

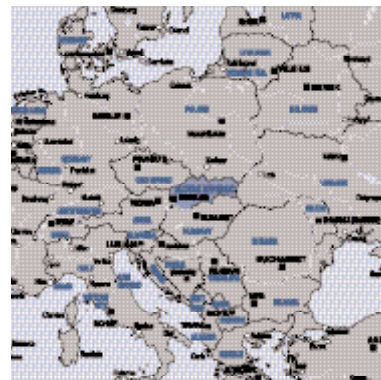
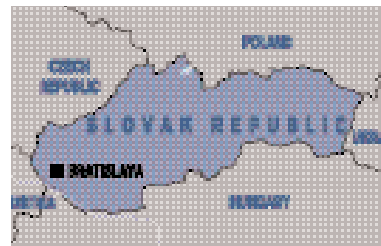
# Slovak Republic

## Chamber of commerce:

Slovak Chamber of Commerce and Industry  
Gorkého 9  
816 03 Bratislava  
Slovak Republic  
Tel: +421 2 5443 3291  
Fax: +421 2 5413 1159  
Email: [sopkurad@sopk.sk](mailto:sopkurad@sopk.sk)  
Website: [www.sopk.sk](http://www.sopk.sk)

## Professional body:

Slovak Bar Association  
Kolárska 4  
813 42 Bratislava  
Slovak Republic  
Tel: +421 2 5296 1532  
Fax: +421 2 5296 1554  
Email: [michalkova@sak.sk](mailto:michalkova@sak.sk)  
Website: [www.sak.sk](http://www.sak.sk)



## Corporate finance legislation in the Slovak Republic

**Igor Pálka**  
**Allen & Overy Bratislava**  
**Bratislava**

In addition to the harmonization of Slovak legislation with EU law, a number of pro-business reforms have recently been the driving force of the Slovak legislative process. Several developments in Slovak legislation are summarized below.

### Privatization

With effect from January 1 2004 the privatization process for the most important Slovak companies (so-called natural monopolies), which include the electricity generation and distribution and gas transmission industries, as well as the incumbent fixed-line telephony operator, the operator of the national crude oil pipeline network and the railways, has been streamlined and liberalized. Except for the airport operators – where it is envisaged that the state will keep at least a nominal equity stake – and for the train operating company – where 51% equity participation by the state is required – the government is now free to choose whether or not it is better to keep shares in the expectation of receiving dividends or to sell them. The only procedural requirement is to submit a privatization plan to parliament, which may discuss and give a non-binding opinion on it, without any statutory restrictions on the substance of the plan (save for the exceptions mentioned above).

A number of state organizations whose assets were owned directly by the state have also been, or will be, transformed into joint-stock companies, where the state will exercise its control through shares instead of the direct ownership of assets. This process started in 2001 when the train operating company was separated from the operator of the railway track, and is being continued in 2004 in relation to airports, motorways and the national postal service. This makes it easier to proceed with privatization (as was recently announced, for example, in relation to airports) or to operate state assets more commercially, including the possible use of structures such as PPP (for example, in the running of the motorways).

### Company law

Following an extensive change in company law that came into force on January 1 2002, a new system of company registration has been introduced and has been in force since February 1 2004. The registration process has been simplified and the role of courts in charge of registration has become more mechanical. The law requires that a company must be incorporated, or corporate changes registered, within five business days after submitting a complete application. The reform of the registration system also introduced a number of standard form applications making it much less ambiguous whether or not the application is complete.

### Foreign direct investment support

To improve the business environment, inspire entrepreneurial behaviour and stimulate foreign investment, the government has implemented a comprehensive reform of the Slovak tax system. A unified flat income tax rate of 19% is at the heart of the reform. The flat tax rate applies to both corporates and natural persons. In addition, some taxes such as withholding tax on dividends and gift tax have been abandoned entirely. Real property transfer tax has been greatly reduced, with a view to abandoning it completely at a later stage.

