of a loan to Central Cooperative Bank. Other banking highlights over the past 12 months included advising the European Investment Bank on its eurobond-secured loan to Bulbank, and the continuation of ongoing banking and regulatory legal advice to Dexia Kommunalkredit Bank.

There is still relatively low activity in Bulgaria's capital markets, but Djingov Gouginski Kyutchukov & Velichkov has managed to keep moderately busy on the few deals that are around. Most of the work continues to be relating to Isda matters, and the practice's clients in this regard include Citibank, UBS, Barclays, JP Morgan and Société Générale. However, the firm has been

able to attract some specific capital markets work. Most notably, it gave advice to Merrill Lynch in relation to the securitization of a note financing scheme related to Kremikovtzi. Djingov Gouginski Kyutchukov & Velichkov also represented Bunge in all securities matters relating to the Kaliakara delisting, and acted for Lukoil Europe Holdings on the tender offer and delisting of Lukoil Neftochim Bourgas. Structured finance has also brought the firm a flow of work over the past year, and clients in this area have included Raiffeisen Zentralbank Osterreich, Jet Finance and the Black Sea Property Fund.

As mentioned above, Assen Djingov is seen as a star M&A lawyer, but the whole department deserves praise for the amount of big deals it has been involved in recently. From advising Novator Partners on the acquisition of a 34% stake in the Bulgarian Economic Investment Bank in autumn 2005, to counselling the MKB Bank on its acquisition of 60% of the capital of Unionbank in May 2006, the M&A department has had another outstanding year. The team has also worked with GE Commercial Finance in relation to its acquisition of a 50% stake in MO Sofia, the project company that is developing a modern shopping centre in the capital. Other deals of note have seen Djingov Gouginski Kyutchukov & Velichkov represent Magyar Telekom in relation to the €8 million acquisition of the largest cable and internet provider in Bulgaria, and advising the European Bank for Reconstruction and Development on its acquisition of a minority interest in Electricity Company Distribution Varna and EDC Gorna Oriahovitsa in December 2005.

Leading lawyers

Assen Djingov

Stephan Kyutchukov

Vessela Stancheva

Key contact partners

Assen Djingov

Nikolai Gouginski

Stephan Kyutchukov

Vessela Stancheva

Marius Velichkov

Eurolex

Eurolex was founded in 1997 and is made up of five partners and eight associates. The head of the firm is Andrey Delchev, who was elected president of the Bulgarian Petrol & Gas Association in 1998. He still holds that position, and for this reason it is not surprising that the firm has a good reputation in the market for energy law.

However, Eurolex also has a growing banking and capital markets department, and it is in this area that one peer describes it as "a good firm with great ethics." Eurolex has regular clients such as Municipal Bank Bulgaria and West East Bank Bulgaria, but it has also advised the Bulgarian Energy Efficiency Fund in receiving two grant facilities from the International Bank for Reconstruction and Development (€10 million) and the Austrian government (€1.5 million). At the time of writing, the firm was also acting for Forem Consulting regarding its implementation of PLC technology in Bulgaria, in a deal financed by Bulgarian and Spanish financial institutions.

Eurolex has solid M&A capabilities too, as seen by its representation of Crown Media regarding its 90% acquisition of a popular Bulgarian TV station, but it has a larger focus on real estate where clients include Sofcom, ATIA Holidays and Banya Holding.

Key contact partners

Stoyan Barzakov

Andrey Delchev

Georgiev Todorov & Co

Georgiev Todorov & Co is described by one market analyst as “the best at banking.” Indeed, the firm does have an impressive client list that includes ABN Amro, Commerzbank, Bank of Austria and the European Bank for Reconstruction and Development. However, it seems that the seven partners and 41 associates of the firm celebrated its fifteenth year on the Bulgarian market by focusing on other areas in 2006.

For example, Georgiev Todorov drew on last year’s experience advising the Trakija Highway consortium to consult BM Port in granting the right to build the €60 million Lesport port terminal at Bourgas. The firm also counselled Elbit Systems and Lockheed Martin on the €50 million modernization of Bulgarian military helicopters.

In more conventional work, Georgiev Todorov & Co worked closely with the Privatization Agency of Bulgaria, and represented Nu Image Bulgaria in relation to the privatization of Boyana Film. Lawyers at the firm also worked for the Bulgarian Telecommunications Company in obtaining a GSM3 licence.

