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Ukrainian Legal Services Market: Challenges and Prospects

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Sofia, Bulgaria

Ukrainian Legal Services Market: Key Facts

- Approximately 1500 law firms
- More than 500 law firms work in Kyiv
- Only 20 international law firms are present:
 - **USA:** *Baker & McKenzie (1992), Chadborne & Parke (1993), Squire, Sanders & Dempsey (1995)*
 - **Germany:** *Arzinger & Partners (2002), Beiten Burkhardt (2004) Nörr Stiefenhofer Lutz (2007)*
 - **UK:** *DLA Piper (2005), CMS Cameron McKenna (2007) Clifford Chance (2008)*
 - **France:** *Salans (1992), Gide Loyrette Nouel (2006)*

Ukrainian Legal Services Market: Key Facts

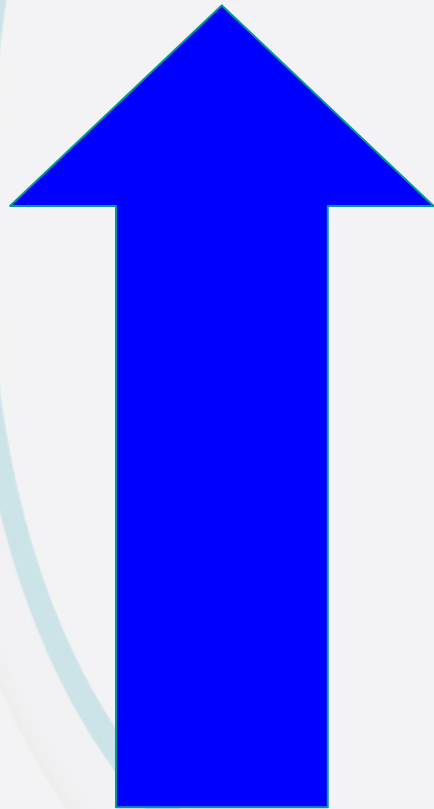
- **Major centers of legal practice:**
Kyiv, Donetsk, Dnipropetrovsk, Kharkiv, Odessa, Lviv, Simferopol
- **Market share:**
Independent full-service and boutique law firms – approx. 75-85%
International law firms – approx. 15-25%
- **Number of lawyers:**
Ukraine – average 15-20 lawyers
Leading independent law firms – average 50-70 lawyers
International law firms – average 20-25 lawyers

Factors Influencing Ukrainian Legal Services Market



- **Global financial instability**
- **Liquidity crisis**
- **Credit crunch**
- **Currency crisis**
- **Political turmoil**

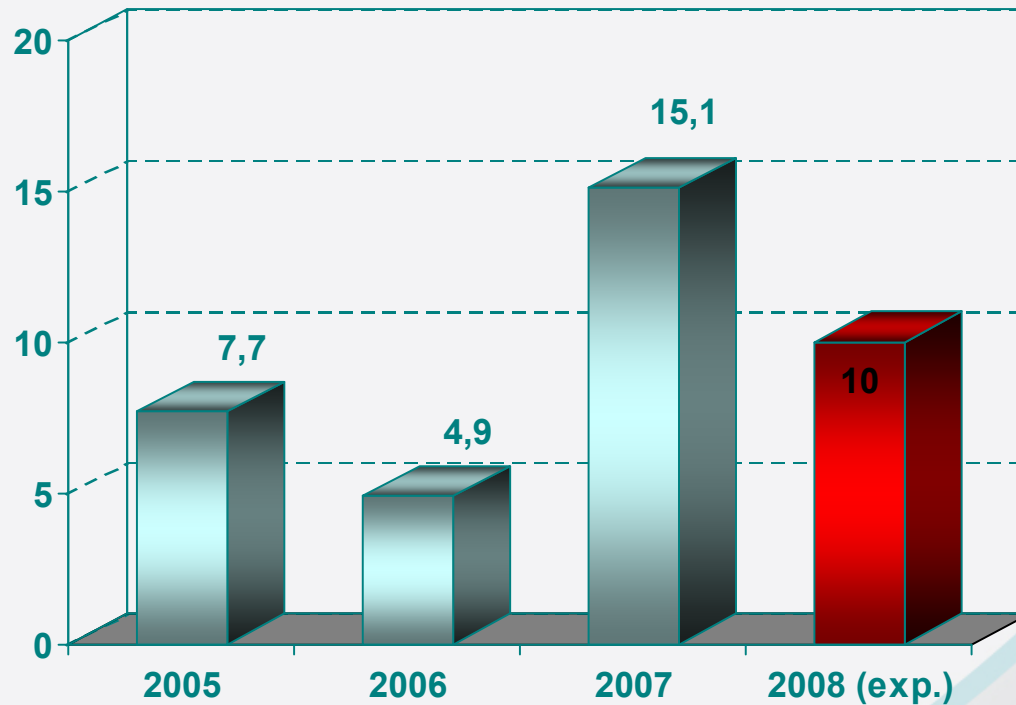
Factors Influencing Ukrainian Legal Services Market



