



March 5, 2010

The European Commission

Mr. Michel Barnier  
Commissioner for the Internal Market and Services  
rue de la Loi 200  
1049 Brussels, Belgium

Cc: Mr. Andris Piebalgs, Commissioner for Development

Dear Commissioner Barnier:

On behalf of the Emerging Markets Private Equity Association (EMPEA), I am writing to express our concerns regarding the Alternative Investment Fund Managers (AIFM) Directive and to highlight its potential negative impact on our members and more generally on economic development in emerging economies.

EMPEA is a non-profit, independent, global industry association whose mission is to promote the development of private equity and venture capital investment in the emerging markets of Africa, Asia, Europe, Latin America and the Middle East. EMPEA represents 280 fund managers and institutional investors headquartered in more than 40 developing countries, and its membership includes the most active European development banks that invest in private equity funds in developing markets.

Private equity investment is a critical driver of economic growth and job creation in developing countries, while simultaneously generating strong returns for investors. Since 2005, such funds have raised more than US\$200 billion for targeted investments into developing countries, providing a crucial source of capital for businesses in markets where private capital is very difficult to access.

EMPEA has profound concerns regarding the potential consequences that the proposed AIFM Directive will have on emerging economies. If adopted in its current form, AIFs in developing countries could lose access to funding from the EU market, and EU investors, including EU member development banks, would be limited in their ability to promote private sector growth in the world's poorest countries.

Specific provisions of the Directive would greatly restrict the possibilities for AIFs to be marketed in Member States by fund managers based in emerging markets ("Emerging Markets Fund Managers"). The third country and equivalency provisions contained in the draft Directive would make it either legally impossible or cost-prohibitive for Emerging Markets Fund Managers to raise capital in various EU markets, jeopardizing their ability to raise sufficient funds for investment and therefore to be viable as going concerns. EMPEA estimates that more than 90% of its fund manager members currently either market their funds to or have as investors entities from within the European Union. European funding for private equity and venture capital investments is critical for economic development in Africa and other emerging markets. By funding small businesses, private equity and venture capital investment spurs job creation, among many other benefits.

Likewise, investors (Limited Partners) from the EU, including European development banks, would be unable to invest in funds managed by Emerging Markets Fund Managers and would therefore be unable to meet their economic development and/or return objectives. European development banks have long recognized that investing in the private sector in developing economies is the most effective way to have an impact on poverty reduction, and doing so via specialized, local funds has the greatest potential to provide a developmental impact, in addition to an economic return.

The equivalency provisions are additionally of significant concern. Any requirement that may only allow funds to be marketed by Emerging Markets Fund Managers where appropriate cooperation arrangements are in place between the competent authority of that Member State and the competent authority of the AIFM is likely to frustrate fundraising by managers based in some of the least developed economies, where such arrangements are unlikely to be put in place. Indeed, such arrangements are likely to either force those Emerging Markets Fund Managers to cease soliciting investors in the EU or, for those who are able, force them to relocate their management activity from the least developed economies to those which are more developed, thereby undermining the growth of nascent fund management industries in such economies.

Further, even if a third country were able to meet the requirements of the equivalency test, the financial expenditure involved in complying with provisions related to an independent valuer, custody arrangements, disclosure, reporting requirements and other administrative requirements would be cost-prohibitive for funds that are generally small (US\$100-US\$500 million). We would note that the exemption applicable to AIFMs who manage portfolios of AIF below a threshold of EUR 100 million or EUR 500 million (subject to certain criteria) is only available to AIFMs in Member States. By not extending this exemption to AIFMs based outside of Member States, such non-EU AIFMs are placed at a significant disadvantage to their EU counterparts.

Our understanding is that the aim of the Directive is protection against systemic risk. We would submit that there is no systemic risk presented by such funds, and cannot understand why the EU would seek to prohibit funds managed by Emerging Markets Fund Managers from seeking investors or making presentations in the EU. At a minimum, the managers of such funds should be in a position to lawfully respond to inquiries from EU investors.

Therefore, on behalf our members, we are registering our concerns about the negative impact the draft Directive will have on this important source of development capital and request that the directive be amended to allow Emerging Market Fund Managers to market their funds in the EU under a regime similar to the private placement one now in place. We would be happy to discuss this issue with you in more detail and, if you are amenable, to outline our suggested amendments to the draft Directive.

