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On behalf of the Public Affairs Executive (PAE) of the EUROPEAN PRIVATE EQUITY AND VENTURE CAPITAL INDUSTRY

Response to EC Consultation on EU Retail Strategy

1. General questions

Question 1.1 Does the EU retail investor protection framework sufficiently empower and protect retail investors when they invest in capital markets?

Yes.

As a way of background to this response, private equity funds[1] are typically closed-end structures set up for an average of 10 years (usually renewable for two additional years). This **long-term and illiquid structure** has implications on the way private equity fund managers provide investment opportunities to investors across Europe and globally. For investors in the asset class, selling their stake of the fund before the end of the fund's life is neither endorsed nor in anyway incentivised, as the capital committed will serve supporting businesses over the entire length of their growth.

This model has a direct consequence: while private equity funds are not "complex" products (managers invest directly in real businesses, as opposed to complex financial products), committing capital directly to a private equity fund requires **careful consideration and a strong liquidity profile** from investors. As a result, private equity has been traditionally reserved to knowledgeable investors able to commit reasonably large sums of capitals while remaining patient. The make-up of a private equity fund investor base will on average be:

- *circa* 70% of **institutional investors**: pension funds, insurers, banks, sovereign wealth funds, fund-of-funds
- *circa* 30% of **sophisticated investors**: family offices, entrepreneurs

Institutional investors will of course be considered as professionals under the MiFID II "investor categorisation" test and are not the target of this consultation – but sophisticated investors will often be deemed retail and we would therefore want to address their situation as part of this response.

Sophisticated investors

When these investors are deemed to be retail investors, it is not because of a lack and knowledge of the product they invest in, but because the definition of "professional upon request" under MiFID is not tailored to the types of investments they are making.

[1] For the purpose of this response, and unless otherwise stated, any reference to "private equity funds" or "funds" includes both venture capital and private equity funds, the former being considered a sub-set of the private equity asset class.

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In other words, these investors' level of sophistication is not well quantified through the criteria of the existing MIFID "professional upon request" definition. Looking at two of the three existing criteria (the wealth criteria being appropriate from our perspective):

(i) *"the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged. "*

Some types of sophisticated investors will **have an expertise of the underlying investment market,** which derives from their work in or connection to the broader private equity industry or, in the case of successful entrepreneurs, of their expertise of the sector and projects in which the fund invests

(ii) "the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters"

Sophisticated investors **invest large sums of capital** after having negotiated their entry in the fund with the manager – as opposed to making frequent but small investments in standardized products

The result of the MiFID investor categorisation as it currently stands is therefore that these "sophisticated investors" will often be classified as retail clients, despite being extremely knowledgeable of the investments they are making. For example, a successful bio-tech entrepreneur who would decide to invest into a bio-tech venture capital fund will never be in a position to be a "professional upon request" because it is neither a day-to-day trader nor has worked in the financial sector, despite its obvious ability to determine the risks, costs and potential performance of its investment.

Naturally, this has consequences on their ability to access the asset class and, ultimately to commit capital into innovative projects through venture capital or private equity funds, if only because:

- fund managers are not authorised to market to them at European level under the relevant passport (in this case, the one granted under the AIFMD)
- managers often decide not to market to them as they would have had to prepare disclosure documents, such as the KID, solely for these clients (this is especially true as typical private equity funds do not at all target other types of retail clients).

We present in our answers to Question 7 solutions to go over this hurdle.

Other investors

Investors other than professional and sophisticated clients committing (very) large amount of capitals typically do not have a direct access to the asset class. Indeed, the long-term nature of the asset class, characterised by a lack of redemption rights and generally large tickets, make it difficult for managers to market to retail clients.

This of course does not mean they cannot benefit indirectly from the long-term, generally preferable, returns offered by the asset class. Much can be done in the future to allow more institutional investors such as pension funds or insurers that manage retail money to commit capital into private equity funds. As DC schemes start to develop in Europe, making sure these are not restricted solely to bonds and listed shares would go a long way in ensuring that retail investors, while protected under the relevant law, may enjoy the benefits that a long-term asset class such as ours can offer.

There are also a few situations where private equity managers will market directly to retail clients. First, certain managers have decided to list themselves – allowing their clients to subscribe to shares of the listed private equity company.

Second, some fund managers market to retail clients which are willing to commit relatively large tickets (above €10K but below €100K) over a long period of time. While growing over the past few years, the number of managers interested in this strategy remains relatively low given the high costs that direct marketing to retail represents for a fund manager, especially if investors must be given the opportunity to redeem their shares. Managers interested to seek such retail capital are particularly interested in labels such as the European Long Term Investment Fund (ELTIF) one.

Contrary to the investors mentioned above, we acknowledge that these type of investors should continue to be treated as retail (in most cases, the private equity firm will call a MiFID distributor to access these clients).

Question 1.2 While aimed at protecting retail investors, some rules may require specific procedures to be followed (e.g. the need to use investment advice and complete a suitability assessment) or may limit investment by retail investors (e.g. by warning against purchase of certain investment products or even completely prohibiting access). Are the existing limitations justified, or might they unduly hinder retail investor participation in capital markets?

No

Firstly, the perception that all retail investors are similar and as such requires same level of protection fits poorly with a range of sophisticated investors (as we explain in our answer to Question 1.1).

Secondly, the procedures set and required hinders unduly retail investor participation in investing.

While it is obvious retail investors must be given a higher level of protection, rules aiming at protecting retail investors should not generate excessive costs, which would deter them from investing in the relevant products.

Generally, too much emphasis has been given in EU law on standardised disclosure and not enough on proper incentives. The current approach led to the creation of the production of lengthy, stereotyped and, hence, often oversimplified documents which do not always give investors the appropriate idea of the risk of an investment in a specific product. This is especially true for long-term products that differ from typical trading-oriented ones for which the KID was originally created.

Question 1.3 Are there any retail investment products that retail investors are prevented from buying in the EU due to constraints linked to existing EU regulation?

Yes.

As explained above, the AIFMD rightly does not allow fund managers to market to retail investors. For retail investors to access private equity funds, they will need to commit capital into an ELTIF – and funds with such a label are currently very few in Europe.

The current limitations of the ELTIF regime – in particular the scope of the framework – have led many private equity managers that may have been interested to offer retail products to ultimately decide not to follow that route. Improvements to the ELTIF regime could therefore go a long way in solving an “access issue”.

