



March 2012

Connecting professionals around the world

International Practice Group, is an international association of independent firms, with a Secretariat, which meets clients' needs for legal, taxation and accountancy services throughout the world

IPG Spring Conference Budapest

2012.

Dear Members

Please be informed about the following:

Change of program

- The Gala dinner will be held at Gerbeaud Atrium at Vörösmarty Square, in the heart of Budapest, five minutes walking distance from the Hotel Marriott. The kitchen staff work under the leadership of the young and talented Szabina Szulló Executive chef, who is the head of the kitchen at the Gerbeaud Beerhouse and the Michelin-starred Onyx Restaurant as well. (for more information: <http://www.gerbeaud.hu/>)
- This change of location does not effect the music program of the Gala Dinner (Fábian Juli and The Jazz Riff).

See you soon in Budapest!



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IPG Spring Conference

2012.

Dear Members,

Let us introduce ourselves in a few sentences, your hosts in Budapest.

Kalászi Law Firm



represented by Dr. Kalászi Éva

Dr. Kalászi Éva, attorney-at-law, graduated as an international business lawyer. She worked as an attorney-at-law from 1989 until 2007 as a partner of Kalászi & Pálos Law Firm, when she started her own firm. She is fluent in English, French and Spanish.

Areas of Practice

Foreign investment in Hungary
International trade transactions
Real estate transactions
Labour Law
Legal advice for companies with difficulties

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Hajdu & Menyhei Attorneys at Law



represented by Menyhei Ákos

Hajdu and Menyhei Attorneys at Law was founded in 1993. The founders, Dr. Hajdu György and Dr. Menyhei Ákos created a collaborative group where talented colleagues specialized in various fields of law, and speaking several languages they work together.

Areas of Practice

General Business Law Advisory
Litigation and dispute resolution
Real Estates
Mergers and Acquisitions
Tax Advisory
Labour Law
Banking and Finance
Wealth Management
Trustee Services
Intellectual Property Law

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For more details, please return the IPG Conference Booking Form at the latest by March 9, 2012

We are looking forward to meeting you at the event!

Let us make this conference memorable with a get together of colleagues and friends.

The business face of Hungary

Main topics of the 2012 Spring Conference

As being the host of the spring conference 2012 in Budapest, we aim to introduce the business potential hidden in Hungary to the delegates, showing possible legal and tax solutions, focusing on the practical side. Our topics intend to cover wide areas, such as setting a company, considering tax issues, dealing with the workforce from the perspective of our colleagues, and sharing the experience our clients have.

The morning program is partitioned into three sessions: the first part is about the host firms, the second deals with legal aspects of having business in Hungary, and the third is on business in action through examples.

The colleagues of Hajdu & Menyhei Attorneys at Law present the legal perspective focusing on corporate, tax and labour issues.

To bring it closer to the dele-

gates, Hungarian and foreign businessmen of the economic sector give insight to the real estate management provided by a Spanish entrepreneur, to the schedule of a multinational cinema company in Hungary, to alternative energy solutions performed by a Hungarian company, and to the result of a Hungarian R&D the HY-GO, a fuel cell vehicle developed by Hungarian engineers, and to the Audi Motor Hungary' issues to deal with.

Ethics Rules



Following the members meetings last year, some adjustments were made to the draft ethics rules. Mostly, these were fairly minor adjustments, including a specific provision that the rules have been adopted by a vote of the members.

Confidentiality provisions have been included, together with a provision that members should

ensure that their terms of engagement with their clients and the regulatory body rules allow suitable disclosure to the Ethics Committee of necessary client information.

The Management Committee will consider the rules as best practice from 1 January 2012 but they will not be mandatory until (and if) adopted at the AGM on

5 May 2012.

Contribution by

John Graham
Graham, Smith & Partners
The Netherlands

The revised draft will be circulated shortly and together with the notice for the Annual General Meeting.

Website Development



During the last Prague meeting, we handed out a questionnaire to find out what the general feeling is about the IPG website. Only a handful of questionnaires were returned and the outcome was rather surprising, because only a very limited amount of members were not happy with the look and usability of the website, while the others were really satisfied. A number of valuable suggestions were given. We discussed what

to do and we concluded that the website does not necessarily need a lot of technical improvements, but we all felt that the look and feel could be improved including the "handling with the globe". Not only can it look a bit smarter, but also change and be easier to use for the three potential users we identified being the existing members, potential new members and potential clients. As a result, we asked a marketing

company and the existing service company to prepare reports with suggestions for improvement and future development. We should be able to inform you about these two concepts during the forthcoming meeting in Budapest.