Sincerely,



Sarah E. Alexander  
President and Chief Executive Officer

Attachments: EMPEA Board of Directors and Advisory Council  
EMPEA Members

## Members of the Board of Directors and Advisory Council



### Board of Directors

**Teresa Barger**

*Co-Founder, Managing Director and CIO*  
Cartica Capital LLC

**Thomas C. Barry**

*Founder and CEO*  
Zephyr Management, L.P.

**Antonio Bonchristiano**

*Co-Chairman and Co-CEO*  
GP Investments

**Michael Calvey**

*Co-Managing Partner*  
Baring Vostok Capital Partners

**Paul Fletcher**

*Senior Managing Partner*  
Actis

**Jason Glover**

*Partner*  
Clifford Chance

**Dr. Roger S. Leeds**

**(Chairman)**  
*Professor*  
Johns Hopkins University,  
SAIS

**Dr. H. Jeffrey Leonard**

*President and CEO*  
Global Environment Fund

**Luis Miranda**

*President and CEO*  
IDFC Private Equity

**Donald Roth**

*Managing Partner*  
EMP Global

**André Roux**

*Chief Executive Officer*  
Ethos Private Equity

**George W. Siguler**

*Managing Director and Founding Partner*  
Siguler Guff & Company

**Sivendran Vettivetpillai**

*Chief Executive Officer*  
Aureos

**Pote Videt**

*Managing Director*  
Private Equity (Thailand) Co., Ltd., a subsidiary of Lombard Investments

**John Zhao**

*Founder, CEO and Managing Director*  
Hony Capital

### Advisory Council

**David Baylis**

*International Head of Private Equity*  
Norton Rose

**Philip Bilden**

*Managing Director*  
HarbourVest Partners (Asia) Limited

**Michael Bleyzer**

*President and Chief Executive Officer*  
SigmaBleyzer

**Christopher K.B. Brotchie**

*Senior Advisor/Investment Committee Member*  
Baring Asia, Baring India, and Baring Vostok Private Equity Funds

**Woodrow Campbell**

*Partner*  
Debevoise & Plimpton LLP

**Haydee Celaya**

*Director, Private Equity and Investment Funds Department*  
International Finance Corporation (IFC)

**Patricia M. Cloherty**

*Chairman and CEO*  
Delta Private Equity Partners

**Dirk Donath**

*Managing Director*  
Eton Park Capital Management

**Hisham El-Khazindar**

*Managing Director and Co-Founder*  
Citadel Capita

**Yasser El Mallawany**

*Chairman*  
EFG-Hermes Private Equity

**Okechukwu Enelamah**

*Chief Executive Officer*  
African Capital Alliance

**Richard Laing (Chairman)**

*Chief Executive*  
CDC Group plc

**Josh Lerner**

*Jacob H. Schiff Professor of Investment Banking*  
Harvard Business School

**Prakash Mehta**

*Partner*  
Akin, Gump, Strauss, Hauer & Feld LLP

**Mutle C. Mogase**

*Chairman*  
Southern Africa Venture Capital and Private Equity Association (SAVCA)

