

VIRTUAL ROUND TABLE

CORPORATE *LiveWire*

FOREIGN INVESTMENT 2015



MEET THE EXPERTS



Ihor Olekhov - Baker & McKenzie
T: +380 44590 0101
E: ihor.olekhov@bakermckenzie.com
W: www.bakermckenzie.com

Ihor Olekhov is a Partner in the Kyiv office of Baker & McKenzie specializing in the areas of banking and finance, financial services regulation, capital markets, tax and corporate finance law as well as aviation law.

Ihor Olekhov is experienced in advising on banking, corporate finance and tax law; structuring complex equity and debt transactions, financial services regulation and compliance work, tax planning advice and transfer pricing in international transactions as well as advising aircraft lessors and lessees in respect of operating aircraft in Ukraine. Ihor Olekhov has outstanding experience in advising clients on a wide range of banking & finance transactions, with a primary focus on establishment and acquisition of banks and financial institutions.

Ihor holds his master's degree in international law from the Kyiv National Taras Shevchenko University, and his LL.M. degree with distinction from the University of Edinburgh, United Kingdom. He has also studied as a Hansard scholar at the London School of Economics and Political Science. He joined the Firm in 1998.



Pedro Simoes - Acoq Tax & Financial Consultancy
T: +351 219 205 225
E: contacto@acoq.pt
W: www.acoq.pt

English-Portuguese Accountancy for Companies and Individuals. Fiscal Representation. Management Advising.



James R. Cummiskey Jr. - Interactive Myanmar
T: +951 513 664
E: jrc@interactivemyanmar.com
W: www.interactivemyanmar.com

James R. Cummiskey Jr. (Jamie) holds a Juris Doctorate from Tulane University School of Law— Louisiana, USA and is a member of the New York Bar Association. He has over 10 years of legal experience in Southeast Asia, working in Thailand, Cambodia, Laos and Myanmar. Jamie leads the firm's legal services sector with his experience accumulated in the region in respect of the commercial; corporate; international finance; joint venture; real estate and alternative dispute resolution sectors. He has assisted global corporations, international development funds, financial institutions, publically listed companies, and private enterprises with foreign direct investment, cross border transactions and related activities.



Eric B. Oxley - Koley Jessen P.C.
T: +1 402-390-9500
E: eric.oxley@koleyjessen.com
W: www.koleyjessen.com

Eric Oxley is a Shareholder and member of the M&A/Securities and Business/General Counsel Practice Groups. Within the M&A/Securities Practice Group, Eric counsels and advises business owners, officers and managers, and private equity firms on the structure and preparations for transactions, including tax, liability, securities, transition, management and due diligence issues. He drafts, negotiates and advises clients on issues arising in purchase, sale and merger agreements and related transaction documents. He also counsels and advises clients on post-closing matters, including purchase price adjustments, indemnity claims and earnout provisions. Eric also drafts and negotiates venture capital documents and counsels clients on related issues. Within the Business/General Counsel Practice Group, Eric counsels and advises clients on entity formation and maintenance and business contracts. Prior to joining Koley Jessen, Eric was a law clerk for the United States Securities and Exchange Commission as well as the United States House of Representatives House Committee on Financial Services.

MEET THE EXPERTS



Hugh Naylor - Trinity International LLP

T: +44 (0)207 9977049

E: hugh.naylor@trinityllp.com

W: www.trinityllp.com

Hugh Naylor is head of Private Equity at Trinity International LLP. Hugh is a highly experienced corporate lawyer specialising in private equity and growth capital transactions, with a particular focus on Africa and other emerging markets. He has a broad range of experience advising sponsors, management teams, co-investors and companies raising funds privately. He also focuses on funds work, including PE fund formation and acting for investors into funds. He has extensive experience of private M&A, re-constructions, re-organisations, joint ventures and general corporate work. Hugh's geographical experience includes the UK, Europe, Africa, CIS and the Middle East. Hugh is a Prince's Trust business mentor.