At the time of writing, the firm was consulting Fraport (Frankfurt Airport Services Worldwide) on the right to run the Bourgas and Varna coastal airports, in a deal worth €100 million. Georgiev Todorov & Co remains the local representative for Microsoft, UPS Europe, Mitsui & Co and the Finance Supervision Commission. It is also a member of the Bulgarian International Business Association and Lawyers Associated Worldwide.

Leading lawyer

Ivan Todorov

Key contact partner

Ivan Todorov

Kambourov & Partners

According to competitors, Kambourov & Partners is “doing quite well at the moment and is becoming more aggressive and popular on the market” and it is little surprise that this is the case. The firm has a strong, focused team of two partners and 23 associates that can offer services in Bulgarian, English, German, Italian and French, while its international reach and visibility is assured through its membership of Lexwork International, a network of mid-sized law firms throughout the US and Europe. More importantly, clients are very impressed by the service they receive. One large multinational company described Kambourov & Partners as “a very special law firm.”

In debt capital markets, the firm has had a relatively busy year as seen by its role acting for Kremikovtzi on a €350 million bond issue managed by Merrill Lynch. On the equity side, Kambourov & Partners has been especially active. The team advised Bulbrokers on the €320 million initial public offering of 35% of the Bulgarian Telecommunications Company shareholding and, at the time of writing, was advising Chimimport on the transfer of a 30% minimum stake (worth BGN10 million) in Bulgarian River Navigation.

However, despite vast experience in capital markets, the market is more aware of the fact that Kambourov & Partners is “strong in the banking sector.” Over the past year, the firm has proved this opinion by attracting clients such as the First Investment Bank and the Central Cooperative Bank. It advised the former on the loan of €5 million to finance a corporate group restructuring and railway infrastructure investment, and the latter on loans for the development of various agricultural regions as part of Sapard, an EU pre-accession

programme. Furthermore, Kambourov & Partners worked closely with Orel G Holding on the BGN20 million transfer of the Saglasie pension fund to Chimimport, and advised Sunny Beach on the BGN50 million transfer of its electricity distribution company to EVN.

Kambourov & Partners has also been praised by the market for its strong M&A credentials. In particular, commentators singled out Stefan Gugushev as a “star in the M&A market” for his involvement in last year’s counselling of E.On Energie in relation to the €565 million privatization of thermal power plants in Varna, Russe and Bobov Dol. In March 2006, the firm also provided assistance to Egged Holding on the BGN20 million privatization of the Plovdiv public transport system. At the time of writing, Kambourov & Partners was advising Nokia on its merger with Intellisync’s Bulgarian subsidiaries, and is counselling Nu Image and Millenium Films on the €30 million privatization of Boyana Movie Studios. Self evidently, 2006 has been busy for the M&A department, which makes its decision to expand by hiring Nikolay Bandakov as an associate in August 2005 even more prudent.

Kambourov & Partners is also actively trying to get a stranglehold on the project finance market, which is quite stale in Bulgaria but is poised to pick up (especially in the real estate sphere). At the turn of 2006, Radosveta Kojuharova was brought in as an associate, and in April of the same year the firm was almost immediately rewarded when it secured the right to advise two large London pension funds on a new deal to build a second Hilton hotel in Bulgaria.

Leading lawyers

Stefan Gugushev
Yavor Kambourov
Kiro Kirov
Vladimir Rangeloff

Key contact partners

Stefan Gugushev
Yavor Kamourov
Vladimir Rangeloff

Landwell Bulgaria

Landwell Bulgaria has two partners and 19 associates that can offer services in Bulgarian, English, French, German and Russian from its central Sofia office. A market analyst describes the firm as “an extremely good choice for capital markets work” and that the “outstanding” Nikolay Bebov is “excellent at bond issues.” In August 2005 the firm appointed Iskra Neicheva as an associate from the Financial Supervision Committee (FSC).

So far, 2006 has proved busy for the firm’s capital markets lawyers. The firm represented Raiffeisen Kapitalanlage in the FSC authorization for the Bulgarian public offer of three equity and one mixed Austrian undertakings for collective investment in transferable securities (UCITS). At the time of writing, Landwell Bulgaria was following up this by advising Pioneer Asset Management on new products based on the public offer of Pioneer Funds, a Luxembourg UCITS. In another standout deal, the firm acted for First Investment Bank and First Investment Finance in two issues of step-up guaranteed perpetual subordinated bonds with a combined value of €48 million.

