



EUROPEAN COMMISSION

Brussels, 20.12.2012
C(2012) 9323 final

Dear President,

The Commission would like to thank the Senato della Repubblica for its Opinion on the proposed Regulation on European Venture Capital Funds {COM(2011) 860 final} (the 'Regulation'), and apologises for the delay in replying.

The process leading to the adoption of the draft Regulation has comprised several studies and consultations with various bodies and stakeholders in order to ensure that the proposed measures be proportionate.

The proposed Regulation provides for a broad definition of the type of investment vehicles that may constitute a venture capital fund (Article 3(b)), which will also include the possibility of creating funds-of-funds.

The Commission would like to stress the importance of ensuring that investments in the venture capital funds be primarily utilised for the purpose of qualifying investments. After careful consideration and analysis, the Commission feels that the 70 per cent threshold strikes the right balance in achieving the fundamental aim of the proposed Regulation.

Moreover, the 70 per cent threshold is to be reached as investment opportunities arise. Therefore, the rule is that the venture capital fund's non-qualifying portfolio does not exceed 30 per cent throughout the life-cycle of the venture capital fund.

With regard to the definition of 'qualifying portfolio undertaking' (Article 3(d)) in the proposed Regulation, it is independent of the definition of 'Small and Medium-sized Enterprises' in Commission Recommendation 2003/361/EC. The proposed Regulation, deliberately, does not refer to 'SME' or any other similar term in order to make it clear that Article 8 of Commission Recommendation 2003/361/EC does not apply. The issues referred to in point 4 of the Senato della Repubblica's Opinion would therefore not arise. In addition, as opposed to the legal form of Commission Recommendation 2003/361/EC, the legal form of the Commission's proposal on venture capital funds is that of a 'Regulation' and is therefore much higher in the hierarchy of legal norms.

Finally, it is correct to point out that the proposed Regulation does not prevent venture capital funds from being majority owners in the companies in which they choose to invest.

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The Commission hopes that these clarifications address the observations made by the Italian Senate and it looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*

*Senato della Repubblica
Il Presidente*