This said, for the vast majority of private equity managers as sellers, the concern is less the inability of retail clients to access retail products but the ability of professional clients such as high net worth individuals to access professional products because they are classified as retail under EU law (see our answer to Section 7).

Question 1.4 What do you consider to be factors which might discourage or prevent retail investors from investing? (from 1 (strongly disagree) to 5 (strongly agree))

Lack of understanding by retail investors of products?	3
Lack of understanding of products by advisers?	3
Lack of trust in products?	3
High entry or management costs?	3
Lack of access to reliable, independent advice?	2
Lack of access to redress?	1
Concerns about the risks of investing?	3
Uncertainties about expected returns?	3
Lack of available information about products in other EU Member States?	3
Other	5

In our opinion, the lack of tax incentives is probably the main factor which discourages or prevents retail investors from investing into private equity funds. Indeed, as shown by the French experience of FCPI and FIP, tax incentives are necessary to encourage investors to invest in a riskier asset class. In 2020, nearly all capital collected by the funds were subject to income tax reductions, showing how relevant these incentives are.

Changes to the investor categorisation and to the ability of institutional investors to invest capital on retail investors behalf (e.g.: opening DC schemes to the private equity asset class) would help address barriers on the demand side. On the supply side, the development of ELTIF has a retail marketing label could make it easier for fund managers to market to long-term retail investors cross-border.

The lack of understanding by retail investors of what an investment in a private equity fund entails (as opposed to sophisticated ones, which are perfectly aware of the features of the asset class) is also a factor that discourages or prevents "true retail" investors from investing. To a certain extent, the approach taken in the KID has reinforced this lack of understanding – as the obvious characteristics of the asset class (long-term investments into unlisted businesses) are not well featured in the document and as the KID may give the investor an impression the product is more risky than it is. It should become much more obvious in the KID that a product is a long-term one – to achieve this, we believe the only way is to make the KID simpler and more focused on the specificities of each product.

Finally, lack of access to redress is not, in our view, a significant factor that might discourage or prevent retail investors from investing as redress regimes are in place in the Member States. As per the ELTIF regulation, managers of an ELTIF marketed to retail investors shall establish appropriate procedures and arrangements to deal with retail investor complaints, which allow retail investors to file complaints in the official language of their Member State.

Question 1.5 Do you consider that products available to retail investors in the EU are ((from 1 (strongly disagree) to 5 (strongly agree)):

Sufficiently accessible	2
Understandable for retail investors	3
Easy for retail investors to compare with other products	3
Offered at competitively priced conditions	4
Offered alongside a sufficient range of competitive products	NA
Adapted to modern (e.g. digital) channels	4
Adapted to Environmental, Social and Governance (ESG) criteria	4

We would like to stress again that the response to this question is very different depending on the level of sophistication of the investor. The majority of "retail" investors committing capital into private equity - especially on the venture capital end - are high net worth individuals committing capital who have a very good understanding of the product. They should be considered as professionals through a change of the "professional upon request" definition.

Marketing to "true" retail investors, i.e. investors committing amounts lower than 100K into a fund, will either be done under national law (meaning no European passport is required) or, for cross-border marketing, under the ELTIF framework.

As far as ELTIFs are concerned, we believe that, in their current form, they are not sufficiently accessible to retail investors across the EU, in particular because the ELTIF passporting regime has not been applied consistently throughout the EU. Indeed, despite the ELTIF Regulation having direct effect in each Member State, a number of national competent authorities have in practice imposed additional local requirements for distribution to retail investors. Satisfying multiple cross-jurisdictional marketing registration and notification procedures substantially increases time to market, costs for investors and burden on fund sponsor. In our opinion, compliance with the ELTIF Regulation should be deemed sufficient to begin distributing the product in each jurisdiction.

Question 1.6 Among the areas of retail investment policy covered by this consultation, in which area (or areas) would the main scope for improvement lie in order to increase the protection of investors?

financial literacy
digital innovation
disclosure requirements
suitability and appropriateness assessment
reviewing the framework for investor categorisation
inducements and quality of advice
addressing the complexity of products
redress
product intervention powers
sustainable investing
other

Please explain

As explained above, from the perspective of private equity managers, the problem of retail access can be seen from three different angles:

- the ability of sophisticated and/or experienced individuals to be treated as (at least upon request) professional clients and hence access directly the long-term funds these managers offer
- the ability of typical retail individuals to invest indirectly into products that would then be authorised to invest into long-term private equity funds
- the ability of retail individuals to invest directly into products that would then be authorised to invest into long-term private equity funds

The first angle can be tackled through a revision of the framework for investor categorisation, which will better assess the level of sophistication of these large, long-term investors, and will ultimately increase their ability to finance the European economy through long-term funds such as private equity without reducing levels of investor protection for typical retail investors.

Meanwhile, the second angle can be covered by allowing pension funds and insurance managers to commit capital into long-term, illiquid funds such as private equity, for example through DC schemes as is already the case in the United States. This has the better chance of increasing the exposure of European retail investors to the private equity asset class.

Finally, the third angle, i.e.: empowering typical retail investors to invest into private equity funds, is one that has to be considered very carefully given the features of the asset class and the limited redemption rights available to investors. Information documents such as the KID could be clearer about the features of such products. Nonetheless, nothing should prevent a well informed retail investor with no liquidity constraints to invest into an ELTIF product.

Finally, improving financial literacy would also help investors understand better the risk and benefits of investing into long-term products.

2. Financial literacy

Question 2.1 Please indicate whether you agree with the following statement: Increased financial literacy will help retail investors to:

Improve their understanding of the nature and main features of financial product	Agree
Create realistic expectations about the risk and performance of financial products	Very much agree
Increase their participation in financial markets	Very much agree
Find objective investment information	Agree
Better understand disclosure documents	Agree
Better understand professional advice	Agree
Make investment decisions that are in line with their investment needs and objectives	Very much agree
Follow a long-term investment strategy	Very much agree

3. Digital innovation

Note: We did not respond to this section.

4. Disclosure

Question 4.1 Do you consider that pre-contractual disclosure documentation for retail investments, in cases where no Key Information Document is provided, enables adequate understanding of ((from 1 (strongly disagree) to 5 (strongly agree)):

The nature and functioning of the product	NA
The costs associated with the product	NA
The expected returns under different market conditions	NA
The risks associated with the product	NA

Please explain

For private equity products offered to retail investors, a KID is always produced.