Further support to foreign investment is provided under the legislation governing large investment projects and industrial parks. The former ensures that large investments benefit from simplified procedures and greater certainty of investment (especially as far as the title to land is concerned). The latter helps municipalities to set up industrial parks and to develop infrastructure to attract investors. However, since accession to the EU on May 1 2004, the entire investment support legislation is subject to EU state aid legislation.

### Further harmonization with EU law

EU accession is determining, and will continue to determine, the direction of the Slovak legislation process. During the last year, this has been relevant in a number of areas. Of particular importance, the new electronic communications act was adopted to govern the telecoms business, and harmonized public procurement and collective investment legislation was adopted. The primacy of EU law has been reflected in material amendments to the national competition legislation and state aid legislation. The harmonization process also continues in the energy sector, where a new energy law is being prepared.

## Banking

### Recommended firms

Allen & Overy Bratislava

Linklaters

White & Case

Cechová Rakovsky

Cernejová & Hrbek

Csekés Világi Drgonec and Partners

Squire Sanders & Dempsey

CMS Carnogursky Strommer Reich-Rohrwig

Freshfields Bruckhaus Deringer

### Allen & Overy Bratislava

Syndicated lending highlights of Allen & Overy's past 12 months include advising a syndicate led by Citibank and Vseobecná úverová banka (VUB) in connection with the €27.5 million (\$33.1 million) financing of the Slovak subsidiaries of Punch International, acting for ING Bank on a €60 million structured multi-facility group financing of Holcim companies in the Czech Republic, Hungary and Slovakia, and advising VUB in connection with a Sk80 million (\$2.4 million) financing of the acquisition of certain shares in Slovmag. The group also advised Eurotel Bratislava in connection with a Sk5 billion multicurrency term and revolving facility and a Sk1 billion short-term facility.

Allen & Overy also has a strong financial regulatory practice, which over the past year has advised Aegon in connection with its greenfield financial services operations in Slovakia (including obtaining the first licence under the country's new Insurance Act regime), acted for VUB on the new structure of the Slovak pension system, and provided various regulatory advice to ING Bank in relation to the outsourcing of some of its banking activities.

The firm's other clients include the European Bank for Reconstruction and Development and Westdeutsche ImmobilienBank. The banking group is headed by Igor Pálka, who is assisted by three associates.

### Key contact partner

Igor Pálka

### Leading lawyer

Igor Pálka

## Linklaters

---

Linklaters' three partners and 20 associates makes it one of the largest firms in Slovakia. This year the team has been joined by John McIlwaine, who specializes in central European-focussed international finance and capital markets work and who has just spent three years in Linklaters' Budapest office. Daniel Torsher continues to be a leader in the field, and has a broad range of financing experience, including advising SPP on eurobond offerings and advising the European Bank for Reconstruction and Development (EBRD) on numerous loan and equity investments, including its acquisition of a stake in the savings bank, Slovenská sporiteľna.

Recent highlights for the finance team include advising Vseobecná úverová banka on various derivatives and structured finance matters, and advising OLO on a €50 million (\$61.2 million) project loan refinancing. Clients of the firm include Slovalco, the International Finance Corporation, Slovakoľarma and the EBRD.

### Key contact partners

Jason Mogg  
Daniel Torsher

### Leading lawyer

Daniel Torsher

## White & Case

---

For White & Case, highlights of the past year included advising Slovenska Sporiteľna on a bilateral loan that was provided to finance the largest real estate deal in the Slovak Republic in 2003, acting for Citibank in connection with a syndicated loan provided to refinance old debts of the largest aluminium producer in central and eastern Europe and to provide for new investment financing, and advising Vseobecná úverová banka, the second largest Slovak bank, in connection with a syndicated loan to finance the construction and development of an administrative and shopping centre in the centre of Nitra.

A fourth highlight was representing the European Investment Bank in connection with preparing international-standard template loan documentation to be used in central and eastern European countries.