Kent Wong - VCI Legal

T: +84 (0)8 38 272 029

E: kentwong@vci-legal.com

W: www.vci-legal.com

Prior to joining VCI Legal, Kent was a senior foreign attorney and partner at APEX LLC, a first tier law firm in Korea.

Kent now heads the Banking & Capital Markets team at VCI Legal. Kent represents major Korean financial institutions investing overseas (especially in ASEAN countries) as well as foreign clients with business interests in Korea and Vietnam. Kent worked for several years at JLT Risk Solutions (US branch of Jardine Lloyd Thompson, a major UK reinsurer)

as a risk and compliance manager and he has practised at top law firms in the US, Korea, New Zealand and Cambodia. He has published numerous journal articles, given lectures and seminars on foreign investment, project finance, banking and M&A.



Anshu S. K. Pasricha - Koley Jessen P.C.

T: +1 402-390-9500

E: anshu.pasricha@koleyjessen.com

W: www.koleyjessen.com

Anshu Pasricha is a Shareholder at Koley Jessen. Anshu has a broad, multidisciplinary practice that includes counseling strategic corporates and private equity sponsors in domestic and international mergers and acquisitions, joint ventures, divestitures, and in general corporate matters, together with '33 Act and '34 Act compliance issues.

Anshu has executed more than 50 domestic and cross-border M&A transactions with aggregate deal value in excess of \$40 billion in a wide variety of industries. Anshu has also advised clients in connection with making, restructuring, and exiting their investments in Australia, Latin America, Europe, the Middle East, and Southeast Asia. Anshu also advises on business development strategy involving emerging markets by way of joint ventures and licensing and distribution transactions, engaging hostile joint venture partners in extra-contractual negotiations, and FCPA due diligence in the context of M&A and joint venture transactions.

Prior to joining Koley Jessen, Anshu was an associate with Sullivan & Cromwell LLP in New York and Melbourne, Australia, and Senior Associate with White & Case LLP in New York.

During law school, Anshu served as a Judicial Intern to Senior Judge Donald C. Pogue of the United States Court of International Trade in New York.

Anshu has written for *Financier Worldwide*, *Today's General Counsel*, *Corporate Live Wire*, and other publications, focusing on issues in mergers & acquisitions, foreign direct investment, and other corporate transactions. He speaks regularly at conferences and with clients' corporate development personnel on topics related to mergers & acquisitions and joint ventures.

Foreign Investment 2015

In our Foreign Investment Roundtable we spoke with six experts to discuss recent changes and interesting developments in their jurisdiction. We discover the opportunities and challenges of conducting business in Portugal, Ukraine, Myanmar, Vietnam, the United States and the UK. Highlighted topics include: conducting M&A with foreign investors, current trends and strategies, and which areas of risk require the greatest attention in 2015.

1. Have there been any recent regulatory changes or interesting developments?

Simoes: There has been an increase in volume of foreign investment transactions in Portugal with lots of new players entering the jurisdiction of late. A programme has been in place since 2009 to provide new residents with exemption on income earned abroad, along with considerably low tax within specific activities. This has provided an opportunity for Portuguese businesses to acquire business outside Portugal.

Olekhov: During the last 12 months, Ukraine demonstrated a positive tendency in the implementation of an ambitious reform program and introduced substantial changes to its legislation with an aim to make Ukraine a more attractive place for doing business.

The Government is conducting deregulation of different sectors of the economy. The requirements of around 130 different permits, licenses, certificates have been removed over the past year and more are likely to be removed in the near future. Ukraine is introducing

electronic mechanisms for business and property rights registration which provides an opportunity to file and receive documents electronically. Such changes are expected to simplify the process and reduce the costs of doing business in Ukraine. Moreover, Ukraine has reformed its tax system reducing number of taxes from 22 to nine and adopted new anti-corruption legislation that requires, inter alia, disclosure of information on ultimate beneficial owners of a company.

