

Headline News

FLI's in Kiev



Mr. Orlando Casares, the Managing Partner of First Law International (FLI) Group, met with Konnov & Sozanovsky's Senior Partner, Sergei Konnov and Partner, Ronald Marks. The meeting was held in the law firm's office on January, 30th. The purpose of the meeting was to exchange views on the investment climate in Ukraine, meet with new clients, and review strategies for future growth. The law firm announced it will be attending FLI's Annual Conference, to be held in Milan in March 2007.

History: On August, 17th, 2006 Konnov & Sozanovsky joined First Law International, an association of world-class business law firms from 30 countries around the globe. FLI provides international legal support to "Fortune 1000" companies in the USA and large companies in Europe and Asia, through a network of strategically allied legal 'partner firms' throughout the world. FLI partners are located in the capitals and largest cities of Belgium, Great Britain, Holland, Israel, Spain, Italy, France, The Federal Republic of Germany, and Switzerland. This list is complemented by affiliate offices in twenty one countries, including Scandinavia, China, Korea, Hong Kong and Singapore.

Konnov & Sozanovsky is the exclusive FLI law network member in Ukraine. More than this, it also offers exclusive membership services in Russia and Cyprus, through its offices in these countries. Our clients can now be served directly through the firm with legal services they may need in major countries around the globe. ■

UK Litigation Support Team

Leading Ukrainian corporate law firm Konnov & Sozanovsky has announced the formation of a UK Litigation Support Team, in response to clients' requests that evidence gathering in Ukraine and subsequent document production be performed to a level that would meet standards of admissibility in English courts. ■

This bulletin provides background on the firm's establishment of a London presence, stemming from growing external interest in Ukraine's investment opportunities and commercial activity.

Inside this issue

"We're honoured to be in London"	2
Flying under the radar: competition law in Ukraine	2
Making it and keeping it: repatriation of profits from Ukraine	2
IP law: Protecting clients' assets	3
The boom is on: construction projects in modern Ukraine	3
Capital market activity: a growth industry in Ukraine	3



Darina Pirogova handles administrative coordination in London, while firm partner Ronald Marks maintains a supervisory watching brief on the entire process.



Facts about Ukraine

- Ukraine is the largest Eastern European consumer market, with some 49 million people
- Ukraine's supply of raw materials and agricultural land is unmatched in Continental Europe
- Ukraine enjoys double tax treaties that enable effective tax planning strategies
- Flight time from the UK to Ukraine is less than 3 hours ■

Modern Ukraine often surprises first-time business visitors with its energy, commercial activity and sophistication.

“We’re honoured to be in London”

Speaking recently on his Ukrainian law firm’s decision to establish a London presence, *Senior Partner Sergei Konnov* explained that growth at the firm has always been, “organically driven by client needs.”

“I think when you look back at how we expanded to Moscow and to Cyprus, it’s possible to identify the same drivers. Our clients’ needs became increasingly multi-jurisdictional, and our task was to match our capacities with their expectations.”

Konnov explained that much early London work was performed on behalf of large London-based law firms that required reliable, cost-effective legal work performed in Ukraine.

“In some cases it was a merger notifica-

tion, in others it related to exploration of real estate or other investment opportunities.

“We’ve developed relationships of trust and fairness with these firms, but now we’re finding our mere presence here in London is creating a direct client-to-firm relationship.

“Our main attractiveness has been our ability to furnish practical, crisp advice that serves as a virtual checklist for how a client might wish to proceed.

“Clients have told us repeatedly that they are not interested in firms that create mountainous legal memoranda of little practical use.

“All our lawyers receive regular exposure to the West, especially in terms of



Continuing Legal Education.

“Our need now is to move from a largely administrative presence here in London to something more — it’s an exciting period for us!

“We’re honoured to be in London.” ▪



Ronald Marks
Partner

Flying under the radar

Competition law in Ukraine

“A large global merger deal with very limited Ukrainian competition issues was being completed last year,” explains Ronald Marks, Partner at Konnov & Sozanovsky.