Contribution by
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Goodwill Indemnity to Commercial Agent - Established clientele as good as new customers? (An update on the German case law)



Hilarius Mayrhofer

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According to § 89b German Commercial Code (as a result of the transposition of the Council Directive 86/653/EEC of 18 December 1986 on the coordination of the laws of the EU Member States relating to self-employed commercial agents), after termination of an agency agreement the commercial agent may demand from the principal reasonable compensation. One of the requirements of such a claim is that the principal “derives also after contract termination substantial benefits from the business with **new customers introduced by the agent**”. By experience, this issue – which customers are “new customers” in terms of § 89b? – very often is a matter of dispute, due to the conflicting interests of the parties involved: the calculation of the agent’s compensation shall be based only on benefits from the business with “new customers”.

The German Federal Court of Justice had to adjudicate repeatedly upon that issue, and recently on 26 October 2011 (date of judgement; file number VIII ZR 222/10). This judgement was based on the following facts: a newly founded company acquired by an asset deal from the insolvency administrator of a bankrupt company, its commercial agents

and its established clientele (in the form of a customer list). After termination of an agency agreement between the new company and one of its commercial agents, a dispute arose whether or not the established clientele acquired by the new company by means of the asset deal were “new customers” in terms of § 89b. During the court proceedings, the commercial agent claimed that the new company placed contracts with these customers for the first time ever, so that these customers would have to be considered as “new customers”; this approach was followed by the court at the first instance (Regional Court of Gießen). The company appealed and succeeded at the second instance: the Higher Regional Court of Frankfurt was of the opinion that the established customers could not be considered as “new customers” of the new company in terms of § 89b, due to the acquisition of the customer list by means of the asset deal. With the judgement dated 26 October 2011, the German Federal Court of Justice approved the opinion of the court of the first instance, stating that in that individual case the business with the established clientele shall be allowed for the calculation of the agent’s compensation, too.

The Federal Court of Justice referred the proceeding to the Higher Regional Court of Frankfurt in order to recalculate and adjudicate upon the definite amount of the agent’s compensation.

This judgement exemplifies the high complexity and relevance of this issue, which should always be taken into consideration before signing an agency contract.

Contribution by

Hilarius Mayrhofer

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COMPETITION (AMENDMENT) BILL, 2011



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Ireland has a very tough competition law enforcement regime, and unlike many other European member states, has criminalised all breaches of competition law. Irish law provides for severe penalties for so-called “hard-core” competition offences (i.e., price-fixing, market-sharing and bid-rigging), including fines of up to €4 million or 10% of turnover, whichever is the higher and/or up to 5 years imprisonment. Furthermore, individuals charged with “hard-core” competition offences are tried before the Central Criminal Court, which is the Irish Court of first instance of highest jurisdiction and otherwise deals with serious offences such as murder, rape and treason. “Non-hardcore” offences cover activities that are not so inherently anti-competitive and while there is no custodial penalty for “non-hardcore” offences the Court has the power to impose fines of up to €4million or 10% of turnover, whichever is the higher.

It now appears that the Irish Competition regime will become even tougher, if the Competition (Amendment) Bill 2011 is passed into Irish law. The background to this draft legislation lies in the Irish Government’s agreement with the EU/IMF which was signed in December 2010, on back of the “bailout” to Ireland last year.

Under the EU/IMF Agreement the Irish Government committed to introducing legislation to

strengthen competition law in Ireland by ensuring the availability of effective sanctions for breaches of both EU and Irish Competition Law. As a direct result of this commitment the Minister for Job, Enterprise and Innovation, Richard Bruton, published the Competition (Amendment) Bill, 2011 last September. In publishing the Bill the Minister announced that the purpose of the Bill was *“to strengthen the enforcement of competition law and battle white collar crime in Ireland, and ultimately to help reduce costs across the economy and create jobs”*.

The main features of the Bill include:

- An increase from 5 years to 10 years of the maximum prison sentence for conviction on indictment of hardcore competition offences;
- An increase from €4m to €5m in the maximum level of fines for competition offences;
- Where a Court has determined that an undertaking has engaged in anti-competitive conduct in criminal proceedings, it will not be necessary for a person taking a civil action for damages to prove that the conduct was prohibited. This change aims to make it easier for private individuals affected by anti-competitive practices to maintain an action for damages.
- A person convicted of certain competition offences will not be eligible for probation under Section (1) of the Probation

Offences Act 1907. The Probation Act allows the Court not to record a conviction even though the elements of the offence were proven.

- A person convicted of competition offences may have to pay the costs of the investigation and court proceedings.

If the Bill is brought into law, it will remain to be seen if in future criminal prosecutions, the Courts do impose heavy jail sentences and fines which will be permitted under the new regime. Although the current regime allows for prison sentences of up to 5 years and maximum fines of up to €4 million, any prison sentences imposed have been suspended and the fines imposed to date have been nowhere near the maximum level. In fact, the total cumulative amount of fines imposed by the Courts for breaches of competition law under the current regime amounts to €600,000.