- **Adoption of new JSC law**
- **The market is resisting – players buying not only selling**
- **Currency control regime established back in 1993 prevents to export/import money freely**
- **The fundamentals still exist: 46 million people, low penetration of services and products, etc.**
- **EURO 2012**

M&A

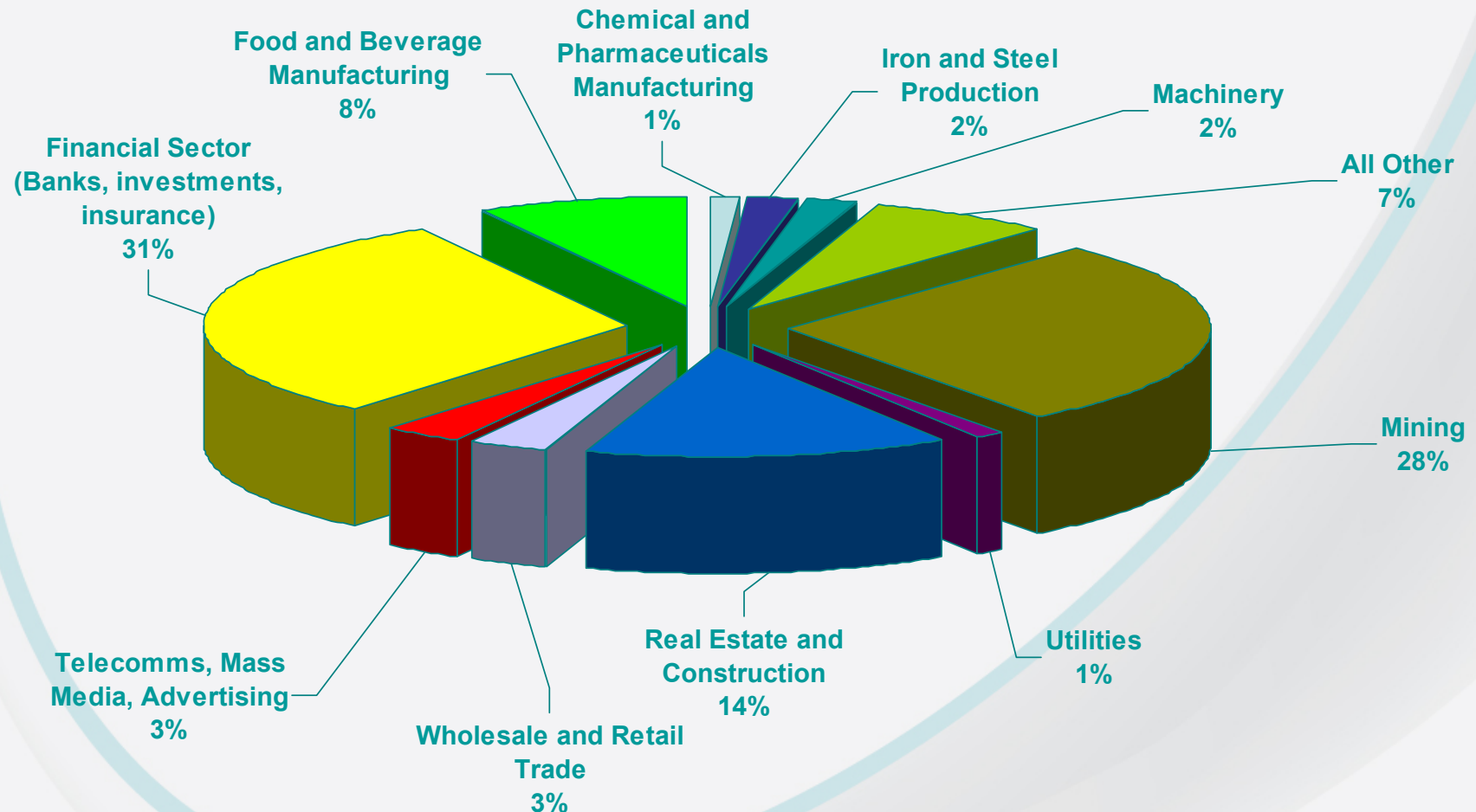
Total volume of M&A deals in Ukraine, USD bn



In 2007 analysts registered 683 M&A deals involving Ukrainian companies, with the total value reaching USD 15.1bn, including both completed and committed deals.