Question 4.2.1 a) PRIIPS: Is the pre-contractual information provided to retail investors for each of the elements below sufficiently understandable and reliable so as to help them take retail investment decisions? Please assess the level of understandability (options: very low, rather low, neutral, rather high, very high):

PRIIPs Key Information Document (as a whole)	Neutral
Information about the type, objectives and functioning of the product	Neutral
Information on the risk-profile of the product, and the summary risk indicator	Neutral
Information about product performance	Neutral
Information on cost and charges	Neutral
Information on sustainability-aspects of the product	Don't know

Question 4.2.1 b) PRIIPS: Is the pre-contractual information provided to retail investors for each of the elements below sufficiently reliable so as to help them take retail investment decisions? Please assess the level of reliability (options: very low, rather low, neutral, rather high, very high):

PRIIPs Key Information Document (as a whole)	Rather low
Information about the type, objectives and functioning of the product	Rather high
Information on the risk-profile of the product, and the summary risk indicator	Rather low
Information about product performance	Rather low
Information on cost and charges	Rather low
Information on sustainability-aspects of the product	Don't know

Question 4.2.1 c) PRIIPS: Is the amount of information provided for each of the elements below insufficient, adequate, or excessive

PRIIPs Key Information Document (as a whole)	Adequate
Information about the type, objectives and functioning of the product	Adequate
Information on the risk-profile of the product, and the summary risk indicator	Adequate
Information about product performance	Adequate
Information on cost and charges	Excessive
Information on sustainability-aspects of the product	Don't know

Understandability

Most retail investors do not understand the content of the KID properly. This is in part because investors are often overloaded with information that is not relevant to them. Most importantly, better consideration could be given to the specificities of certain asset classes.

For example, the level of standardisation of the KID currently forces the manager to give performance and cost scenarios over different periods – despite the product having no redemption rights and periodised scenarios hence making little sense. Irrespective of any added narrative, this may give the false impression that selling before the end of the fund term's is more of an option than it is.

There are also downsides in presenting costs and risks of investing into long-term products in the same way as products that have daily price quotes. While we agree that costs must be presented in a simple way, we believe that standardization should not be confused with simplicity.

The presentation of carried interest is a good example of this. As a reminder, carried interest is an agreed percentage, at the fund's onset, of the cash profits of the fund indeed. It is only paid out to the manager and/or to its executives who participate in the carried interest arrangements once the external investors have received back all of their drawn down capital, plus an agreed preferred return (typically 8% p.a. on the investors' drawn down capital).

A "standardized way" to present carried interest, for example as a percentage of the investment if you exit after one year and based on an average performance scenario, will likely lead to a situation where the retail investor will have an impression no amount will be paid, which will not necessarily be true (especially as the investor will not be in a position to exit after a year). A "simple" way would be for the KID to include a simple sentence describing that the fund is subject to a profit-sharing mechanism above a certain hurdle – which would give the investor all information he or she needs to make the investment.

On the other hand, detailed disclosure of the amount of fees paid – as opposed to a simple "final" number - would create confusion without adding much value.

Reliability

The pre-contractual information provided to retail investors in the KID is generally reliable. However, as explained previously, such information is not always relevant to the client or may be misleading.

Past performance is an obvious example of this. The more the ability of the fund manager depends on factors that are not related to past successes, the higher the chance a past performance indicator would give the investor an incorrect estimation of the risk he or she faces.

First of all, past performance is a more relevant factor for open-ended funds which continue to operate for many years under similar parameters. In private equity, or for any type of closed-ended funds, past performance would have to be based on previous funds ran by the management team (if there are any) or comparable funds.

As private equity funds invest into businesses (as opposed to a basket of securities linked, for example, to a volatility index), a fund' success will primarily depend on:

- extensive due diligence (to "handpick" the right companies to invest in)
- managerial skills (as managers often take an active role in the company to ensure its success)
- macro-economic and industrial trends (i.e.: the business environment)

The first two factors may be relevant for funds previously ran by a same management team (although it will not account for the accumulated experience of the management team) but they will not be for a comparable fund. Contrary to passive funds based on listed indexes, the performance of a fund may vary significantly depending both on the sector of investment and the expertise of the manager. In other words, it will not be much more than a general indication of the returns of the asset class, as opposed to a clear signal of what returns are to be expected.

Even for funds ran by the same management teams, past performance data will not take into consideration that underlying businesses invested in by the previous funds managed by the same fund manager will often be very different from the investments that will be invested in by the fund currently being raised. The very long time between one fund being raised and the next means that, even for investments in the same businesses, factors impacting the performance of previous funds could have changed during that time (e.g. market environment, stage in the economic cycle, evolution of the fund management team). Compared to listed indexes, these factors that are even harder to summarise in a simple document. Past performance information therefore carries the danger of over-emphasizing temporary depressed market conditions previous private equity funds have been exposed to at one stage of their lifetime, as well as being too optimistic during periods of market booms that are no longer indicative of a later exit environment.

Information provided

As explained above, it would be more appropriate to give private equity fund managers the opportunity to only present, for performance and costs scenarios, a holding period that corresponds to the full life of the fund. This would allow investors to have a more appropriate idea of the length of time they will have to hold their fund and avoid giving them the impression that there is an opportunity for them to dispose of their investments at some point before the end of the fund's stated lifespan.

More generally, we feel that investors in private equity funds will be better informed of the limited liquidity of these products through a clear disclaimer that there is no opportunity to redeem their commitment before the end of the life of the fund, unless in very specific circumstances.

Question 4.3 Do you consider that the language used in pre-contractual documentation made available to retail investors is at an acceptable level of understandability, in particular in terms of avoiding the use of jargon and sector specific terminology?

Yes. Our understanding is the KID's jargon does not mislead retail investors and allows them to fully understand the document's individual features. In other words, the KID may have wrong or misguiding information, but the language is not problematic as such.

Question 4.4 At what stage of the retail investor decision making process should the Key Information Document (PRIIPs KID, PEPP KID, Insurance Product Information Document) be provided to the retail investor? Please explain your answer:

The PRIIPs Regulation requires the KID to be provided to retail investors in good time before they are bound to invest. We believe that "in good time" is adequately flexible to be able to judge each situation, and each investor, on a case by case basis. For complex, large ticket, investments such as those made in private equity funds, it is necessary to give the investor sufficient time to consider the investment.

Retaining the existing flexibility would ensure that a one-fits-all approach does not lead to a situation where the KID is provided too soon for some, and too late for others. Requiring each investor to be assessed individually will ensure that the person advising or selling the PRIIP is taking into account the client's experience and circumstances and not providing the KID as a formality at a certain point in time solely because it is the latest point at which it can be provided.