In September 2014, the Parliament of Ukraine and the European Parliament have ratified the Association Agreement between the EU and Ukraine. The EU-Ukraine Association Agreement envisages the comprehensive approximation of the Ukrainian legislation with the EU legislation and, where relevant, with international norms and standards. The approximation will affect, inter alia, the following areas: company law, banking law, insurance law, financial services law, custom and tax law, accounting and audit standards, information and telecommunications law, agricultural law, consumer protection law, environmental law, employment law etc.

Cummiskey: The most recent laws and notifications which have been passed in Myanmar recently and which may be of most interest to foreign investors are as follows:

The Law Amending the Commercial Tax Law passed on 2 April 2015; the 2015 Tax of the Union Law passed on 2 April 2015; the Ministry of Commerce Notification allowing the import of used machines and equipment issued on 17 March 2015; the Myanmar Competition Law passed on 24 February 2015; the Ministry of Finance Notification 180/2015 dated 21 January 2015 allowing services companies to set off input with output commercial tax; the Electricity Law dated 27 October 2014; three successive Myanmar Investment Commission Notifications spanning 14 August and 19 August 2014 which clarify additional rules and regulations for foreign investment companies incorporating under the Foreign Investment Law and various other notifications with respect to various special economic development zones.

Pasricha: The challenges and risks facing corporate groups evolved dramati-

cally in 2014. Regulations targeted at alleviating data privacy concerns (a concern highlighted by multiple sophisticated attacks that succeeded in stealing a variety of customer information), regulations targeted at tackling tax avoidance in transactions that was perceived by regulators and politicians as an “immoral” practice, increased enforcement around global competition control laws, and an increase in targeting corruption in a list of areas where 2014 saw a lot of interesting developments.

Naylor: Following hot on the heels of the Scottish Independence referendum last year the general election will dominate the UK economy and investment decisions. The most probable outcome is further movement away from traditional two party politics with some form of collation or power-sharing arrangement likely to apply. This will result in a degree of uncertainty in the short to medium term as the nature of the power-sharing arrangement is tested and different agendas pursued by the participants resulting in compromise, disagreement and uncertainty. Whether the coalition survives or is merely a holding arrangement pending

a further election in a couple of years' time will also add to the uncertainty. On a more immediate note the recent changes to pension rules allowing pensioners to cash in their pension rather than acquire an annuity could lead to a short term fillip in spending as cashed in pensions are used for holidays, consumer goods and other luxuries.

Wong: Recent legal developments have seen changes to Vietnam's Law on Investment, which now clearly provides for a list of prohibited conditional business lines. In addition, Vietnam's Law on Enterprises has amended one of the requirements so that investors no longer have to provide codes of business lines and register their seal. Notably, the Law on Housing has been updated so that foreign individuals and organisations may own, in aggregate, 30% of flats in a condominium or 250 single houses in a given district area. Decree 15/2015/ND-CP, promulgated on 14 February 2015, is a good sign for bankable infrastructure development. This regulation broadens the types of Public-Private Partnership arrangements and provides more incentives in the tendering process.

2. What challenges and opportunities exist for investors in your jurisdiction?

Simoes: The Portuguese market is now recovering, and with the current exchange rate favouring the pound over the euro we are noticing an increase in the number of British citizens visiting Portugal, resulting in great opportunities and a significant boost to both the tourism industry and real estate market.

Olekhov: The on-going military conflict with Russia, which resulted from unilateral annexation of Crimea by Russia in 2014 and subsequent military intervention in certain parts of Eastern Ukrainian regions of Lugansk and Donetsk presents a huge challenge for Ukraine. At the same time, lots of new opportunities are opening up in Ukraine because the assets prices are significantly depressed and, on the other hand, the conflict with Russia appears to be moving to a much quieter phase.

Cummiskey: Investment opportunities for foreign investors planning to operate service oriented businesses are numerous and the formation of limited liability companies for service industries can be 100% foreign owned. However, there is still a restriction on "trading activities" within the country which can be broadly defined by the relevant authorities making the establishment of retail,

wholesale and even food and beverage suppliers extremely difficult. Larger foreign investors can take advantage of the Foreign Investment Law which sets out the rights and restrictions on different types of foreign investment. Aside from legal regulations, the lack of infrastructure in the country and difficulty in finding the right local business partner for joint venture companies seem to be the two greatest obstacles for large foreign investors in Myanmar.