The firm also boasts strong banking capabilities, and has given regulatory advice to the likes of Société Générale, Bulbank, Balkan Advisory Company and Prime Property over the past 12 months. In May 2006, Landwell Bulgaria counselled Sogelease Bulgaria on the structuring of its financial and operating lease business, as well as overlooking the setting up of Sogelease Bulgaria Auto, a new auto-leasing subsidiary.

Landwell Bulgaria has continued to build up its M&A practice, and January 2006 was an extremely busy time for the firm. First, it represented the Finnish MReal Group subsidiary Map Merchant in relation to the acquisition of a majority stake in Concord Papier. More impressively, the month also saw the firm advise Hilton International on its multi-million euro sale of its minority stake in Compagnie des Hôtels de Luxe.

The project finance department at Landwell Bulgaria is also growing, and Hristo Gradinarski was brought in as a new associate in November 2005. Once again, the firm has provided further legal advice to the Ministry of Finance in relation to its agreement to tender the rights to complete the Trakija highway. At the time of writing, Landwell Bulgaria was giving legal support to Montupet in relation to the construction of an auto-parts production plant in Russe. The plant will be financed by €35 million of Montupet's money, with a further €12 million being provided by the Bulgarian state.

Leading lawyers

Nikolay Bebov
Irina Tsvetkova

Key contact partners

Nikolay Bebov
Galina Bunkova
Irina Tsvetkova

Lega InterConsult – Penkov Markov & Partners

Lega InterConsult-Penkov Markov & Partners' reach extends throughout Bulgaria. It has 20 associates across nine provincial cities and towns in Bulgaria, but it is in Sofia where the firm has its headquarters, comprising five partners and 34 associates. The firm has well-developed international connections, including being the sole Bulgarian member of Lex Mundi and being an associated member of Eurojuris. Lega InterConsult Penkov Markov & Partners has also signed cooperative agreements with Niebaum Kohler Punge Söder in Germany and Lansky Ganzer & Partner in Austria.

Despite the quiet nature of the market in Bulgaria at the moment, the project finance department successfully completed a couple of medium-sized deals. In November 2005, the firm represented Global Finance on the financing and reconstruction of the United Milk Company and its facilities. The department followed this up in March 2006 by advising DCM on the financing of a crucial construction project.

The M&A department also had another successful year. One highlight was the firm's role acting for the Coca-Cola Hellenic Bottling Company on the acquisition of the second-largest Bulgarian mineral water bottling company, and another saw the firm advise Equest Partners in relation to its acquisition of a controlling stake in insurance and reinsurance company Vitoshka in September 2005.

In the banking field, meanwhile, the firm continues to maintain an impressive client list, and is viewed by the market as having "great banking experience". In late 2005 it advised PFS, the European Bank for Reconstruction and Development and the International Finance Corporation on separate loans for working capital facilities to PFS from BNP Paribas and HVB Bank Biochim. Similarly, in January 2006, Lega InterConsult Penkov Markov & Partners represented TBI Bulgaria in relation to a loan from TBIH Financial Services for investment purposes.

The finance department was also kept busy by two pieces of securitization work for Yioula Glassworks (for which it acted on the securitization of a bond issue by Drujba Glassworks) and TBI BG (for which it acted on the securitization by pledge of TBI BG

shares to secure a loan from TBIH Financial Services Group). Among other structured finance highlights, Vladimir Penkov advised TBI Credit on its securitization of financing to TBI GmbH Austria, and represented CCHBC in relation to the securitization of instruments related to the acquisition of a mineral water company.

The firm's insolvency and restructuring department has also had a successful year. It advised Toshiba Tech in relation to Alfa Link's insolvency, the EBRD on Storko Pleven's insolvency and the IFC in the Celhart insolvency. Most impressively, the firm was also called upon by regular client Global Finance for guidance on the financing and restructuring of food store chain Magazini Familia.