Future developments are awaited. Will the Bill be passed into law, thereby further strengthening what is already a tough criminal enforcement regime? If it is, will the judiciary view proven competition law offences as seriously as the legislation would suggest they should be viewed.

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Asia-Pacific and the Middle East = Opportunity



Rahul Chadha

Chadha & Co, India
IPG Board Member

At a time of global economic uncertainty and a general slow-down in growth, the Asia-Pacific region offers a very attractive opportunity for companies across the world, both as a market as well as a manufacturing base. Japan, Korea, Singapore, Taiwan, Australia and New Zealand have a large number of globally competitive companies and are regarded as developed economies with a standard of living similar to Europe and the US. Countries such as China and India, with their large populations, rising incomes and low costs have been at the forefront of driving global growth. Other Asian economies such as Thailand, Indonesia, Vietnam and Malaysia have also witnessed rapid growth in the last decade and have been an investment destination for many multinational companies. The Middle East, with its large reserves of oil and gas, and high standards of living has witnessed significant investments in the last decade. With the 2022 FIFA World Cup to be held in Qatar, significant business opportunities are

expected to emerge in Qatar.

In each of the aforementioned countries, leading domestic companies are also expanding internationally and are finding markets and making investments in Europe, North America, South America and Africa, apart from other Asian countries.

From the IPG perspective, we now have members in Dubai, India, Malaysia, China and New Zealand. However, there are several white spots. Key among them are Singapore, Thailand, Indonesia, Vietnam, Hong Kong, Japan, Korea, Sri Lanka and Australia. In some countries where IPG does have representation, such as India, China and New Zealand, IPG has law firms or accounting/ tax firms as members, but not both. In such countries IPG needs to fill the gaps. In China, it would be beneficial to recruit a member in Beijing.

The membership team has been working hard at identifying prospective members and presenting the benefits of IPG membership to them. However, in order to accelerate this process and cast a wider net, the membership team would appreciate the assistance of existing IPG members in introducing any of their contacts in the region who may be interested in IPG membership and if accepted, would add value to the group.

About Chadha & Co.
(www.chadha-co.com)

Chadha & Co. is India's leading boutique law firm specialised in advising foreign companies on their legal and regulatory issues while doing business in India. Our clients come from over 31 countries spanning all continents. We advise foreign companies in the areas of inbound investments, M&As, Joint Ventures, Technology Transfer, Private Equity, Corporate Restructuring, Corporate / Project Finance, Corporate Governance, Regulatory Compliances, Commercial Litigation, Labour, Employment & Industrial Relations, Real Estate and Anti-trust matters.

The firm is reputed for its high quality, practical, proactive and cost-effective legal advice. From our offices in New Delhi, we are able to serve our clients across India (over 50% of our business comes from clients outside the National Capital Region). Our lawyers are business savvy, with wide international exposure and a passion for solving problems combining the highest global standards with local expertise.

Contribution by

Rahul Chadha
Chadha & Co, India
IPG Board Member



New Members Recruitment: Quality over Quantity

In its over 20 years of history IPG has been tremendously successful in attracting high profile law, accounting and tax advisory firms throughout the world. As of today, our members cover 38 different countries and jurisdictions which makes IPG a truly global association. Despite its growing size, the group has largely preserved its original spirit of being a “big family”, providing a platform not only for collaborating in international business but also for establishing personal relationships – and often friendships – among its members.

With IPG’s successful growth over time, the challenges for recruiting new members have also shifted. Through its 87 member firms, IPG has become a significant market force and thus gains more and more public visibility – partly also due to the rise of the Web. This in turn makes it easier to catch the initial interest of new candidates. In fact, the Secretariat has received an ever growing number of unsolicited applications from potential candidates through the IPG website in recent years. On the downside, since many jurisdictions are already adequately covered by existing members, it becomes increasingly difficult to find new candidates in those parts of the world where we do not have sufficient coverage yet.

Based on the theory of network economics, each new member can be beneficial for IPG in

general and for the existing members in particular, as this increases the opportunities for referring work out and also increases the opportunities to get work referred in. On the other hand, IPG’s numerical size alone is not a suitable indicator for the value IPG provides to its exiting members. More important than just having *any* member at a certain place, we need to make sure to have the *right* member. Besides general requirements such as an excellent reputation and professionalism, our “wish list” for new candidates includes a respectable level of international experience, paired with a sufficient fluency in English and a certain ability to cope with intercultural differences. Assessing these soft factors is not always easy, which is one of the reasons why a Due Diligence visit to the office of a candidate is still an inevitable step before the vote on membership.