**Arif Naqvi**

*Founder and Group CEO*  
Abraaj Capital

**Dalip Pathak**

*Managing Director and Head of Europe*  
Warburg Pincus

**David Rubenstein**

*Co-Founder and Managing Director*  
The Carlyle Group

**Jean Eric Salata**

*Founder and CEO*  
Baring Private Equity Asia

**Maninder Saluja**

*Co-Head, Emerging Markets Private Equity*  
Quilvest Group

**James Seymour**

*Managing Director*  
EMP Global LLC

**Robert Stillman**

*President*  
Milbridge Capital Management, LLC

**J. Scott Swensen**

*Chairman*  
Conduit Capital Partners, LLC

**Paul E. Tierney, Jr.**

*Chairman, TechnoServe, Inc.*  
*Partner, Development Capital LLC*

**Piau Voon Wang**

*Partner*  
Adams Street Partners

**Rebecca Xu**

*Co-Founder and Managing Director*  
Asia Alternatives Management

## Members of the Emerging Markets Private Equity Association (February 2010)

---

7L Capital Advisors Ltd. (Greece)  
AB Capital (United Arab Emirates)  
AB Invest (Turkey)  
Abraaj Capital Ltd. (United Arab Emirates)  
Absa Capital Private Equity (South Africa)  
Abu Dhabi Investment Authority (United Arab Emirates)  
Access America Investments, LLC (US)  
ACCION Gateway Family of Funds (US)  
Actis (UK)  
Adams Street Partners (US)  
Advanced Finance and Investment Group (Senegal)  
Advent International (US)  
African Capital Alliance (Nigeria)  
AIF Capital Ltd. (Hong Kong)  
Akin Gump Strauss Hauer & Feld LLP (US)  
Alberta Investment Management Corporation (Canada)  
Albright Capital Management (US)  
Alfa Capital Partners (Russia)  
Alothon Group (US)  
Alpha Associates (Switzerland)  
AlpInvest Partners (Netherlands)  
Alta Growth Capital (Mexico)  
Altira Group (Germany)  
Amanda Capital Plc (Finland)  
ANBIMA (Brazil)  
ARM Capital Partners (Nigeria)  
Artesia Capital Management (Brazil)  
Asia Alternatives Advisor (Hong Kong)  
Asia Mezzanine Capital Advisers Ltd. (Hong Kong)  
Asian Development Bank (Philippines)  
Asian Tiger Capital Partners Ltd. (Bangladesh)  
Assetwise Capital (Nigeria)  
Aureos Capital (UK)  
Avigo Capital Partners (India)  
AxeaGroup & Co. LLC (US)  
Axonia Partners (France)  
Axxess Capital (US)  
Azerbaijan Investment Company (Azerbaijan)  
Baird Asia Advisors Ltd. (China)  
Baninfo Capital (US)  
Baring Private Equity Asia Ltd. (Hong Kong)  
Baring Vostok Capital Partners (Russia)  
Barnellan Equity Advisors Ltd. (UK)  
Beltone Private Equity (Beltone)  
BIO (Belgium)  
Blackthorn Capital Partners (UK)  
Blue River Capital (India)  
Boston BioCapital, FZ LLC (United Arab Emirates)  
Brait Private Equity (South Africa)  
BTG Pactual (Brazil)  
BTS Investment Advisors Ltd. (Switzerland)  
C.P. Eaton Partners, LLC (US)  
Caisse de dépôt et placement du Québec (Canada)  
CalSTRS (US)  
Cambridge Associates, LLC (US)  
Campbell Lutyens & Co. Ltd. (UK)  
Canada Pension Plan Investment Board (Canada)  
Capital International Private Equity Funds (US)  
Capital Invest (Morocco)  
Capital MS&L (UK)  
Capital Trust SA (RO) (Lebanon)  
Capitalworks Equity Partners (Pty) Ltd (South Africa)  
Carlyle Group (US)  
Cartica Capital LLC (US)  
CDC Group Plc (UK)  
Centras Capital Ltd. (Kazakhstan)  
China New Enterprise Investment (China)  
CICapital Private Equity (Egypt)  
CIMB Standard Strategic Asset Advisors (Malaysia)  
Citadel Capital (Egypt)  
Citi Venture Capital International (UK)  
Clearwater Capital Partners (US)  
Clifford Chance LLP (UK)  
ColInvest Argentina SA (Argentina)  
Coller Capital (UK)  
Commonfund Capital (US)  
Conduit Capital Partners, LLC (US)  
Confrapar Participações e Pesquisas S/A (Brazil)  
Cordiant Capital (Canada)  
Corporación Mexicana de Inversiones de Capital (Mexico)  
Corporate Connect BV (Netherlands)  
CRG Capital, LLC (US)  
Cruzar Funds (US)  
CSI Capital (US)  
DAC Management (Hong Kong)  
Darby Overseas Investments Ltd. (US)  
Debevoise & Plimpton LLP (US)  
DEG (Germany)  
Delta Private Equity Partners (Russia)  
Denham Capital Management (US)  
Denning and Company (US)  
Development Bank of Southern Africa (South Africa)  
Development Partners International (UK)  
Discovery Americas Capital Partners (US)  
DLJ South American Partners LLC (Brazil)  
Dragon Capital (Vietnam)  
Dubai International Capital (United Arab Emirates)  
Duet Group (UK)  
East Africa Capital Partners (Kenya)  
Eastgate Capital Group (United Arab Emirates)  
EFG-Hermes Private Equity (Egypt)  
EMAlternatives, LLC (US)  
Emerging Capital Partners (US)  
Emerging Energy & Environment LLC (US)  
Emerisk SA (Switzerland)  
EMP Global (US)  
Environmental Investment Partners & CWP (Poland)  
Ethos Private Equity (South Africa)  
Eton Park Capital Management (US)  
Eurasia Capital Management (Kazakhstan)  
Euromed-Capital Forum (France)  
European Bank for Reconstruction and Development (UK)