The banking team at White & Case has one partner (Ivo Bárta) and five associates, having recently added two new associates to the team. The firm advises on a wide range of transactions, including syndicated lending and acquisition financing and, where required, works closely with the finance teams throughout the central European region, as well as London and New York.

### Key contact partner

Ivo Bárta

## Cechová Rakovsky

---

A team of two partners and two associates advises local and foreign banks on a range of banking transactions, and the firm is recommended for its reliable advice. Katarína Cechová retains the respect of her peers and clients. As well as banking, she advises on M&A, corporate finance and restructuring matters.

### Key contact partners

Katarína Cechová  
Zuzana Petrásová

## Cernejová & Hrbek

---

Respected local practice Cernejová & Hrbek is headed up by Alena Cernejová, who garners praise from local and international lawyers in Slovakia for her high-quality advice. The firm often acts as local counsel alongside international law firms who are advising on financial transactions with a Slovak element.

### Leading lawyer

Alena Cernejová

## Csekes Világi Drgonec and Partners

---

A team of nine lawyers at Cseke Világi Drgonec and Partners advises on a range of finance matters, including restructurings and privatizations. Co-head Erika Csekes has an excellent manner and is considered to be one of the best in the field. She combines a finance practice with corporate and M&A matters.

### Leading lawyer

Erika Csekes

## Squire Sanders & Dempsey

---

Squire Sanders & Dempsey was the first foreign firm to establish a Bratislava office, which it did in 1991. As well as having a solid reputation for advising on finance matters, the firm is particularly well regarded for its corporate work. Finance clients include local and international financial institutions and Slovak corporates.

## Capital markets

### Recommended firms

Allen & Overy Bratislava

Cechová Rakovsky

Černejová & Hrbek

Csekés Világi Drgonec and Partners

Linklaters

White & Case

### Allen & Overy Bratislava

As could be expected of a global banking firm, Allen & Overy is considered to be one of the best locally for capital markets matters. Recent matters include advising Vseobecná úverová banka (VUB) on the negotiation of the Isda Master Agreement and on the drafting of the Framework Derivatives Agreement to be used in the local market.

The group was boosted recently with the hire in November 2003 of Branislav Urbanic from CMS Carnogursky Strommer Reich-Rohrwig. The practice has one partner (the ever-present Igor Pálka) and three associates, who advise clients including VUB, Morgan Stanley, Deutsche Bank, Lehman Brothers International and JP Morgan Chase.

#### Key contact partner

Igor Pálka

#### Leading lawyer

Igor Pálka

### Cechová Rakovsky

A team of three lawyers advises on capital markets matters and are all fluent in English, Slovak and Czech. The firm benefits as the Slovakian member of Lex Mundi, the global network of independent law firms.

#### Key contact partner

Katarína Cechová

### Linklaters

One of the top players for capital markets work in the Slovak Republic, the firm recently advised Credit Suisse First Boston, as the lead manager of a €500 million (\$612.6 million) floating rate note issue by the Slovak Republic. Other highlights that are ongoing at the time of writing include advising AD Apatinska Pivara Apatin on a proposed €300 million equity investment by Interbrew and acting for food processing company Lura on a €60 million equity

investment by a financial investor. Linklaters also assists Vseobecná úverová banka with various derivatives and structured finance matters.

Daniel Torsher is particularly well regarded, and he and his team advise clients such as Slovakofarma, SPP, municipal waste corporation OLO and the European Bank for Reconstruction and Development.

#### Key contact partners

Jason Mogg

Daniel Torsher

#### Leading lawyer

Daniel Torsher

### White & Case

White & Case advises underwriters, issuers, trustees, fiscal agents and depositaries in all aspects of capital market transactions and in the development of novel domestic and cross-border financing structures. The recent hire of Petr Malecek, an expert in capital markets and other financial matters, from Lovells, and the subsequent hire in March 2004 of senior associate D Ronald Surbey from Squire Sanders & Dempsey, has boosted the already excellent financial capabilities of the firm.

