

**EVCA NEWSFLASH – ECON COMMITTEE REPORT
10th September 2008**

**ECON COMMITTEE RECOGNISES PRIVATE EQUITY'S BENEFITS TO EUROPE'S
ECONOMIES AND ACCEPTS STRENGTH OF REGULATION WITHIN THE INDUSTRY –
BUT.**

This year, the European Parliament has been working on two reports on private equity, in the Economic and Monetary Affairs (ECON) and Legal Affairs (JURI) Committees. This afternoon, the ECON Committee voted on its report.

EVCA has, for the past two years and in the build-up to these reports, been in extensive private discussion and public debate with EU politicians of all parties. It has worked closely with colleagues in a number of EU countries, including Denmark, Germany and the UK, to explain the benefits of and correct inaccurate perceptions about private equity among a body of MEPs, particularly among some Socialist members.

EVCA has provided substantial inputs into the drafting of the report throughout its progression. The results have been seen in the JURI report (voted in July) and the ECON report, voted today. These distinguish between private equity and hedge funds, recognise the importance of a level playing field for all companies (whether private equity-backed or otherwise), take account of the effectiveness of the industry's own regulation as well as of existing national financial services regulation and are generally supportive of private equity. This is a major achievement.

"The detailed text of today's ECON report is far better for private equity than the industry had initially expected. It incorporates over 200 amendments and a new compromise text, on all of which we have provided advice", commented Justin Perrettson, Head of EVCA's Public Affairs team.

In spite of the long and sometimes controversial road to today's agreement, the report as it stands today is unlikely to affect the present model and operations of private equity, although there are clauses open to interpretation which EVCA will continue to work on with all parties.

Justin Perrettson continued: "Poul Nyrup Rasmussen's comments today, that the report paves the way for increased regulation for hedge funds and private equity in Europe, fails to fully take into account that many of the recommendations he cites are already met under existing legislation and the industry's own standards and guidelines and that the detailed text of the report allows for future measures in line with existing market practice. However, we shall continue our discussions in the following weeks, ahead of the consideration of both reports in full session of the European Parliament before they then go to the Commission."

EVCA Secretary General, Javier Echarri said: "Today's ECON vote on the report recognises that the private equity industry can benefit Europe's economies, and that existing regulation and industry standards are broadly effective. EVCA will continue to work to ensure that the EU does not adopt measures that will impede private equity's ability to support European companies and make them globally competitive."

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