In any case, the KID should of course be provided before the investor makes any decision on whether to invest or not, regardless of whether this is an informal commitment or a legally binding agreement.

Question 4.5 Does pre-contractual documentation for retail investments enable a clear comparison between different investment products?

No – and it should not.

Seeking to present the information in an uniformed manner may end up confusing the investor – as it will give him/her the information that products are inherently comparable and similar – which they may not always be. This is especially problematic within the investment product category – where non-traded products such as private equity or real estate, are fundamentally different from others (and sometimes more different than insurance products can be from other investment products).

The primary goal of the KID should therefore be to offer the investor information on the key characteristics of the product itself (for example, in a private equity context: the lack of redemption rights, the importance of the managers' skills in driving a return or the impact of carried interest) allowing him/her to make an investment decision on that product specifically – and not to compare all financial products. From our perspective, many of the "sins" of the KID originate from this overambitious objective.

Question 4.6 Should pre-contractual documentation for retail investments enable as far as possible a clear comparison between different investment products, including those offered by different financial entities (for example, with one product originating from the insurance sector and another from the investment funds sectors)?

No. See our response to Q 4.5

Question 4.8 How important are the following types of product information when considering retail investment products? (options: not relevant, relevant but not crucial, essential)

Product objectives/main product features	Essential
Costs	Essential
Past performance	Relevant but not crucial
Guaranteed returns	Essential
Capital protection	Essential
Forward-looking performance expectation	Essential
Risk	Essential
Ease with which the product can be converted into cash	Relevant but not crucial

The level of importance of specific information depends on each individual investor and at the least their "type". An investor well acquainted with illiquid funds will consider the section on "ease with which a product can be converted into cash" as irrelevant, while being much more interested in having as much information on costs.

Meanwhile, a typical retail investor will most likely be more concerned about capital protection and how quickly they can exit the fund if they need to. The latter may ultimately refrain him/her to invest into the fund as investors are expected to invest over the long term into these closed-ended funds (even though these funds may provide redemption rights in specific cases of misfortune such as death, unemployment or illness). In our opinion, this feature should be, along with cost disclosure and general information on the fund strategy, the main one that the investor should be in a possession of before investing.

The usefulness of forward looking performance scenarios has also been extensively discussed, and partially revised, in the context of the amended Commission Delegated Regulation text. We fully support the current wording of the Delegated Regulation which ensures they are not required for funds for which they are not relevant.

Finally, in our opinion, **information on the taxation applicable to the investment and capital gains could also be essential** to retail investors. This is particularly true in the case of private equity funds, in particular venture ones, whereby fiscal incentives may contribute to compensate for the additional risk attached to this asset class.

Question 4.9 Do you consider that the current regime is sufficiently strong to ensure costs and cost impact transparency for retail investors? In particular, would an annual ex post information on costs be useful for retail investors in all cases?

Yes. We believe that the information on costs disclosed to investors is sufficient, and in some cases excessive, as we explained in our answer to Question 4.2.1.

Question 4.10 What should be the maximum length of the PRIIPs Key Information Document, or a similar pre-contractual disclosure document, in terms of number of words ?

Whilst based on an assumption that retail investors will not take full advantage of the information granted if the document is too lengthy, this presupposes, that a fixed ratio for giving accurate and executable information is a workable solution. It is not.

Limiting a PRIIPs KID to a number of words will force market participants to amend sentence structures simply to make them shorter not necessarily clearer, which would risk rendering them downright misleading. We should not encourage market participants to excessively use cross-references either. The market already struggles to summarise all the information within the 3 page limit that currently applies.

It would be difficult in practice to impose a one-fits-all word limit as many wordings depend on the product. For example, where a capital protection applies, the mandatory description by far exceeds the disclosure when no capital protection applies. This would lead to disadvantages for those who wish to provide their KID in plain language (which is a requirement by the PRIIPs Regulation) or those whose product has certain characteristics. It would also be difficult in practice to adhere to word limits where the PRIIPs KIDs are to be translated into other languages.

Question 4.11 How should disclosure requirements for products with more complex structures, such as derivatives and structured products, differ compared to simpler products, for example in terms of additional information to be provided, additional explanations, additional narratives, etc.?

Ultimately, the PRIIPs KID is a summary of the product's characteristics which should be detailed in the private placement memoranda accordingly. Any additional disclaimers about the complexity of the product would be better suited outside of the PRIIPs KID. This is also due to the fact that often complex products are so bespoke, that a one fits all approach is increasingly difficult to apply and justify.

For example, in a private-equity context, it is not possible to explain the risks of funds in sufficient detail in the KID, nor include additional qualitative information on the assumptions used in any of the calculations. This makes the pre-contractual information misleading and unreliable (please see response to Question 5.1(b) for further details). Firms are adding footnotes or sending accompanying correspondence so that users of the KID are aware of the shortcomings of its contents, which cannot have been the intended result of the legislation.

Overall, EU lawmakers should be particularly cautious that, if the information is too complex to present, it may just be that this is the type of product that should rather be offered through intermediaries, instead of integrating an unnecessary level of complexity into a standard disclosure document.

Question 4.12 Should distributors of retail financial products be required to make pre-contractual disclosure documents available:

Don't know

Please explain your answer

Pre-contractual disclosure documents should be made available to retail investors on a durable medium, for instance on paper, by means of a website or on the cloud, according to their preference.

Question 4.13 How important is it that information documents be translated into the official language of the place of distribution?

Not at all important	*Rather not important*	*Neutral*	*Somewhat important*	*Very important*
	X			

While it is obviously important for investors to be in a position to read the document in a language they understand, we would caution against making such a requirement mandatory. Indeed, it is very unlikely managers will market products to investors in a language other than their own.

Question 4.15 When information is disclosed via digital means, how important is it that (from 1 (not at all important) to 5 (very important)):

There are clear rules to prescribe presentation formats (e.g. readable font size, use of designs/colours, etc.)?	NA
Certain key information (e.g. fees, charges, payment of inducements, information relative to performance, etc.) is displayed in ways which highlight the prominence?	NA
Format of the information is adapted to use on different kinds of device (for example through use of layering)?	NA
Appropriately labelled and relevant hyperlinks are used to provide access to supplementary information?	NA
Use of hyperlinks is limited (e.g. one click only – no cascade of links)?	NA
Contracts cannot be concluded until the consumer has scrolled to the end of the document?	NA

In our opinion, similar rules should apply as far as possible to information is disclosed via digital means and to information disclosed otherwise. Most importantly, cybersecurity and protection of access to data (in particular to personal data, as per the RGPD) should be ensured at all times.

