

Brussels, 13 October, 2008

European Private Equity industry establishes Brussels Taskforce

Dear EVCA Member,

During my chairmanship of the EVCA I have stressed on several occasions the need for the private equity industry to have one voice for Europe.

This is not a whimsical hope but an absolute requirement if we are to address the urgent and serious questions being asked of us by Europe's policymakers.

Following EVCA's Policy Meeting in Brussels last Wednesday, a representative group of European private equity participants acted to address this shortcoming, by appointing a special Brussels task force with the specific role of proposing how the industry should react to the European Parliament's resolutions regarding private equity.

This marks the first time that a formal group has been established to act on behalf of Europe's national private equity and venture capital associations and the EVCA. The group consists of around 30 individuals, including 11 national associations and other industry representatives. The activities of the Brussels Taskforce will be coordinated and assured by the EVCA, which will also act as secretariat.

The importance of gaining a swift consensus among this representative group cannot be overstated: our window of opportunity to inform the review of private equity's regulatory treatment across Europe is closing fast.

In September the European Parliament adopted two Resolutions calling on the European Commission to review the EU-wide regulation of private equity. These reports call for measures including capital requirements; binding disclosure and transparency; controls on asset stripping and capital depletion and limits on directors' remuneration. The European Commission is expected to respond to the Parliament's Resolutions on 21 November.

The Commission does not intend to impose regulation as a result of these two reports, but events in the wider financial marketplace have increased the political will to regulate. There is a very real danger that private equity may get swept up in the general hardening of sentiment towards oversight of the financial services industry.

Furthermore, the Commission's response is likely to provide the basis of its programme for the period 2009 – 2014, following the confirmation of the new European Commissioners next autumn.

The coming weeks and months will therefore be vital in the formation of opinion with regards to private equity.

To this end the "Brussels Task Force" has been charged with recommending how the industry should respond to the European Parliament Resolutions. This proposal will include an immediate reaction to be put in the framework of the upcoming response from the Commission to the Parliament, in time for the deadline of 21st November.

The proposal should:

- name the aspects on which the industry engages itself to develop a unified and compelling response (Standards, Ethics, Disclosure, etc),
- differentiate to other parts of the financial markets, particularly hedge funds, by highlighting the modus operandi of the industry, its benefits and value added
- point out the areas which could not be accepted by the industry because they would impede its operations
- possibly, highlight the areas where European regulation could be acceptable and name the criteria/conditions for that regulation to be efficient and acceptable

The Task Force is also required to present a proposal for the 2009-2014 programme which:

- develops the above on more detail
- includes evidence of the positive points
- includes a request to the EU institutions for a number of areas where their action could be beneficial

Finally the Task Force is required to present a proposal on a governance model that should allow for the efficient deployment of activities necessary to impact policy making during this period.

The Task Force and its members are required to work for the entirety of the industry and make no country or sub-sector distinction. The final decision about the industry's response is to be taken by the wider representative group.

I have been appointed to chair the Brussels Task Force. The other members of the Task Force are:

- Vincenzo Morelli, TPG, Chairman European Liaison Group
- Pierre de Fouquet, ISIS CAPITAL, Chairman AFIC
- Anne Rannaleet, Industri Kapital
- Simon Walker, BVCA
- Dörte Höppner, BVK
- Javier Echarri, EVCA
- Nickolas Reinhardt, Fleishman-Hillard

All members of the industry group are expected to provide resources to do the preparatory work and the delivery of the messages.

The Task Force assumes the responsibility of reporting back to all associations and the industry at large, to ensure an understanding of the actions undertaken and alignment of their country activities to contribute to the common goal.

I trust you will agree this is a worthwhile and necessary step in the evolution of private equity's representative structure. I look forward to working with my fellow Task Force members to ensure that rules relating to Europe's private equity industry continue to be appropriate and fair, while remaining open-minded as to how we might further address the concerns of all private equity stakeholders.

Yours faithfully,

Jonathan Russell
Chairman, EVCA
Chairman, Brussels Taskforce
Global Head of Buyouts, 3i plc