“They told us they were going to notify here largely because proper notification was a condition precedent in the deal, as it normally is, and they didn’t want to give their JV partners any leeway to resile from the deal.

“We don’t advise flying under the radar. There are a host of good reasons to comply with the law here, one of which is that the levying of fines has increased year by year.

“Seasoned western law firms often can’t believe the amount of extraneous, seemingly irrelevant material that must be filed in support of merger notifications. That’s not to say that competition practice here isn’t moving.

“There is considerable interest in further harmonization of competition law and practice with EU practice, but we have quite a long way to go.” ▪

Making it and keeping it

Repatriation of profits from Ukraine

“I try to point out the need to register foreign investment with authorized bodies as an essential step in effective corporate repatriation management,” says Yevgenia Derbal, senior tax expert.

“Companies also need to come up to speed on the special rules for repatriation for profits that are found in banking and tax law and subordinate instruments. And needless to say, they simply can’t afford to ignore the provisions on international tax treaties that offer privileged rules for treatment of tax on profits.

“The real secret is careful advance work in all aspects of tax planning. My own

sense is that without the ability to help protect and repatriate a foreign client’s profits, a Ukrainian law firm is only doing half a job.

“My approach is to assume the client knows very little about Ukrainian law, and to assume responsibility for the entire tax and profits issue from the beginning, offering the best advice I can on a proactive basis.

“In this way, the client is free to focus on its main issue, which is the project or investment itself, leaving the important but secondary issues of prudent tax planning to reliable experts.” ▪



“Without the ability to help protect and repatriate a foreign client’s profits, a Ukrainian law firm is only doing half its job.”

—*Yevgenia Derbal*
Tax Law Specialist



Tatiana Gluhovskaya
Managing Partner

IP Law

"When people talk about Ukraine as an 'emerging market' I'm not sure that applies to IP.

"Given our country's strength in science and technology, we 'emerged' a long time ago!" smiles Tatiana Gluhovskaya, senior IP law expert and Managing Partner at Konnov & Sozanovsky.

"Today we list clients like Intel, Microsoft, Olivia Corporation, Mars Corporation, and even other law firms: DLA Piper, Preston Gates Ellis, Foley & Lardner LLP, Dorsey & Whitney LLP, Cooley Godward LLP etc.

Protecting clients' assets

"We also do a lot of work in the pharmaceutical sector, with clients like Farmak, Biopharma and Brovapharma.

"IP is a major strength for our firm, not an add-on, and in fact it's been one of the main directions of the firm since our establishment.

"This works well for clients, whether foreign investors or others, who need to know their IP lawyers are best-of-breed. Ours certainly fit that description!" ■

The boom is on

Construction projects in Ukraine

"A large banking and construction interest walked into my office last week and wanted to invest \$50 million in a Ukrainian townhouse project — its idea of 'testing the waters'", comments Nataly Dotsenko-Belous, real estate and construction law and finance expert at Konnov & Sozanovsky.

"There is a sense that the alleged 'construction bubble' will be here for no less than a decade, and probably twice that long, considerably reducing risks for foreign investors.

Local contractors have clear advantages in terms of obtaining consents and permissions, and we try to level the playing field with the quality of timely, practical advice we offer.

"Another challenge is to educate seasoned western lawyers and investors

to the reality that land law concepts in western countries and in Ukraine simply don't match in all cases — these are not issues in language, but in something much more intractable: old law and old bureaucracy.

"Our job is to cut through the red tape and explain, step-by-step, how we can move down the road to a completed construction project or real estate investment with minimum exposure to risk.

"It's a moving target, Ukrainian real estate. We keep on top of changes in government grants, favourable real estate market segments and a host of related factors critical to making proper investment decisions.