5. PRIIPS

Core objectives of the PRIIPs Regulation

Question 5.1 Has the PRIIPs Regulation met the following core objectives:

a) Improving the level of understanding that retail investors have of retail investment products:

No.

The KID created little value for most "retail" investors which commit capital into private equity. This is because these investors are in the vast majority high net worth individuals who receive much more substantial information from the manager (and in fact often negotiate with the manager the terms of the deal).

It is difficult to assess to what extent the KID has improved the level of understanding of "typical" retail investors in private equity – given the limited number of those. Our understanding is however that the KID has too often created some confusion given its standardised features, which were not always appropriate for the long-term funds our members market to mainly professional investors.

b) Improving the ability of retail investors to compare different retail investment products, both within and among different product types:

No.

By trying to give investors information in a too simplified and too standardised manner, the KID ended up confusing them about the basic nature of some of the products offered.

For example, for closed-ended private-equity funds – and more generally for similar types of illiquid funds - the first two scenarios in the cost table simply do not reflect the nature of the fund. In these cases, we believe it would be more appropriate to give the fund manager the explicit opportunity to only present a holding period that corresponds to the full life of the fund. This would allow the investor to have a more appropriate idea of the length of time it will have to hold the PRIIP and avoid giving her/him the impression that there is an opportunity for him/her to surrender its investments at some point before the end of the fund's stated lifespan (there may however be side clarifications of what happens in case of exceptional events such as deaths or illnesses that lead to redemptions).

More generally, we feel that the investor in the fund will be better informed of the illiquidity of the product through a clear disclaimer that there is no or limited opportunity to redeem its commitment before the end of the life of the fund. Such disclaimer will have a higher informative value for the investor than two columns describing the cost of leaving it after a given number of years, which may give investors the impression this is a frequent option.

From a risk and performance angle, the same is true for the use of specific methods of calculation which may be suitable for liquid markets but will not always be relevant in other contexts. See our comments on past performance as part of our response to Question 4.2.1 (b).

As a conclusion, by trying to create a "one-size-fits-all", the KID may create false expectations – especially on products such as private equity where the ultimate success of the fund will depend less on past performance or market indexes than on the manager's ability to grow real businesses.

c) Reducing the frequency of mis-selling of retail investment products and the number of complaints:

No.

As explained above, the KID has not been a relevant document for any investor in private equity and no investor will base its investment decision on it, given their level of sophistication and the over-harmonised nature of the KID, which does not give appropriate information to a private equity investor.

d) Enabling retail investors to correctly identify and choose the investment products that are suitable for them, based on their individual sustainability preferences, financial situation, investment objectives and needs and risk tolerance:

No.

We believe that the scope of the PRIIPs Regulation should be reconsidered as quickly as possible to ensure the KID only has to be offered to individuals who really require it. Outside of changes to the MiFID investor categorisation (see relevant section), there are two relatively straightforward ways to mitigate this issue without giving rise to investor protection concerns:

- recalibrating the definition of a professional client

See more details on this in our answer to Section 7.

- consider that a PRIIP should be viewed as "made available" to retail investors within the EEA only where the PRIIP is widely distributed

Retail investors typically represent a very small proportion of the fund's investor base and these would be distributed under private placement regimes when possible. It is a key feature of private placement regimes both within the EEA and internationally that there should be no general solicitation of investors or general advertising of the product. A private equity firm will therefore typically not make any marketing materials relating to its funds generally available on its website.

Moreover, the PRIIPs Regulation (Article 5(1) and Article 9) requires the KID to be published on the manufacturer's website. This publication requirement gives the impression that the manufacturer is always soliciting retail investors generally, potentially drawing certain investors to asset classes that are not suitable to them. In a private equity context, the private placement memorandum and other marketing materials will on the contrary be distributed on a confidential basis to a limited number of investors only – typically, specifically identified high net worth individuals within the EEA (such as strategic partners in a particular industry sector).

We believe as a result that the requirement to produce a KID should not apply where a manager distributes a fund on a private placement basis, e.g. where marketing materials are distributed to fewer than 150 retail investors per EEA member state. This would be consistent with the thresholds set in the Prospectus Regulation.

As the PRIIPs regime was clearly designed for mass-marketed retail products, and given the unintended consequences of other interpretations, we think it would be reasonable to interpret the concept of a PRIIP being "made available" to retail investors consistently with either or both of the concepts referred to above, and that this might reasonably be addressed through Q&A without necessarily requiring an amendment to the underlying legislation.

Question 5.2 Are retail investors easily able to find and access PRIIPs KIDs and PEPP KIDs?

Yes. KIDs are pre-contractual documents and retail investors should receive them before they subscribe into a fund.

If the information is hard to find, it is because the marketing is done on an individual basis to knowledgeable investors only and that the fund is effectively not marketed to the public (see the point made in our response to Question 5.1)

Question 5.3 Should the PRIIPs KID be simplified, and if so, how (while still fulfilling its purpose of providing uniform rules on the content of a KID which shall be accurate, fair, clear, and not misleading)? Please explain your answer

Yes – but not under the parameters set out in this question.

The "cardinal sin" of the KID is exemplified in the question – it is, from our perspective, impossible to give both information that are uniformed and directly comparable and a content that is accurate, fair, clear and not misleading. As the latter is by far the most relevant, the only way to simplify the

KID is to depart – if only slightly - from the concept is should give perfectly comparable information on products…that are simply not comparable.

Scope

Question 5.10 Should the scope of the PRIIPs Regulation include the following products?

a) Pension products which, under national law, are recognised as having the primary purpose of providing the investor with an income in retirement and which entitle the investor to certain benefits:

No

b) Individual pension products for which a financial contribution from the employer is required by national law and where the employer or the employee has no choice as to the pension product or provider:

No

Question 5.11 Should retail investors be granted access to past versions of PRIIPs KIDs?

No. If that was the case, retail investors could end up with an outdated KID without ever realising that it contains outdated information.

In our opinion, retail investors only need relevant, up-to-date data and should not be overloaded with information. In a private equity, closed-ended fund context, where the product is only presented once and during a short period of time, such information is not going to be relevant in any case.

Most importantly, closed ended funds which are no longer open for business after an initial subscription period should not be required to update their PRIIPs KIDs.

