EUROPEAN PRIVATE EQUITY & VENTURE CAPITAL ASSOCIATION

Press Release

EU Regulation Will Destroy Key Source of Finance For Innovation

Brussels, 15 March 2010

The results of a survey, published today, of the world's most active institutional investors in venture and growth capital funds, finds that 67% would either withdraw from venture and growth investment completely or substantially reduce their allocations (by over 30%) if the proposed EU Alternative Investment Fund Managers Directive ("AIFMD") is implemented in its current form.

The survey, conducted by The European Private Equity and Venture Capital Association ("EVCA"), shows the views and the likely effect of the proposed EU AIFM Directive on investment in European venture capital and innovation from private sector investors like banks, pension funds and insurance companies.

28 institutional investors responded to the survey, representing an estimated €560 billion under management and over €14 billion committed to venture and growth capital in recent years. 52% anticipated investing in venture at the same level should there be NO changes in current regulation and nearly 8% expected to increase their allocation.

Over 90% of European venture capital is invested in small to medium sized enterprises ("SMEs"). Skype, the online telephony company, and Q:Cells, employing over 1000 people in the production of key components for solar energy, are two examples of successful European high-tech companies initially backed by venture capital.

The 28 institutional investors who responded to the survey have financed an estimated 2, 200 innovative European companies in the last five years.

The survey shows that 85% of respondents find the "third country" provisions in the AIFM directive, which in practice could prevent EU based investors in venture from investing outside of the EU 27, as unacceptable.

Javier Echarri, Secretary General, EVCA commented "Earlier this month the European Commission laid out its priorities for its 2020 strategy including the intent to make "an efficient European venture capital market a reality". This will not be achieved without the experienced institutions, who understand the nuts and bolts of investment in venture and growth funds, and support so much of Europe's innovation.The AIFM directive, in its current form, is contrary to wider EU policy directives and could significantly counter their effect"

The results of the survey follows criticism from the International Limited Partners Association of the "third party" provisions and warnings of a potential transatlantic rift from Tim Geithner, US Treasury secretary.

Finance ministers of the 27 EU states meet tomorrow and will look to find a common approach on the latest version of the AIFM directive.

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European Private Equity & Venture Capital Association

EVCA is the voice of European private equity and venture capital. We promote and protect the interests of close to 1,300 members, thereby ensuring they can conduct their business effectively EVCA engages policymakers and promotes the industry among key stakeholders, including institutional investors, entrepreneurs and employee representatives. EVCA develops professional standards and research reports, as well as holding professional training and networking events. EVCA covers the whole range of private equity, from early-stage venture capital to the largest buyouts.

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