Naylor: Putting aside the political uncertainty of the impending election low inflation, low interest rates and steady growth mean the UK economy remains an attractive, albeit steady, place to do business. The challenges will become clearer after the election but areas likely to be subject to change or increased regulation, depending on which party or parties form the Government after the election, include the creeping privatisation of the National Health Service, increased regulation of the utilities, the expanding use of zero hours contracts and an increased clamp down on tax planning by large multi-nationals using low tax jurisdictions to reduce their tax bill.

Wong: In Vietnam, there are several challenges which foreign investors face, including: finding investable targets

(primarily due to lack of quality deals of scale) and lack of publically available company and market data; complicated administrative procedures; a complex and non-transparent legal system; interpretation of legislation differing between each of the provinces and an ineffective court system.

However, there are an increasing number of attractive opportunities in various sectors such as real estate, FMCG, F&B, energy and hospitality. Especially now, since legislation has been gradually changed, in accordance with international commitments, and expanded for more business lines to open up to foreign investors. The Government of Vietnam has introduced other reforms to simplify procedures and reduce administrative burdens.

3. What areas of risk require greater attention in 2015?

Olekhov: First of all, as a response to the poor economic situation, Ukraine has adopted certain anti-crisis legislation that might impose some restrictions on business activity, especially in the field of banking and finance. Secondly, Ukraine has rather strict currency control rules that affect foreign trade and repatriation of foreign investments. All these restrictions are temporary and

supposedly will be removed in the near future. Thirdly, there are security considerations caused by the annexation of Crimea and Russia's aggression against Ukraine. However, most of the territory of Ukraine is not directly affected by such considerations and is secure.

Cummiskey: Political risk is probably going to be the biggest concern for major foreign investors looking to enter the Myanmar market in 2015 as the general election is scheduled to take place sometime later in the year. Lack of access to financing and securitisation of financing in Myanmar also continue to hinder larger infrastructure development projects.

Pasricha: Committee on Foreign Investment in the United States (CFIUS) concerns have continued to impact transactions involving non-U.S. acquirers. Antitrust scrutiny has also been on the rise progressively over the last few years. In addition, Foreign Corrupt Practices Act (FCPA) compliance and the possibility of related regulatory action has continued to gain importance as a risk item that needs to be carefully assessed. Litigation risk associated with being officers and directors of a US company is a risk that is often less familiar to non-U.S. acquirers. In addition, inadvertent breaches of interna-

tional sanctions and data security lapses continue to be risks that c-suite officers and boards are continuously monitoring. All of these areas are expected to continue to require ever-increasing focus and attention from all parties.

Naylor: Depending on who forms the Government some form of price capping, regulatory review or windfall tax is likely to apply the utilities, particularly in the energy sector. More exotic tax planning using offshore, low tax jurisdictions will also come under increased scrutiny.

Wong: Foreign investors must be cognisant of risks stemming from Vietnam's labour market demographics and laws, logistics and utilities, infrastructure, trade & investment regulations, crime levels and security issues, and covering all bases to ensure their businesses keep safe.

- **Potential risks** posed by a low skilled labour pool, high costs and limited labour market flexibility and any risks associated with importing foreign skilled labour.
- **Operational risks** for any supply chain and infrastructure challenges to a company's existing operations within Vietnam.
- **Financial risks** posed by the level

of financial market sophistication, tax regimes and the legal system.

- **Business disruption risks** with the threat of crime, terrorism, and international conflict.

Furthermore, investors should also be aware of compliance risks such as legal or regulatory sanctions, material financial loss, and loss of reputation due to a failure to comply with requirements of the law, industry standards and policies. In an M&A transaction in Vietnam, these risks can be minimised by carrying out thorough legal due diligence, understanding local expectations and aligning key stakeholders.