Recent work includes advising the Slovak Republic on its €500 million (\$612.6 million) floating rate note issue, lead-managed by Credit Suisse First Boston, and acting on the follow-on issue of €250 million. The firm also provided Slovenská sporitelna, the largest Slovak bank, with legal advice and complex analysis regarding Isda and GMRA agreements, and provided a series of legal opinions on Isda transactions. A third highlight, in May 2004, saw the firm advising ABN AMRO, Dresdner Kleinwort Wasserstein and Morgan Stanley in connection with a €1 billion eurobond issue, the largest ever Slovak eurobond issue.

Head of department Michal Dlouhy is an accomplished lawyer, and peers are quick to single him out for praise.

#### Key contact partner

Michal Dlouhy

#### Leading lawyer

Michal Dlouhy

## Mergers and acquisitions

### Recommended firms

Allen & Overy Bratislava

Linklaters

White & Case

Cechová Rakovsky

Cernejová & Hrbek

Squire Sanders & Dempsey

CMS Carnogursky Strommer Reich-Rohrwig

Csekés Világi Drgonec and Partners

Dedák & Partners

DLA Weiss-Tessbach

Freshfields Bruckhaus Deringer

### Allen & Overy Bratislava

The corporate team at Allen & Overy is a one of the finest outfits in Bratislava. Practice head Igor Pálka is highly-regarded for his all-round knowledge, and young gun Martin Magál is reported to have a loyal client base. Hugh Owen, a senior associate in Bratislava since 2000, was promoted to the partnership earlier this year.

Key clients include the European Bank for Reconstruction and Development (EBRD), Ster Century Management, Banc of America Securities, Slovintegra and Vseobecná úverová banka (VUB).

Highlights of the year include advising the EBRD in connection with the purchase of a 15% equity interest in Allianz-Slovenska poistovna, acting for Slovintegra and Slovbená on the \$360 million sale of their remaining 30% stake in Slovak oil refinery and filling stations operator Slovnaft, and representing VUB on the Sk1.1 billion (\$33.7 million) sale of its 50% stake in mortgage lender VUB Wustenrot to Austrian and German Wustenrot entities. A fourth highlight was representing Banc of America Securities in connection with the planned privatization of SC Electrica Moldova and SC Electrica Oltenia, two Romanian electricity distribution companies.

#### Key contact partners

Hugh Owen  
Igor Pálka

#### Leading lawyers

Martin Magál  
Igor Pálka

### Linklaters

Linklaters retains its status as one of the top three firms for corporate work. International clients include Samsung General Chemicals, Sky Europe Airlines, Delphi Automotive Systems (a US automotive parts maker), Johnson Controls, Ecco Shoes and Invensys, while local clients include SPP, Slovakofarma, Slovenské Telekomunikácie (a subsidiary of Deutsche Telekom), Slovalco, TriGránit and Západoslovenská energetika.

Mergers & acquisition deals over the past year include advising CSFB and the Slovak government on the \$2.7 billion privatization of Slovensky plynárensky priemysel (the Slovak natural gas transportation and distribution company) and advising Slovakofarma on a \$36 million sale of a controlling stake in Slovakofarma by Zentiva. And on the competition side of M&A work, the firm advised Samsung General Chemicals on merger control proceedings before the Slovak Anti-monopoly Office, and acted for Zentiva Chemicals on merger control proceedings in respect of the Slovakofarma acquisition.

Head of department Jason Mogg and Patrik Bolf were both singled out for particular praise by peers.

#### Key contact partner

Jason Mogg

#### Leading lawyers

Patrik Bolf  
Jason Mogg

### White & Case

A team of nine lawyers make up the last (but by no means least) of the top-tier firms for corporate and M&A work, advising clients such as Allianz, Paroplynovy cyklus Bratislava, the Ministry of Economy and Electricité de France. This year the firm has taken on two tax advisers from Ernst & Young to broaden the corporate services it can offer to clients. Head of the corporate practice Ivo Bárta is a respected and experienced practitioner.

