



Department of Business, Innovation and Skills
1 Victoria St
London
SW1H 0ET

By email: narrativereporting@bis.gsi.gov.uk.

15 November 2012

Dear Sirs,

Re: BVCA response to BIS draft regulations on The Future of Narrative Reporting: A new structure for Narrative Reporting in the UK

This response is submitted on behalf of the British Private Equity and Venture Capital Association ("BVCA").

The BVCA is the industry body and public body advocate for the private equity and venture capital industry in the UK. More than 500 firms make up the BVCA members, including over 250 private equity, mid-market, venture capital firms and angel investors, together with over 250 professional advisory firms, including legal, accounting, regulatory and tax advisers, corporate financiers, due diligence professionals, environmental advisers, transaction services providers, and placement agents. Additional members include international investors and funds-of-funds, secondary purchasers, university teams and academics and fellow national private equity and venture capital associations globally.

The BVCA supports BIS' work to enhance the quality of narrative reporting in the UK. In February 2007, the BVCA asked Sir David Walker to undertake an independent review of the adequacy of disclosure and transparency in the private equity industry. All the recommendations arising from this review, Guidelines for Disclosure and Transparency in Private Equity ("the Guidelines"), were published on 20th November 2007.

We would like to highlight the achievements of The Guidelines Monitoring Group ("GMG"), which is an independent body that was established to provide oversight on disclosure issues relating to those private equity owned companies that qualify for enhanced reporting, and the private equity firms that own them. The overarching objective of the GMG is to ensure that the level of disclosure in large private equity owned companies is at least equivalent to that of the FTSE 350. Whilst the Guidelines are not mandatory, the industry has largely adopted them as standard practice, an achievement largely due to the positive effects of peer pressure.

Overall, we welcome these changes given our commitment to encourage transparency in the private equity industry. In particular, we agree with the need to highlight significant matters clearly for shareholders given the volume of disclosures now included in annual reports. Our experience shows that the needs of a company's wider stakeholder group should also be considered as well as the information required by shareholders.

We note that the government has chosen to mandate certain issues as requiring inclusion in the Strategic Report of all quoted companies when these issues may not be strategic to all in every reporting period. As highlighted above, the GMG has led the effort for increased transparency and reporting within the private equity industry and adopted a disclosure regime based on a comply or explain basis rather than mandating disclosure. This has allowed companies to focus on disclosures that are relevant and specific to that company and its stakeholders rather than providing boiler plate information to meet standard requirements.

Please feel free to contact me if you would like to discuss further any of the points raised.

Yours faithfully,

Mark Florman
Chief Executive
The British Private Equity and Venture Capital Association