Question 5.12.1 The PRIIPs KIDs should be reviewed at least every 12 months and if the review concludes that there is a significant change, also updated. Should the review and update occur more regularly?

No. The KID update should only be triggered when material changes are made to the product. It does not make sense to update the KID every year if it has remained identical.

In any case, closed ended funds which are no longer open for business after an initial subscription period should not be required to update their PRIIPs KIDs.

Question 5.12.2 Should this depend on the characteristics of the PRIIPs?

Yes. If the PRIIPS is a long-term product, it should not necessarily be updated every year.

Question 5.12.3 What should trigger the update of PRIIP KIDs?

Only material changes should trigger the update of a KID.

6. Suitability assessments

Note: We are not responding to this section.

7. Reviewing the framework for investor categorisation

Question 7.1 What would you consider the most appropriate approach for ensuring more appropriate client categorisation?

Introduction of an additional client category (semi-professional) of investors	No
Adjusting the definition of professional investors on request	Yes
No changes to client categorisation (other measures, i.e. increase product access and lower information requirements for all retail investors)	No

Please explain

The issue with EU investor categorisation first and foremost relates to the shortcomings of the definition of a "professional investor upon request". The absence of a third, "semi-professional" category is - at least from a private equity perspective - less of an issue.

To be deemed "professional upon request", a client or an investor must today meet a "fitness test" where an investment firm assesses its expertise, experience and knowledge. MiFID II stipulates that the client has to meet at least two criteria out of three: number of investments in a calendar quarter, size of portfolio and/or financial sector experience. Even when meeting such a test, the investor is not deemed to have similar experience to a more traditional professional one.

We think such an approach is not adequate, especially in light of the fact that the MiFID investor categorisation has implications on all types of investments, which sometimes differ significantly from day-to-day trading. Today any investor in any type of financial products, from high frequency trading to ten-year commitments, will have to meet the same definition and will fall on the consequences of eventually not meeting it: ability for managers to market to such investors (AIFMD does not allow marketing to retail investors based upon the passport at EU level), level of information received (production of a KID), etc…

Issues with the definition

To apprehend the inadequacy of the current MiFID categorisation, and of the "professional upon request" test which relies among others on the number of investments (10) made in a calendar quarter, it is vital to understand that a (generally large) investment in a ten-year closed-ended fund with no redemption rights, often made after a negotiation with the fund manager on the terms of the investment, cannot be compared to a liquid daily trading activity and a number of 10 investments is completely unrealistic in that context.

Moreover, private equity investors do not necessarily need to have experience "in the financial sector" in order to be qualified and experienced for an investment in a private equity fund. In fact, in practice very often former private equity entrepreneurs who know the business in which the private equity fund invests are much more sophisticated than someone with, for example trading experience, in the financial sector.

The opportunity of the future MiFID review must therefore be seized for the definition of a "professional upon request" investor to be crafted in such a way that it allows all investors that effectively have an equal understanding of specific investments to professional clients to receive the professional status in the future.

Whether in a MiFID context or through changes to specific legislation, regulators should ensure that some criteria such as frequency of trade or financial sector expertise stop being in all cases relevant factors for investments where there are not markers of expertise. This is particularly important to

foster long-term investments, such as those made in private equity funds, where factors to determine whether a client is professional or not fundamentally differ from regulated markets.

Impact on investors

Investors who would benefit from a change are first of all high net worth individuals, family offices, academic endowment who have large amounts of capital to commit and who usually do so by investing into illiquid, long-term asset classes, such as private equity. These will also be entrepreneurs active in the venture capital space as well as employees (e.g. private equity fund executives) and other individuals associated with a private equity firm (e.g. former employees, personal trustees, consultants, operating partners or, in some cases, the chairpersons of the portfolio companies) who often (co-)invest their own money into the fund / alongside the main fund. Other investors would remain retail.

Impact on the European economy

While private investors listed above are sometimes already able to access the asset class, either as retail investors or under national or EU specific regimes (i.e.: EuVECA) the fact they are treated as retail is clearly affecting the ability of managers to market to these investors, either because they cannot market to them nationally (in several EU countries), cross-border (in all cases) or because marketing in subject to additional conditions.

On average, private individuals and family offices committed €945 and €591 million respectively per year into venture capital funds, and slightly lower amounts into growth funds (numbers are around 4 times higher for private equity). While representing a significant amount of the overall private equity commitments, the €5 billion invested every year by private individuals and family offices into private equity only constitutes a tiny proportion (less than 0.1%) of the around €13 trillion of net investable assets held by European high net worth individuals (see EY study on Wealth Management Outlook, 2018).

If a change to the rules would push high net worth individuals to allocate only an additional 1% of their wealth into the asset class, this already could represent €130 billion of investment in the asset class. Considering funds have a ten year life, this would effectively represent an additional €13 billion per year into businesses through venture and private equity funds – 3 times more than what is currently invested by private individual and family offices today. This additional capital could, for a time, help replace the lower amounts of investments made by traditional investors which struggle to face the consequences of the pandemic.

a) The client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters.

- ~~*30 transactions on financial instruments over the last 12 months, on the relevant market*~~
- ~~*10 transactions on financial instruments over the last 12 months, on the relevant market*~~
- ***Other criteria to measure a client's experience***
- ~~*Don't know / no opinion / not applicable*~~

Please specify to what other criteria to measure a client's experience you refer in your answer to question 7.2 a):

Frequency / number of investments is simply not an appropriate criteria in some markets where investors make long-term and large commitments. We would suggest that investors committing more than €100K per transaction should only have to meet one of the two remaining criteria or that a

fourth criteria would be introduced to mitigate the negative impact the existing "2 out of 3" test has on long-term commitments.

Please explain your answer

The frequency test has one fundamental flaw: it disadvantages long-term investors into illiquid asset, which are only making infrequent, well-informed investments, compared to participants in liquid markets. None of the options presented above would solve the issue, as it is the concept of the test itself (or rather the lack of alternative to it) that is causing a concern.

Keeping the existing test without an alternative would continuously discriminate long-term illiquid investments compared to short-term trading. This could ultimately be detrimental to the European economy, as it makes it harder for investors to commit capital into long-term projects.

New criteria based on size of commitment

To solve this issue, we would suggest to present a "size of commitment" criterion as a direct alternative to the frequency one. Such an approach would be logical from a market perspective. Indeed, where frequency is a marker of professionalism in day-trading, size is a marker of it in long-term investments. Investors committing large amounts of capital are in the vast majority of cases sufficiently high net worth to have sophisticated personal investment strategies and programmes, often advised or managed by professionals – in the same way as frequent investors are in the vast majority of cases basing their investments on experience.