Deal highlights included assisting Allianz with the merger of its two Slovak subsidiaries - Slovenská poistovna and Allianz poistovna (the largest merger of companies in the Slovak Republic since the adoption of new merger legislation) and a subsequent sale of shares to the European Bank for Reconstruction and Development; advising Paroplynovy cyklus in connection with its sale of a combined-cycle power plant in Bratislava; and acting for Verizon Information Services on the \$260 million sale of its telephone directory operations in Gibraltar, Austria, Poland, Hungary, the Czech Republic and Slovakia. White & Case also represented the National Property Fund in connection with the privatization of its 60% interest in Banka Slovakia. The bank was sold to the Austrian Meindl Bank.

**Key contact partner**

Ivo Bárta

**Leading lawyer**

Ivo Bárta

**Cechová Rakovsky**

---

This respected local practice has swelled its capabilities with the addition of two new associates, and the M&A team now comprises four partners and four associates. Recent deals include advising a member of the international newspapers network on the acquisition of a leading Slovak advertising periodical, advising the Czech subsidiary of a multinational construction company on the acquisition of the leading local infrastructure and tunnel construction company, and acting for an American private equity fund on the acquisition of the Slovak telephone directory publisher.

Katarína Cechová is highly recommended and well-respected by her peers. Representative clients of the practice include Pirelli, Czech Credit Bureau, Nationale Nederlanden Insurance and local and foreign banks, as well as biotech and telecoms companies.

**Key contact partners**

Katarína Cechová

Tomás Mareta

**Cernejová & Hrbek**

---

Cernejová & Hrbek has three partners and three associates and is well known for its corporate and commercial work. Partner Alena Cernejová garners considerable praise from her peers. Previous transactions include advising a foreign investor in its acquisition of a steel wire and steel cord factory in Slovakia. The firm also regularly acts as local counsel for international law firms on corporate and financial companies.

**Key contact partner**

Alena Cernejová

**Leading lawyer**

Alena Cernejová

**Squire Sanders & Dempsey**

---

Squire Sanders & Dempsey has had an office in Bratislava since 1991, and has a good reputation for corporate work. It is particularly active in the area of privatization, exemplified by its role on the €130 million (\$159.5 million) privatization of Eastern Slovakian Electric Distribution. The firm also handles finance work for Slovakian companies, and advises foreign investors on their commercial interests in Slovakia.

**Project finance****Recommended firms**

Allen &amp; Overy Bratislava

Linklaters

White &amp; Case

Cechová Rakovsky

Csekés Világi Drgonec and Partners

Freshfields Bruckhaus Deringer

Squire Sanders &amp; Dempsey

There are no real project financings going on in the Slovak Republic at the moment, and market research shows that this kind of work in the region is often handled by firms in London rather than by the local offices. As the Slovak Republic continues to emerge onto the world stage, this situation could change.

If and when it does, there are a number of firms that have the skills and capacity to handle complex projects. **Allen & Overy** is particularly accomplished on the financial stage and boasts a enviable posse of clients. Igor Pálka has an excellent reputation across the corporate and banking spheres. **Linklaters'** finance head Daniel Torsher has substantial project finance experience and is complimented by corporate head Jason Mogg, who also has international projects and finance experience. In Slovakia, the team advised a Bratislava waste company on a €50 million (\$61 million) refinancing of project loans. And **White & Case** has an established capability for acting on projects deals, past experience including advice to Malzenice Power on the acquisition, financing and construction of a gas-fired power plant on the region of Malzenice. The firm has added to its already well-stocked financial capabilities in Bratislava with the addition of D Ronald Surbey, an international financing specialist who moved over from Squire Sanders & Dempsey in March 2004.