



SJ – n° Div.2347/Div.

Ms. Isabel Pastor
IOSCO General Secretariat
C/ Oquendo 12
28006 Madrid
Spain

February 12, 2008

Re: ASSOCIATION FRANCAISE DE LA GESTION (AFG)'s comments on the IOSCO
Technical Committee Consultation Report on Private Equity

Dear Ms. Pastor:

The ASSOCIATION FRANCAISE DE LA GESTION (AFG)¹ would like to thank IOSCO and the members of its Technical Committee (“TC”) for the work that they have carried out in

¹ The Association Française de la Gestion financière (AFG) represents the France-based investment management industry, both for collective and discretionary individual portfolio managements. Our members include 405 management companies and 673 investment companies. They are entrepreneurial or belong to French or foreign banking or insurance groups.

AFG members are managing more than 2500 billion euros in the field of investment management. In terms of financial management location, it makes the French industry the leader in Europe for collective investments (with more than 1500 billion euros managed by French companies, i.e. 22% of all EU investment funds assets under management, wherever the funds are domiciled in the EU) and the second at worldwide level. In terms of fund domiciliation, French funds are second in Europe and third at worldwide level. Regarding product interests, our association represents – besides UCITS – the employee saving scheme funds, hedge funds/funds of hedge funds as well as a significant part of private equity funds and real estate funds. AFG is of course an active member of the

producing the Consultation Report on Private Equity and welcomes the opportunity to comment on this Report.

AFG wishes to express its support to the current IOSCO's initiative, which consists of identifying any suitable issues which could be addressed through future IOSCO work. In particular, we support the intent by IOSCO to pursue the two pieces of work mentioned in the Report in future work programmes, namely on the one hand a survey of the complexity and leverage of capital structures employed in leveraged buyout transactions across relevant IOSCO jurisdictions, and on the other hand an analysis of conflicts of interest which arise during the course of private equity business and the controls used across relevant IOSCO jurisdictions which aim at providing appropriate levels of investor protection.

On this basis, we want to express two general remarks at this stage.

First, when IOSCO develops its assessments in the two directions mentioned above, it will have to take note of the very wide variety of private equity funds involved. Even though we admit that it might complicate the work of IOSCO at worldwide level, due consideration must be given to the local specificities of private equity funds at each national level. Both product designs and degrees of regulation vary greatly from one country to another one, and therefore IOSCO should be very careful before drawing any general conclusions on private equity funds.

For instance, French Private Equity funds have reached today an excellent mix between product innovation on the one hand and savers' protection on the other hand – perfectly illustrated by the current ranking of the French private equity fund industry, which for instance ranks number two at European level. Various degrees of flexibility are offered to investors among a wide range of types of French private equity funds (including for instance the so-called FCPR), correlated to several degrees of protection. Moreover, the French general regulatory framework requires that funds are run by management companies subject to specific authorisation and supervision by the regulator (i.e. a private equity fund “activity programme” is necessary in addition to getting the approval by the regulator on the regular asset management authorisation). Furthermore, the French regulatory framework ensures that in any case market integrity is not harmed by the French Private Equity funds acting on financial markets – e.g. regarding market abuse. Therefore, we think that the French pattern could be scrutinised by IOSCO as an interesting one, having been able both to develop up-to-date innovation and to keep a high level of safety for investors.

Second, we welcome the fact that the Technical Committee expressly mandated that consideration must be given to participation by industry throughout its working process. Considering the various national experiences of our members in the field of private equity funds, we would be very happy to develop further contacts with IOSCO Task Force of Private Equity.

We thank you in advance for your attention to the views expressed above.

If you wish to discuss the contents of this letter with us, please contact myself at +33 1 44 94 94 14 (e-mail: p.bollon@afg.asso.fr), Stéphane Janin, Head of International Affairs Division at +33 1 44 94 94 04 (e-mail: s.janin@afg.asso.fr) or his deputy Catherine Jasserand at +33 1 44 94 96 58 (e-mail: c.jasserand@afg.asso.fr).

Sincerely,

Pierre BOLLON