Leading lawyers

Ivan Markov
Vladimir Penkov

Key contact partners

Svetlin Adrianov
Ivan Markov
Vladimir Penkov

Spasov & Bratanov

The "very well prepared, qualified and responsive" Georgi Spasov heads up a "good, hardworking" team with "regional knowledge and experience with transactional capabilities" at Spasov & Bratanov. The four-partner, six-associate firm was established in 1999 and is a member of the British Bulgarian Chamber of Commerce and the Bulgarian International Business Association. Clients are attracted to the firm due to its "excellent, experienced lawyers who are capable at UK and US law" according to one international bank.

Spasov and colleague Vassil Hadjov are well respected by the market for banking and capital markets work as they "act regularly for international banks, and for good reason." A major client confirmed this by recommending the firm "for internal documentation as it is very responsive and helpful." Indeed, this year Spasov & Bratanov advised ING Bank in connection with the €110 million secured loan financing to the Hungarian and Bulgarian subsidiaries of FN Cable Holdings. Other notable transactions saw the firm represent FMO, the Dutch development bank, regarding a €15 million term loan financing for JetFinance International, and act for a syndicate of four international banks on a €100 million loan to a local bank. With regard to capital markets, the firm has had a strong year that has seen it involved in some large transactions. In particular, it advised Deutsche Bank and NBGI as lead managers of United Bulgarian Bank's €100 million bond issue on the London Stock Exchange. On the equity side, Spasov has specialized in responding to a variety of queries this year. For example, he conducted Bulgarian custody law research for the Russian branch of a major French law firm and for the Paris branch of a major UK law firm.

The M&A department at Spasov & Bratanov is not as widely heralded for its work as the finance section. That said, the firm has been relatively active over the past 12 months. For example, it advised a major international financial institution in gaining a controlling stake in a local bank, represented a French transport company in obtaining a stake in a local public transport company, and counselled a large US energy producer in its acquisition of a local renewable energy producer.

In the project finance arena, meanwhile, the firm is still riding high after closing its advice to a well-known US corporation in developing and financing a €1 billion lignite power station. The

fact that this is the largest project finance deal in Bulgaria to date gives Spasov & Bratanov added kudos in the market.

Leading lawyers

Vassil Hadjov
Georgi Spasov

Key contact partners

Boyko Bratanov
Jana Djambazova
Vassil Hadjov
Georgi Spasov

Other notable firms

Boteva & Kantutis is a two-partner, four-associate firm that has advised clients such as Polykem, Art Build Up and Nexcom on their acquisitions of majority stakes in Bulgarian companies. The firm also represented Sanpaolo in relation to its takeover of a large shareholding in Unionbank, and also took care of all the regulatory implications of that takeover. Boteva & Kantutis has an association agreement with Nadas Law Office in Hungary.

With regard to M&A, **Braykov's Law Office** is extremely well respected in the market. In particular, commentators are keen to point out that the firm has a "massive client" in British American Tobacco. However, Braykov's Law Office is also frequented by other high-profile clients such as IBM, Xerox, HBO, Playboy and General Electric. The firm was founded in 1990 and consists of three partners and 10 associates, of who senior partner Valentin Braykov is seen as the star. According to peers, "he is famous, and a good lawyer with a good knowledge of the domestic market, whilst also knowing the international scene."

LegaCom Antov & Partners is highlighted by the market for its strength in M&A. There are over 20 lawyers at the Sofia office, but it is Christov Antov and Svilen Todorov that attract particular attention from commentators. In the past, the firm has advised a wide range of clients including Pfizer International Corporation, Unilever, Colgate-Palmolive, CSFB, EBRD, Bulbank and Creditanstalt Investment Bank. LegaCom Antov & Partners also maintains strong referral links with international heavyweights such as Richards Butler, White & Case, CMS Cameron McKenna and Freshfields Bruckhaus Deringer.

PI Partners is an Ernst & Young-associated Greek firm that is keen to increase its presence in Bulgaria. At present, Anelia Dinova is the sole partner at the office; she heads up a team of six associates. Clients seem to be content with the firm's quality and one said that "we were very satisfied... we would use them again." Over the past 12 months the firm has given legal advice to the Baltic International Bank on restructuring matters, advised EFG Factors in relation to the registration of a Bulgarian branch, and drafted contracts for Eurobank and its local subsidiary Bulgarian Post Bank. Other major clients that have turned to PI Partners for advice have included Ericsson Credit Sweden and Ericsson Telecommunications Bulgaria.