Blind growth of IPG is not an option – and in fact it has never been in the past. It would be at the cost of IPG’s core values that have developed over so many years, effectively sacrificing the strong internal bonds of the group for sheer size. In the view of the recruitment team the route to success rather lies in a more balanced growth of IPG. This approach enables IPG to preserve and cultivate its identity for existing members and still allows new members to be welcomed and inte-

grated into the group.

Notwithstanding our high expectations of new candidates, closing the white spots on the IPG map is *the* major recruitment challenge for the years to come. The Americas as well as the Middle and Far East leave much room for new members, but IPG also has some areas in Europe that are covered insufficiently (e.g. Portugal, Finland). A specific focus for the recruitment of tax and accounting firms currently lies in Eastern Europe, where IPG is still lacking adequate geographical presence.

Although the IPG Board of Directors and the recruitment team in particular are working eagerly to get new members aboard, the most important source for recommendations of new candidates are still our existing members, many of whom do not exclusively collaborate with other IPG firms, but have other valuable advisory contacts outside of IPG as well. For this reason, our members are best in assessing who else could be interested in joining IPG.

Recommendations for candidates from existing members are therefore always welcome and the recruitment team is doing its very best to support the members in this process.



Jochen Hey

*Hey & Heimüller, Germany
Head Section Accounting & Tax*

In most instances, forwarding the contact data of a potential candidate to the IPG secretariat is already sufficient so that the recruitment team can take things on from there and provide the candidate with all relevant background information on our association, on the application procedure, our pricing schedule for membership fees, etc.

In order to further encourage referrals of new candidates

through existing members, the Board decided on an “IPG Ambassador” program (see the separate article on this topic for further details).

With a bias on the *quality* rather than on the *quantity* of new members, the recruitment team is certain that IPG will be able to further develop what the group’s initial founders envisaged way back in November 1988:

Providing outstanding opportunities for its members to globally share business contacts, knowledge and friendship.

Contribution by

Jochen Hey
Hey & Heimüller, Germany
IPG Board Member

“Despite its growing size, the group has largely preserved its original spirit of being a “big family”, providing a platform not only for collaborating in international business but also for establishing personal relationships – and often friendships – among its members.”

IPG AMBASSADOR

As we agreed, people in general and individual IPG members in particular are very sensitive to recognition and status. We came to the conclusion that in this we can find the best stimulus to activate the current individual IPG members to propose potential new members to, and/or share relevant contacts with the IPG.

To recognize the efforts of these active individual IPG members, we can grant the current individual IPG member that suggests potential members, that actually became a member, the status of **IPG Ambassador**. An IPG Ambassador has proven to be a member that helps the organization to grow, in quality, in quantity and in relevance to each of the participating member groups. The status could have three different levels:

- From 2 members introduced by a current member, this member could receive the status of “**Steel IPG Ambassador**” and this status is shown by granting the individual IPG member a special **IPG Ambassador silver pin** during a ceremony and we can decide to do it during GA at every conference or during the gala dinner at every conference.

- From 5 members introduced by a current member, this member could receive the status of “**Gold IPG Ambassador**” and this status is shown by granting the individual IPG member a special **IPG Ambassador gold pin** during a ceremony and we can decide to do it during GA at every conference or during the gala dinner at every conference.

- At the achievement of 10

members introduced by a current member, this member could receive the status of “**Platinum IPG Ambassador**” and this status is shown by granting the individual IPG member a special **IPG Ambassador platinum pin** during a ceremony and we can decide to do it during GA at every conference or during the gala dinner at every conference.

Contribution by

Francesca Falbo
Studio Legale Falbo, Italy
IPG Board Member



Francesca Falbo

Studio Legale Falbo, Italy
Head Section Law

The contact details for the Chairman and Secretariat of the group are shown at the bottom of this page, but detailed below is a list of contact details and areas of responsibility for the Management Committee:

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And finally - Newsletter distribution

Finally, we would ask that you pass this newsletter on to all members of your firm who could usefully be aware of IPG. If you wish to supply the Secretariat with a general email address which acts as a distribution list for your firm then we would encourage you to do so. This way each firm can keep their internal distribution list up to date and the Secretariat can send newsletters, etc. to the widest possible number of people. If you have any questions please contact Carina Cabrera or Hiacentia Leutert Klages. If you have any matters you would like including in the newsletter then please let the Secretariat know.

Disclaimer:

All contributions and announcements of this newsletters are submitted by IPG members. All statements and opinions included in the newsletters announcements are strictly the author(s) or submitter(s) and do not necessarily imply those of IPG. IPG is not responsible for the accuracy or publication permissions of any of the contributions.

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