To a certain extent, size is in fact a more restrictive criterion than frequency: while anyone can today make frequent transactions, only very specific types of investors can make commitments of a very large amount. Ultimately, while neither of the criteria may be deemed as sufficient on their own, both are as clear indicator as the other of an investor's seriousness in the business it is engaged in.

"Size of commitment" is already used as a relevant criterion in other EU legislation. In fact, to determine the relevant level of minimum investment that would allow an investor to be eligible to the criteria, the **€100,000** threshold, which defines what are "sophisticated investors" in Article 6 of EuVECA (Regulation (EU) No 345/2013) and which excludes offers from the prospectus obligation in Article 1.3 (c) Prospectus Regulation, would be most appropriate.

Such threshold could also have the advantage of making the identification of eligible investors extremely simple. It would ensure that eligible investors do not depend on the willingness of financial services providers to accept their request to be treated as professional investors (many providers do not have any incentive to do so as they distribute products which are not produced in house). Moreover, it would avoid service providers to bear the legal risk of recognising investors as eligible when validating their requests.

Finally, in order to make it even clearer that this criterion only applies to very large investments, the threshold could be further increased to €200.000 or €300.000. This would reflect the typical investments made by this type of investors into private equity.

Alternatives

Would the Commission find that "size of commitment" alone may not be a sufficient factor, it could consider to restrict the ability of investors to be eligible to that factor to specific cases, for example

when they are making investments in certain types of funds which require long-term holding. This would ensure the size criterion would be restricted to situations where it is most needed.

Another alternative would be to link the size criterion to the frequency one, essentially reducing the frequency needed for large transactions. Such an approach would however have a series of flaws – as an investor would have to be considered retail for its first investments.

b) The size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500,000.

- ~~*No change*~~
- ~~*Exceeds EUR 250,000*~~
- ~~*Exceeds EUR 100,000*~~
- ~~*Exceeds EUR 100,000 and a minimum annual income of EUR 100,000*~~
- ***Other criteria to measure a client's capacity to bear loss***
- ~~*Don't know / no opinion / not applicable*~~

Please explain your answer

Contrary to the frequency criteria (see above), the wealth one should remain a key element to determine whether the investor can be deemed "professional upon request" or not.

While the financial instrument threshold of EUR 500,000 could in our view be lowered without necessarily having an impact of investor protection, this is not in our view an absolute necessity. In fact, the private equity industry would favour maintaining the current threshold if it can ensure that the wealth criterion should become in itself a sufficient factor to be deemed professional upon request.

Most investors in the private equity asset class which would deserve to be treated as professionals will be high net worth individuals which will have no issue meeting the wealth criteria. Investors with a wealth portfolio exceeding 100.000 (but being lower than 500.000) could in any case be deemed semi-professionals, would such category be introduced.

This said, we would suggest for changes to be made to this criteria's interpretation – i.e. to clarify what does the amount include - rather than to increase the amount itself. Indeed, in some circumstances where obviously experienced investors, e.g. owner-managers of privately held businesses, serial entrepreneurs or business angels, want to invest, they will have significant resources but most of which not being held in cash deposits and/or financial instruments. This is particularly relevant in some jurisdictions where savings are invested in specific saving products (i.e. and not necessarily in financial instruments).

Therefore, it might be worth considering an alternative threshold referring to the person's total net worth (excluding main home). Ideally, such a threshold should more broadly cover all saving and investment products, and not only the client's financial instrument portfolio (defined, as alluded to above, as including cash deposits and financial instruments). The wording should also cover unit-linked insurance contracts.

c) The client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

- ~~*No change*~~
- ***Extend definition to include relevant experience beyond the financial sector (e.g. in a finance department of a company)***

- ~~*Adjust the reference to the term 'transactions' in the criteria to instead refer to 'financial instruments'*~~
- ~~*Other criteria to measure a client's financial knowledge*~~
- ~~*Don't know / no opinion / not applicable*~~

Please explain

For investments made in funds investing into unlisted businesses (as opposed to financial products), working in the "financial sector" is not necessarily a helpful measure. The onus should be put on the ability of the investor to understand the risk, as opposed to understanding the trading markets.

While expertise may be derived from experience, it can also be the result of academic and professional qualifications or from an understanding of the sector where the investment is made. In the case of private equity, many sophisticated investors also have extensive industry or sector experience (for example, in an operational role or as an entrepreneur) that provides them with a sophisticated understanding of the specific investment into a private equity or a venture capital fund that they are intending to make.

The change should also be positive from the perspective of the investor, as it would better suit to its specificities. Today, our understanding is that sophisticated investors in private equity funds sometimes have to pass tests demonstrating an understanding of the trading markets – which is not only utterly irrelevant but also potentially discriminatory (as it presupposes knowledge of trading markets is a prerequisite for all types of investments) and ultimately dangerous (as it gives investors a false understanding of what knowledge is required).

d) Clients need to qualify for 2 out of the existing 3 criteria to qualify as professional investors. Should there be an additional fourth criterion, and if so, which one?

- ~~*No change*~~
- ~~*Relevant certified education or training that allows to understand financial instruments, markets and their related risks*~~
- ~~*An academic degree in the area of finance/business/economics*~~
- ~~*Experience as an executive or board member of a company of a significant size*~~
- ~~*Experience as a business angel (i.e. evidenced by membership of a business angel association)*~~
- ***Other criteria to assess a client's ability to make informed investment decisions***
- ~~*Don't know / no opinion / not applicable*~~

Please explain your answer

There is certainly merit in adding a fourth criteria. In whatever situation where a fourth criterion is introduced, it would of course be essential for it to be an additional alternative, as opposed to an additional condition, for the investor to be eligible to the professional status. In other words, clients should then meet a "2 out of 4" test.

Among the criteria suggested in the question, several would be worth considering, whether as a separate criterion or as additions to be made to the experience criterion (many of these indeed would testify of a level of experience similar to the one described in the existing criterion). We believe that these criteria would be most relevant where they cover parts of the market that may be more atypical, i.e. where knowledge and expertise does not come from a financial background but from an understanding of the underlying investments that are made.

Proposed criteria

Relevant certified education or training that allows to understand financial instruments, markets and their related risks: certification could in theory have been an appropriate criteria but it creates a series of issues that makes it inappropriate from our perspective.