"Our lawyers are in attendance at seminars, briefings and conferences almost every week." ■



Nataly Dotsenko-Belous
has published over 500 articles on property investment, construction law and financing. She is arguably one of Ukraine's most talented real property lawyers.



"Look at ROI: it's almost 3 times higher here than in emerging markets such as Poland, India or the Czech Republic."

— *Boris Lobovyk*
Capital Markets Specialist

Capital market activity

A growth industry in Ukraine

Boris Lobovyk explains why Ukraine is becoming such an attraction for foreign capital investments.

"Look at ROI [return on investment] — it's almost 3 times higher here than in emerging markets such as Poland, India or the Czech Republic," he says.

"And the NBU [National Bank of Ukraine] reports that we attracted 34 percent more Eurobond and syndicated loan investment in 2005 over 2004, and that the growth is continuing this year.

"Another place to look is at Ukrainian banks — they've annually tripled the amount of external investments obtained by the issuance of Eurobonds, LPNs [Loan Participation Notes], Syndicated Loans and so on.

"Ukraine's recently acceded to the Unidroit Conventions on International Financial Leasing and International Factoring.

"I'm confident this will boost our foreign investment market and increase the turnover of high-tech products with foreign countries." ■

We publish

K&S lawyers are prolific legal authors. They routinely contribute to leading business and legal periodicals such as

- Business
- Companion
- Ukraine Industrial
- Yuridicheskaya Praktika
- The Ukrainian Lawyer
- The Ukrainian Journal of Business Law
- Property Times
- Commercial Property
- World Trademark Law Report
- Building and Enforcing Intellectual Property Value, an International Guide for the Boardroom 2005 (by Globe White Page in association with Morgan Stanley and NASDAQ)
- Ukrainian Law Firms, A Handbook for Foreign Clients

In addition, our lawyers contribute to the following international publications:

- Getting the Deal Through: MERGER CONTROL (Law Business Research)
- International Law Office, Getting the Deal Through: TELECOMS (Law Business Research)
- Competition Enforcement Agencies (Law Business Research)
- Global Counsel 3000. Which Lawyer?
- Merger Control Worldwide (Cambridge University Press)
- International Tax and Investment Service (Center for International Legal Studies)
- Entertainment Law (Kluwer Law International)
- World Bank Doing Business Project (The World Bank Investment Climate Department)
- International Investment Review (Euromoney Yearbooks) and others. ■

1997–2006, Annual Survey

Konnov & Sozanovsky was founded in 1992 in Kiev and is ranked among the top ten Ukrainian law firms by Yuridicheskaya Praktika (Practice of Law) for 1997 – 2005, Annual Survey.

With extensive knowledge of Ukrainian and international law, as well as a thorough understanding of commerce in Ukraine, our firm is able to meet client needs, both domestic and foreign, in every area of commercial law. The firm has offices in Kiev (Ukraine), Moscow (Russia), Nicosia (Cyprus), and London (UK).

Firm Partners: Sergey Konnov, Sergey Sozanovsky, Ronald Marks, Tatiana Gluhovskaya and Viktor Mirsky.

Staff Lawyers: In addition, the firm employs about fifty lawyers around the world. In order to structure activity effectively, the firm is functionally divided into practice areas. ■

Professional Memberships

Konnov & Sozanovsky is a full member of the American Chamber of Commerce in Ukraine (2000), European Business Association (2000), International Trademark Association (2001) and others.

K&S lawyers are members of the International Bar Association (IBA), Ukrainian Bar Association (UBA), American Bar Association (ABA), and International Association for the Protection of Intellectual Property (AIPPI), Association of International Tax Consultants (AITC), International Fiscal Association (IFA) and Ukrainian Patent Attorney Association.

Our lawyers are full-rights members of different committees of the American Chamber of Commerce, European Bar Association and Ukrainian Bar Association.

Our 'western' partner, Ronald Marks, is *inter alia* a life member of the Inter-American Bar Association (IABA). ■

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