## Members of the Emerging Markets Private Equity Association (February 2010)

---

European Investment Bank (Luxembourg)  
Everstone Capital Limited (Mauritius)  
Evolvence India Life Science Fund (India)  
EVU Management Ltd. (Ukraine)  
Export Development Canada (Canada)  
Fairview Capital Partners (US)  
Fidelity Capital Partners Limited (Ghana)  
Finansa Fund Management (Thailand)  
Finlombarda Gestioni SGR SpA (Italy)  
Finnish Fund for Industrial Cooperation (Finland)  
FIR Capital Partners Ltda. (Brazil)  
First Avenue Partners (UK)  
FMO - Netherlands Development Finance Company (Netherlands)  
Foursan Group (Jordan)  
Frontier Investment & Development Partners (Singapore)  
Gávea Investimentos (Brazil)  
Georgetown University Investment Office (US)  
GIMV NV (Belgium)  
Global Capital Management Ltd. (US)  
Global Environment Fund (US)  
Global Strategies Group (UK)  
Goldman Sachs (US)  
GP Investments (Brazil)  
Great Circle Capital LLC (US)  
Greenpark Capital (UK)  
GrowthGate Capital Corporation (United Arab Emirates)  
Hamilton Lane (US)  
HarbourVest Partners, LLC (US)  
HBG Holdings (United Arab Emirates)  
Henderson Equity Partners (UK)  
Hony Capital (China)  
Horizon Capital (Ukraine)  
Horizon Equity Partners (South Africa)  
Howard Hughes Medical Institute (US)  
Hunton & Williams LLP (US)  
Hupomone Capital Partners (Singapore)  
I&P Management (Indian Ocean) Ltd.  
Icentis Capital (Poland)  
ICICI Venture Funds Management Company (India)  
IDFC Capital (Singapore)  
IDFC Private Equity (India)  
IDFC Project Equity Co. Limited (India)  
IDG Ventures India (India)  
IDI Emerging Markets (Luxembourg)  
IFC Asset Management Company LLC (US)  
IL&FS Investment Managers Ltd. (India)  
India Equity Partners (US)  
International Finance Corporation (US)  
International Housing Solutions (US)  
Investec Asset Management (South Africa)  
Ithmaar Bank B.S.C. (Bahrain)  
Japan Bank for International Cooperation (Japan)  
Jefferies Fund Placement Group (UK)  
JS Private Equity (Pakistan)  
K2 Investimentos (Brazil)  
Kaizen Venture Partners (Nigeria)  
KfW IPEX-Bank GmbH (Germany)  
Kingdom Zephyr Africa Management (Ghana)  
Kohlberg Kravis Roberts & Co. (US)  
KPMG (UK)  
Kusuntu Partners (France)  
L2I - Financial Solutions, Inc. (Canada)  
Leopard Capital Ltd. (Hong Kong)  
Lereko Metier Capital Growth Fund (South Africa)  
Liberty Global Partners (US)  
Lighthouse Funds (US)  
Lombard Investments (US)  
Madagascar Development Partners LLC (Madagascar)  
Magog & Cie Ltd. (United Arab Emirates)  
Marlow Capital (South Africa)  
Marshall Capital Partners (Russia)  
Marshall Fund (US)  
Mekong Capital (Vietnam)  
Middleland Capital (US)  
Milbridge Capital Management (US)  
MontaRosa LLC (US)  
Morgan Stanley Alternative Investment Partners (US)  
MVISION Private Equity Advisers (UK)  
National Council for Social Security Fund P.R.C. (China)  
National Venture Capital LLC (Mongolia)  
Natixis Private Equity International Management (France)  
Navis Capital Partners Ltd. (Malaysia)  
NEVEQ Capital Partners Ltd. (Bulgaria)  
New Market Venture Management LLC (US)  
Nine Rivers Capital Management Ltd. (India)  
NORFUND (Norway)  
Northgate Capital (US)  
Northrop Grumman - Investment & Trust Administration (US)  
Norton Rose (UK)  
NSG Capital Administração de Recursos S.A. (Brazil)  
Och-Ziff Capital Management Group (US)  
O'Melveny & Myers LLP (UK)  
OMERS Private Equity (Canada)  
Orrick, Herrington and Sutcliffe LLP (UK)  
Overseas Private Investment Corporation (US)  
Paladin Realty Partners, LLC (US)  
Pan African Capital Group, LLC (US)  
Paul Capital Partners (US)  
Paul Pannkuk Associates, LLC (US)  
PCGI (US)  
PE Consulting Investintoindia Private Limited (India)  
PineBridge Investments (US)  
Pinto America Growth Fund, L.P. (US)  
Portland Private Equity (Canada)  
Poteza Partners (Slovenia)  
Proparco (France)  
Public Investment Corporation (South Africa)  
Qinvest (Qatar)  
Quadriga Capital Russia (Russia)  
Quilvest (US)  
Religare Private Equity (Hong Kong)  
Rensselaer Polytechnic Institute (US)