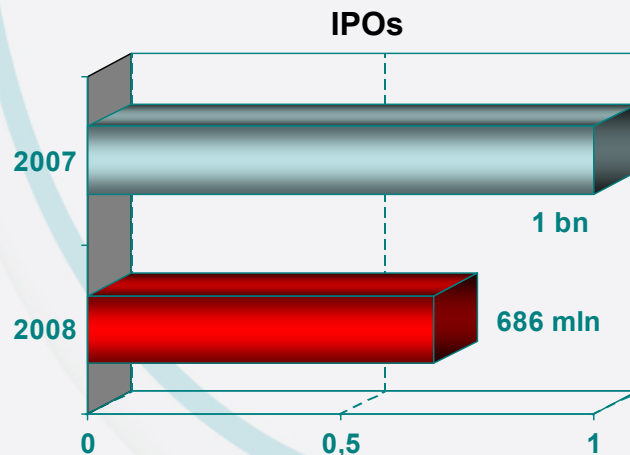
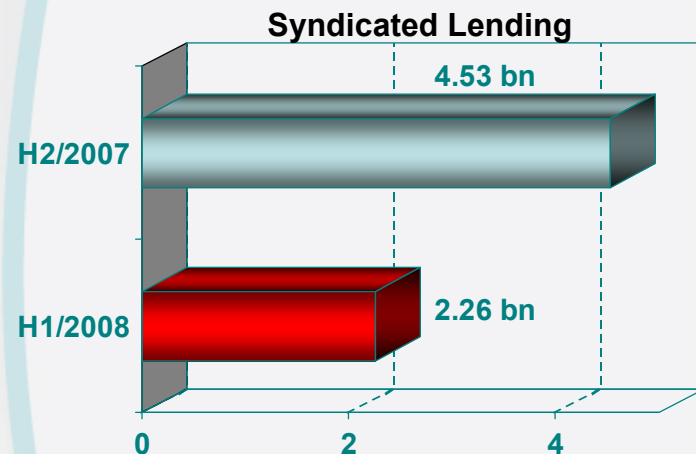
M&A (contd.)

Active industries by number of M&A deals in 2007



According to the DealWatch research 2008 conducted by ISI Emerging Markets

Capital Markets



- The total amount of the borrowed funds in H2/2007 is approximately USD 4.53 bn compared to approximately USD 2.26 bn in H1/2008
- The total amount of funds raised by Ukrainian companies through IPOs in 2005-2008 is USD 1,93 bn
- 2007 has witnessed 7 listings by Ukrainian companies for the total value of approximately USD 1 bn
- 2008 – 2 IPOs at the LSE valued at USD 658 mln

International capital markets are closed for Ukraine and not expected to open until late 2009 or early 2010

Corporate

- **New JSC Law:**

- better minority shareholders protection
- debt-to-equity conversion
- non-documentary shares only
- compulsory buyout of minorities

- **Protection from Corporate Raids**

- underdeveloped corporate legislation
- imperfect court system
- low corporate culture, undeveloped business ethics

Other Focuses

- **Insolvency, Bankruptcy & Foreclosures**
- **Employment Law**
- **Merger Control**
- **Tax**
- **Litigation**

PPP Insights in Ukraine

Euro-2012



- **Ukraine has old infrastructure which does not meet the UEFA requirements**
- **Construction, redevelopment and renovation of stadiums, hotels, roads and other facilities is needed**
- **The infrastructure is mainly the state and community property - complex modernization calls for huge investments which cannot be afforded by the State**
- **Public Private Partnership (PPP) appears to be the most effective and perspective arrangement**

PPP Insights in Ukraine (contd.)

- **Barriers to PPP from investors' point of view:**
 - Public tenders - problems associated with partner selection procedure and recognition of obligations within public entity budgets
 - Legal risks
 - Lack of good PPP practices
- **On 17 September, 2008 the Draft Law on Public Private Partnerships** has been developed by the Cabinet of Ministers and is expected to be submitted to the Parliament

PPP Insights in Ukraine (contd.)

INSTITUTIONAL REQUIREMENTS

Together with adoption of PPP law Ukraine should work on:

- **Land ownership issues**
- **Licensing/authorization procedures**
- **Legal framework for concession (shared risk-reward concession structure)**
- **Simple and transparent procurement model**
- **Government revenue support system, revenue forecasting and financial viability**
- **Declining the level of corruption**

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Thank you for your attention!

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