4. How can you tailor the transaction documents in order to minimise regulatory risk?

Olekhov: The risks can be mitigated by the mean of inserting into transaction documents specific (i) conditions precedents and (ii) representations and warranties. Their types will largely depend on the structure of a transaction, risks that need to be addressed and a type of business. Therefore, it is important to have a qualified local legal advisor who can identify and address the risks.

The use of these legal means in tailoring the transaction documents will consid-

erably reduce the risks and will offer protection to the investors. However, it should be borne in mind that some risks will always exist. In practice, they are identified in a legal opinion of a counsellor.

Cummiskey: Transaction documents can be tailored to minimise regulatory risk by utilising international standards and obtaining prior approval from the relevant regulatory authorities and the Myanmar Investment Commission.

Oxley: For the most part, foreign direct investment transactions in the United States seem to becoming far more efficient in terms of the parties adopting more standardised deal terms. Investors, however, that are deploying a more material amount of capital and/or purchasing a more significant portion of a business seem to be trending in a different direction and becoming even more aggressive in requesting robust representations, warranties and indemnities from targets. These contractual protections often will include representations and warranties related to compliance with laws and regulations, which help transfer the risk from the investor to the target.

Naylor: Offer documents and sale and purchase agreements can be made con-

ditional on regulatory approvals, particularly both UK and EU competition clearances. However, the terms of such conditionality will often be heavily negotiated, especially in non-public transactions, especially in relation to the payment of break fees if the relevant clearances are not obtained.

5. What markets are currently providing the best investment opportunities?

Simoes: Activities such as Real Estate and Tourism developments are the most wanted, and also the ones with more opportunities.

Olekhov: As for now, agriculture, defence industry, energy (i.e. energy efficiency), new technologies, science and communications sectors provide the best investment opportunities. Given the fact that Ukraine is one of the leaders in the world in agricultural sector and, therefore, there are already markets for Ukrainian production, investing in agriculture (bringing knowledge and know how that can increase the productivity) would be able to result in successful business. Ukraine is currently working on diversification of its energy sources and reduction and optimisation of energy consumption. Therefore, investing in energy efficien-

cy technologies will create attractive business opportunities. Taking into account geopolitical tension and security considerations, as well as potential for Ukrainian arms sale on internal and external markets, military-industrial complex also provides sound investment opportunities.

Cummiskey: Currently the most sought after investment opportunities in Myanmar revolve around the telecommunications sector, the oil and gas sector, and hotel, office space and mixed use developments. Electricity generation and mining will likely be the next large sectors to develop in Myanmar.

Pasricha: Strategic investors as well as private investment groups are continuing to make investments in the technology, energy services, medical devices, real estate, and general industrials, including consumer goods sectors. The slump in the oil prices and corresponding decline in the values for energy services participants, together with the record amounts of cash available to buyers as a result of sitting on the sideline for so long, and the availability of relatively cheap debt funding on reasonable terms, has made it easier for buyers to finance their acquisitions. We expect to continue to see significant activity in the energy and energy services sectors.

6. What impact, if any, has Solvency II had on the economy?

Simoes: The impact would be tremendous, as the economy does not create enough to cover the costs of the country, and having higher interests to adjust would be impossible. We have been taxed a lot, but a few steps away from Greece, and the result of the interests of finance for Portuguese Economy is helping companies to develop and search for new customers outside Portugal.

Olekhov: Ukrainian insurance companies will be required to comply with requirements of Solvency II starting from January 2016. However, many market players have already started the transition process in order to meet the obligation under new standards. We believe that it will be possible to assess the impact of the Solvency II on the economy of Ukraine closer to the end of 2016.

7. Can you outline the process of an M&A with foreign investors?

Simoes: M&A where basically done in higher companies, on communications, electric sector has also received new investors. Foreign investors have made acquisitions, and at the moment we have our third/fourth bank being sold, in a process that all competing

are foreign investors. Insurance and Banking is receiving new foreign investors. There are a few investments in high technology in Portugal, due to the tax benefits we can get.