## Members of the Emerging Markets Private Equity Association (February 2010)

---

RHEA Investments (Turkey)  
Rio Bravo Investimentos (Brazil)  
Robeco Private Equity (Netherlands)  
SeaBright Capital Management (US)  
Shearman & Sterling LLP (US)  
Shoreline Capital Management (China)  
SHUAA Partners (United Arab Emirates)  
SIFEM AG (Switzerland)  
SigmaBleyzer (US)  
Siguler Guff & Company LLC (US)  
SikSal (France)  
SJ Berwin LLP (UK)  
SkyBridge Global Partners (US)  
Small Enterprise Assistance Funds (US)  
SOAR Management, Inc. (US)  
Société Générale Asset Mgmt Alternative Investments (France)  
SAVCA (South Africa)  
Southern Bridge Capital (Panama)  
Squadron Capital (Hong Kong)  
Squire, Sanders & Dempsey LLP (UK)  
Standard Bank Private Equity (South Africa)  
Stratus Group (Brazil)  
Susquehanna Capital (US)  
SVB Capital (US)  
SVG Advisers Ltd. (UK)  
Swicorp (Saudi Arabia)  
Teacher Retirement System of Texas (US)  
Technoserve (US)  
Teka Capital (Colombia)  
Templeton Asset Management (Singapore)  
The Gutmann Group (Austria)  
The Rohatyn Group (TRG) Management LP (US)  
Thunderbird Private Equity Center (US)  
TMG Capital (Brazil)  
TozziniFreire Advogados (Brazil)  
Trans-Century Limited (Kenya)  
Travant Capital Partners (Nigeria)  
Tufts University Investment Office (US)  
Tuninvest Finance Group (Tunisia)  
Udo Udoma & Belo-Osagie (Nigeria)  
UFG Private Equity (Russia)  
UMWA Health & Retirement Funds (US)  
University of Pennsylvania (US)  
Value Enhancement International (US)  
Venture Capital Trust Fund (Ghana)  
Venture Investment Partners Bangladesh (Bangladesh)  
Venture Partners Botswana (Botswana)  
Verny Investments Holding (Kazakhstan)  
Vietnam Investments Group (Vietnam)  
Vision Brazil (Brazil)  
Wamex Private Equity Management (Mexico)  
Warburg Pincus International LLC (US)  
White & Case LLP (US)  
Wolfensohn Capital Partners, L.P. (US)  
World Bank Pension Plan (US)  
XT Capital Partners LLC (US)  
Zephyr Management, LP (US)  
Zephyr Peacock Management India (India)