Its main flaw is that what is an "understanding" of the financial instruments may widely differ depending on the type of instrument and that one would have to be extremely careful that the diversity of certifications cover the diversity of financial instruments. In all likelihood, certification – especially if granted by investment firms – will likely be "trading" oriented and may end up disadvantaging investments outside of regulated markets. In the worst case scenario, such a criteria could reveal itself to be more discriminatory than the "frequency" criteria as it will only measure expertise in the daily traded markets and not the expertise of investing into long-term products, such as those offered by private equity or real estate funds.

Moreover, unless granted by the authorities themselves, certification would, contrary to the three other objective criteria make the certifier liable to the investor, which may cause concerns if the investor uses its certification to invest into different types of products than the one they have been certified for. This could ultimately create issues from an investor protection perspective, with daily traders able to invest into long-term assets they know little of, and from an investor access perspective, with venture entrepreneurs still unable to commit capital to long-term funds they know well.

Ultimately, certification should only be a way forward as an alternative to the whole "professional upon request" test (extended to another fourth criterion) – and not as a fourth criterion. Mixing certification, which is in itself a wholesome assessment of an investor's degree of knowledge, with objective criteria indeed appears counterintuitive and duplicative.

An academic degree in the area of finance/business/economics: this criterion is already more appropriate, from our perspective, than the certification, as it would not rely on qualifications that are already available and shareable (and do not eventually require to pass a separate exam that would not have to be comparable from country to country). Nonetheless, it is questionable whether education, rather than business experience, should be a decisive factor here. Indeed, many investors in venture capital will be qualified to make investment decisions because they know the market in which they invest, not because they have expertise in finance.

Experience as a business angel: This is an interesting criterion, as it would take into consideration the specificities of markets that are typically falling outside the scope but we find it much too narrow. Would it be introduced, it should also cover anyone with an experience in venture capital and growth financing, at the very least for investments made into these funds. Moreover, there is a fundamental question why a member of a business angel association would *de facto* be eligible while an employee of a private equity fund would not – it may therefore be worth extending that criterion to any experience in relevant institutions whose main objective is to commit capital into businesses.

Experience as an executive or board member of a company of a significant size: this is from our perspective the most helpful of the criteria put forward as it puts the onus on business experience rather than on academic education – and is not restricted to a specific market. As we indicated in our response to Question 7.2 (c), business experience should be a relevant factor to be deemed professional upon request. However, the concept of "significant size" should be clarified and potentially extended to cover experience in all types of businesses, as long as that experience is deemed relevant for the specific investment made. Typically, there are no reasons for start-ups CEOs in biotech companies not be to able to be considered as professionals when investing in venture capital funds specialised in the biotech sector.

As a conclusion, relevant certified education or training, academic degree in the area of finance/business/economics, experience as an executive or board member, experience as a business angel are all worth considering and may be alternatives of each other.

Identity of the assessor

Finally, we would like to stress that, no matter how the criteria are set up, it is essential for the policymaker to take into consideration that the proposed "fitness test" will have to be assessed by the seller. Our understanding is that, at least in some markets, the seller can only be a MiFID firm.

This view could indeed be problematic because a MiFID investment firm will most likely not be involved in the marketing of some types of funds, including private equity ones, to sophisticated investors, nor would they want to be involved as they would not have any incentives to certify products that they are not selling.

As an AIFM is not supervised any less thoroughly than a MiFID firm and as its organizational and fitness and propriety standards are directly comparable, the level of protection for the investor will remain exactly the same if the "professional upon request" assessment is made by an AIFM as if it is done by a MiFID firm. Arguably, a fund manager would even be more suited to ensure the investor meets the (hard) criteria the test given its closer relationship with (and better understanding of) the client's specificities.

It should be noted that this will likely not be true for the marketing to retail investors, which will mostly be done through MIFID intermediaries. As a reminder, private equity firms very rarely market to "true" retail investors.

Question 7.3 Would you see merit in reducing these thresholds in order to make it easier for companies to carry out transactions as professional clients?

- ~~*No change*~~
- ~~*Reduce thresholds by half*~~
- ~~*Other criteria to allow companies to qualify as professional clients*~~
- ***Don't know / no opinion / not applicable***

Please specify to what other criteria to allow companies to qualify as professional clients you refer in your answer to question 7.3:

No opinion.

8. Inducements

Note: We are not responding to this section.

9. Product intervention powers

Question 11.1 Are the European Supervisory Authorities and/or national supervisory authorities making sufficiently effective use of their existing product intervention powers?

No.

Overall, the activities of the ESAs have reinforced consumer and investor protection. For instance, ESMA has issued warnings and publications for investors and taken product intervention

decisions. From a general standpoint, we believe that, rather than considering any new rules to add to the Single Rule Book or tasks or powers to be granted to ESMA, **tools and powers should be fully used, and resources adequately assigned towards a proper enforcement of the existing European regulation**. We are concerned that the ESAs do not always fully take into account the diversity of the financial services industry while undertaking their work on investor protection. **Appropriate safeguards need to be put in place to ensure investor protection rules are drafted taking into account the specificities of the customers in each specific part of the financial services industry**.

Question 11.3 Do the product intervention powers of the European Supervisory Authorities need to be reinforced?

No.

Please explain your answer

In our opinion, **the powers granted to the ESAs are sufficient**. Rather than considering any new rules to add to the Single Rule Book or tasks or powers to be granted to ESMA, tools and powers should be fully used, and resources adequately assigned towards a proper enforcement of the existing European regulation. The protection of retail investors should remain in the remit of national authorities which can better take into account the (cultural) specificities of national markets.

Contact

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About the PAE

The Public Affairs Executive (PAE) consists of representatives from the venture capital, mid-market and large buyout parts of the private equity industry, as well as institutional investors and representatives of national private equity associations (NVCAs). The PAE represents the views of this industry in EU-level public affairs and aims to improve the understanding of its activities and its importance for the European economy.

About Invest Europe

Invest Europe is the association representing Europe's private equity, venture capital and infrastructure sectors, as well as their investors.

Our members take a long-term approach to investing in privately held companies, from start-ups to established firms. They inject not only capital but dynamism, innovation and expertise. This commitment helps deliver strong and sustainable growth, resulting in healthy returns for Europe's leading pension funds and insurers, to the benefit of the millions of European citizens who depend on them.

Invest Europe aims to make a constructive contribution to policy affecting private capital investment in Europe. We provide information to the public on our members' role in the economy. Our research provides the most authoritative source of data on trends and developments in our industry.

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