

EVCA CODE FOR PLACEMENT AGENTS



By Amy Carroll

EVCA has published a draft Code of Conduct for placement agents as the industry continues to come under attack.

New York Attorney General Andrew Cuomo has been waging war against the placement agent fraternity ever since a “pay to play” scandal was uncovered at the \$122bn (€87.7bn) New York Common Retirement Fund.

Despite the controversy emanating only from a handful of oddball American political intermediaries, US public pension schemes have since begun producing their own individual codes of conduct and rules on disclosure, which are making it difficult for placement agents to operate and severely hampering international fundraising efforts.

The impact could be particularly damaging for European private equity firms, already facing the toughest fundraising environment the asset class has ever seen. Over a third of private equity capital raised in Europe comes from the US, and the majority of that is handled by placement agents.

While US buyout houses may feasibly be able to go direct to local institutions if the backlash against placement agents continues to intensify, European GPs could find themselves cut off from a significant source of future funds.

“Some 40 per cent of the money invested in European private equity and venture capital comes from North America,” said EVCA secretary general Javier Echarrri. “Most of that money is intermediated by placement agents. This vital market service must not be thrown into jeopardy by an incidence of market abuse outside the institutional placement industry.”

EVCA’s code of conduct, which it hopes will become a global standard, sets out best practice



g market participants. emphasises the necessity of adherence to the highest standards of compliance and regulation, and imposes requirements relating to transparency and accountability.

There is huge reputational damage being done, and no one has been supporting the placement agents until now,” said a source inside EVCA. “This scandal has nothing to do with mainstream placement agents, but it is they who are being hit with onerous requirements left, right and centre.”

The code has been devised by a special task force chaired by Mounir Guen of MVision (pictured). The task force is believed to have worked closely with CalPERS in forming its proposals.

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