

Key policy achievements

2014-2019

And challenges ahead



Invest Europe represents Europe's private equity, venture capital and infrastructure sectors, as well as their investors. On behalf of the European private equity¹ industry, we engage in Brussels and play a constructive part in developing the EU legislation that shapes the future of the industry. With a track record of positive engagement at EU level for more than 35 years, we are committed to helping Europe deliver jobs and growth, today and tomorrow.

Achievements...

FOR FUND MANAGERS



Reduced barriers to cross-border fund marketing

New conditions for pre-marketing under AIFMD and EuVECA take better account of private equity¹ practices, reducing disruptions in the fundraising process. New limits to fees and charges also aim to reduce costs for fund managers.



Ensured easier marketing for managers investing in SMEs

The scope of the EuVECA regime has been extended so fund managers are able to invest in larger portfolio companies, while AIFMD-authorized managers will also benefit from the marketing passport.



Secured greater public funding for venture capital

The creation of the European Commission's VentureEU programme, involving six public-private fund-of-funds, provides an opportunity to boost the European venture industry, using €410 million of EU money to raise up to €2.1 billion for venture capital investment.



Shaped new rules on sustainable finance

The principles-based approach adopted in new sustainability rules on disclosure and due diligence recognises the diversity across asset classes and as such avoids imposing a disproportionate burden on the industry.

FOR INVESTORS



Reduced capital requirements for insurers under Solvency II

Insurers investing in private equity have to set aside less capital (compared to initially proposed 49%), whether they invest in EuVECA, ELTIFs, closed-ended and unleveraged funds (39%), infrastructure projects (30%), infrastructure corporates (36%) or long-term equity held through funds (22%). This will ensure that our asset class remains attractive for insurers.



Prevented capital requirements for pension funds

The review of the pension fund directive (IORPD) allows pension funds to continue investing in our asset class without having to set aside any (regulatory) capital, ensuring the industry's ongoing appeal to its largest investor group.



Guaranteed banks' ongoing ability to invest in our asset class

The withdrawal of the EU's planned Banking Structure Regulation ensures banks are not prevented from investing in private equity. The legislative framework for banks (CRD/CRR) now makes a critical distinction between high-risk direct exposures and investments in private equity funds, further benefitting the industry.

Note

1. The term "private equity" is used in this document to refer to all segments of the industry, including venture capital. The term "venture capital" is used in specific contexts where there are issues that relate particularly to this segment.

INVESTMENT ECO-SYSTEM

Supervision

Prevented direct contributions by private equity firms to the European Supervisory Authorities budget and protected delegation practices used by the industry.

Taxation

Global OECD BEPS standards provide a good basis for structures used by the private equity industry to continue to access tax treaty benefits. While awaiting national transposition of BEPS Action 6 (treaty abuse), this starting point is important because changes to the rules could risk access to tax treaties that prevent double taxation when funds invest cross-border.

Insolvency

Ensured that the revised Insolvency Directive contains a workable and fair cross-class cram-down clause and a short discharge period for entrepreneurs, an important achievement for funds involved in turnaround opportunities.

Divestments

Oversaw simplified prospectus requirements for small and mid-sized companies planning to list, lowering the cost of initial public offerings for fund managers seeking to exit their companies via public markets.

Retail investors

Simplified marketing to retail investors through packaged investment products (PRIIPS) by achieving special recognition for carried interest in the Key Information Document.

Looking ahead to the next five years

FUND MANAGERS

Invest Europe will continue to shape EU policymakers' thinking ahead of and during the AIFMD review, scheduled for 2020, in order to secure positive outcomes for the European private equity industry.

Influence the EU's sustainable finance work to ensure proportionate and workable solutions for private equity.

Use the reviews of EuVECA and ELTIF to improve the attractiveness of both labels for private equity.

Shape the new EU ESCALAR initiative to enable venture funds to increase their investment capabilities.

INVESTORS

Ensure the Solvency II review in 2020 properly addresses the true risks insurers face when investing in private equity and venture capital funds.

Safeguard sophisticated investors, such as family offices and high-net-worth individuals, from requirements targeted at the retail investment community in the planned 2020 KID review.

INVESTMENT ECO-SYSTEM

Ensure member states transpose OECD BEPS Action 6 on access to tax treaty benefits consistently and fairly.

Navigate new anti-tax avoidance rules (ATAD II) and their implications for private equity fund structures.

Monitor the Financial Transaction Tax discussion closely for potential negative impacts on private equity.