Olekhov: The M&A process used in Ukraine is very much similar to the pattern of such processes adopted in other jurisdictions, including mandatory financial, tax and legal due diligence exercises, entering into definitive transaction documents and completion of the transaction upon satisfaction of the conditions precedent. At the same time, Ukraine has very stringent foreign currency rules and lots of legal nuances in respect of registration of ownership title to various asset classes. The latter rules are changing substantially in view of the pending reforms introduced by the new Ukrainian government and particular attention needs to be paid to such novelties.

Cummiskey: There used to be restrictions on share transfers between local Myanmar companies and foreign companies (which such restrictions also applied to individuals holding shares in those companies). However, with the passage of the Foreign Investment Law, these restrictions have been eliminated for those companies which have their Myanmar Investment Commission

(“MIC”) license. Therefore, most foreign investors entering the Myanmar market would establish a new entity in Myanmar pursuant to the Foreign Investment Law and with licensing from the MIC. Depending on the sector, these companies can be fully foreign owned or may take the form of a joint venture. Prior to obtaining the MIC license, any draft joint venture agreement with a local partner and any draft long term lease agreement for project land would need the prior approval of the MIC.

Oxley: Step one is to assist the foreign investor with understanding the structure of the transaction and the tax and regulatory implications of the investment. This involves a review of the formation and tax filings of the target. Step two is to perform due diligence on the target. The scope of due diligence will be based on how material of an investment it is and nature of the target’s business. Following diligence, the documents will be drafted, negotiated and finalised for a closing. The main transaction documents will most likely

take the form of a securities purchase or subscription agreement and a joint order agreement to the governing documents of the entity. The investor will also be required to provide certain representations and warranties in the transaction documents related to the investors domicile, sophistication level, risk awareness and financial wellbeing.

Naylor: The United Kingdom is very open to overseas investment. There are no foreign exchange controls and, with the exception of various regulated business, little in the way of ownership restrictions or “local content” requirements. Rules and regulations, while convoluted, are discernable and not subject to arbitrary enforcement. Regulations are generally consistently enforced and their scope and application is relatively predictable.

Wong: Although it depends on the content and form of a specific M&A transaction (purchase and sale of the company’s shares or amalgamation/merger of companies etc.), generally, there are four steps:

Steps	Activities
Planning M&A strategy	Determine purpose of M&A, field and scale of M&A process based on business strategy and financial capacity. Look for a suitable target: Key characteristics are management quality and integrity, execution capability and long term market potential, as well as a favourable market position with strong growth potential.
Valuation and due diligence	Determine valuation of target company and any risks from the transaction based on the assessment of the target’s financial reports, staff, customers, location, status of material facilities, competitors, company’s image etc.
Negotiation and closing the deal	In negotiation, based on information from valuation and due diligence, the investor can give a price offer and special requirements for the deal. When the price and requirements of the parties are agreed upon, a contract is signed to memorialise the transaction.
Post-deal	Carry out the licensing process to officially transfer ownership and complete the transaction. Continue to operate the target with new strategy and policy or merge the target with the acquirer’s business.

8. Since 2010, tax inversions have played an increased role in cross-border deal making, and this year it accounted for 66% of proposed U.S. outbound deals. Do you believe that regulators renewed attempts to clamp down on this perceived method of tax avoidance will deter future activity?

Oxley: This has been an interesting topic in the United States in the past few years. It is a highly politicised issue. Some politicians have referred to the practice as un-American. Other politicians have used it to further bolster their position that corporate tax rates in the United States need to be lowered. The current administration has been aggressive in issuing new rules to attempt to combat tax inversion, including making it harder for companies that invert to use cash accumulating abroad. Many commentators have said that the primary driver behind companies engaging in tax inversion transactions is not the 35% US corporate tax rate, but the overly burdensome and complicated tax code. We expect this debate to continue, especially with the new rules being implemented.

Naylor: Certainly increased regulatory review of such arrangements, along with the negative publicity they generate, both in the US and the UK, will

make such transactions less palatable in the future.

9. Why is it important to consider the tax issues and implications of a possible deal at the very outset?

Simoës: Countries are fighting tax evasion, which I found very important. We always hope that the recovery of economy would be easier if the governments would reduce tax evasion to reduce taxation, but this is never what happens, as the tax evasion is a working in progress task without end.

Cummiskey: It is important to consider tax issues and implications from the outset of a possible deal because the corporate structure of the investing party and the manner in which the project will be implemented can greatly affect tax liability in the various jurisdictions where the entities operate.

Oxley: Foreign investor should take the time to diligence the structure of the transaction and the type of entity that will issue the investor the securities. The United States has multiple forms of entities. Corporations have historically been the preferred entity for businesses and owning stock in a corporation presents the simplest tax and regulatory framework issues for foreign investors.

Limited liability companies and limited partnerships, however, are far more common today and investing in those entities presents a more complicated tax and regulatory framework. In addition, foreign investment in an entity taxed as a corporation presents different U.S. income tax consequences to a foreign investor than foreign investment in an entity taxed as a partnership. To the extent the foreign investor can influence the form and structure of the transaction, these considerations need to be taken into account.

Naylor: As with any jurisdiction taking tax and structuring advice early in the process provides clarity and allows the structuring of the transaction to be properly analysed and considered in plenty of time as well identifying all necessary or desirable tax clearances in agreeing the transaction timetable.

Wong: Tax considerations affect the transaction's structure. Often there is more than one way to structure a transaction to achieve the parties' business goals, so tax advice early on can yield meaningful economic benefits. Generally, acquisition transactions will be subject to tax if it is structured as a purchase of shares or assets in cash, bill of exchange or other form of payment. On the other hand, the transaction

might not be taxable if it falls in a merger involving the exchange of shares or assets of the target company's shares for the securities of a buyer or agent, with direct or indirect relationships between the buyer and seller, and the shareholders of both parties.

In practice, a capital transaction between the parties with direct or indirect relationships (e.g. belonging to a corporation) that has the main purpose of restructuring the organisation without profit, the transaction value will be then determined to be equal to the cost price. Consequently, this kind of transaction does not accrue profit and thus, will not incur tax.

10. What key trends and strategies do you expect to see over the coming year?

Olekhov: With so little room for manoeuvre, Ukraine has no other choice as to continue deep and comprehensive reforms, deregulation of business activity that will allow to attract foreign investments and promote development of the country's economy. We expect Ukraine to remove regulatory and currency control restrictions in the near future and to create favourable conditions for foreign investors. However, it should be noted that much will depend

on the resolution of the ongoing conflict resulted from the Russian aggression against Ukraine.

Pasricha: We expect to see an increasing number of non-U.S. buyers to continue to focus on strategic plays. Most of the activity in 2015, much like the investment activity in 2014, is expected to come from buyers in the UK, Europe, Canada, Japan and China. We also expect that the volume of transactions will experience a significant growth in 2014, while experiencing a relatively stable overall transaction value.

Naylor: M&A activity is up this year, and is likely to continue given the generally positive economic outlook and low interest rates, especially once the dust has settled on the election. The stock market has had a good year to date, albeit with several re-bounds, and IPOs remain a viable exit for private equity funds and other sellers, albeit that, as ever, timing is paramount.

Wong: The current trend of cross-border M&As will continue to increase in 2015 and beyond, especially in banking, real estate, FMCG, electronics, software development, outsourcing, F&B and logistics etc. There will be continued strong inbound M&As primarily from the Asia-Pacific, especially Korea and Japan. Domestic participation will be steady among companies strategically merging to increase their resources and competitiveness as the local market matures, with continued limited outbound M&A activity. A young population and GDP growth will drive deal flows with strong prospects found in consumer, healthcare, agriculture and education. Bank sector consolidation will continue as expected, although slower than anticipated. Progress on the Vietnamese Government's initiative to encourage investment into SOEs will remain slow, although state sector equitisation may offer long term opportunities.

