



VC/PE Marketplace & Outlook for Federal Regulations

October 22, 2009

John Taylor - NVCA



***Public Policy and
The Venture Industry***

Some Wins; Many Challenges ...

The Cumulative Effect of Regulations Designed to Protect the “Small Investor”

- Less research
- Less trading
- Less liquidity
- Less information
- Fewer NASDAQ listings
- More private (Rule 144A) exits?
- *Less company creation?*
- *Less innovation?*

What's Running the Show

- Madoff > Systemic Risk > Registration/regulation
- New administration with aggressive plans (and a Nobel prize!) > Many simultaneous arenas
- Expensive programs to pay for > Low hanging fruit as a starting point
- Healthcare
- Innovation including clean tech, R&D
- Many competing interests e.g. limited SBIR relief
- Not always obvious bright line distinctions among asset classes

Hot Topics and Priorities

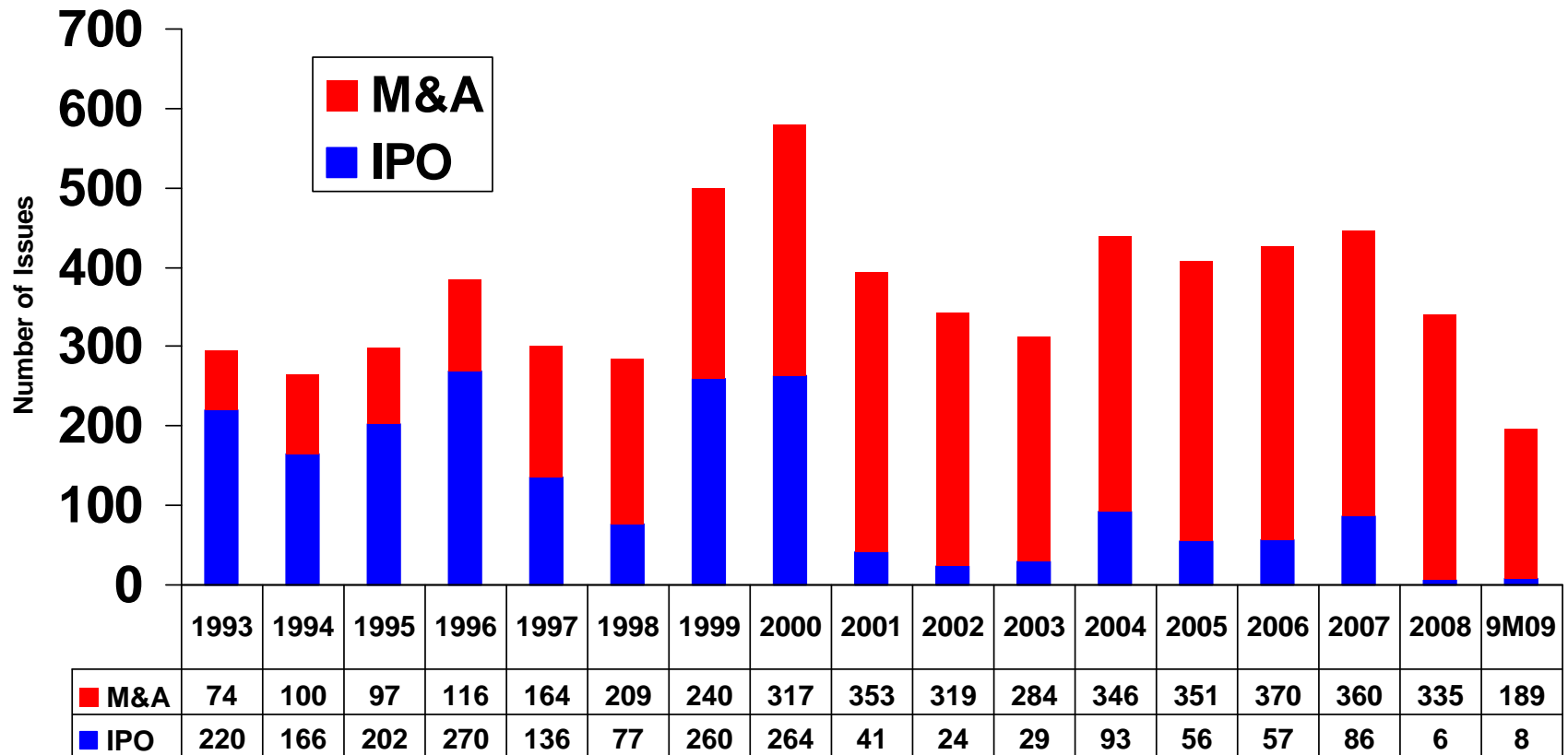
- Regulation and registration – the political process
 - NVCA position
 - Other interested parties
- Carried interest
- Topic 820 (FAS 157) level 3 disclosures
- Topic 820 – LP use of GP NAVs “practical expedient”
- Placement agents, PAC update, state vs. federal candidates
- Small Business Early-Stage Inv Act of 2009
- Venture is resizing

The New World Order*

- Language in the legislation
- Rules determined by the regulators (FDA, Treasury, IRS, SEC, etc.)
- Implementation (PCAOB)
- Execution (Big Four)

** - get used to it!*

Os and M&A by Year - 2008 is Dismal!



Source: Thomson Reuters/National Venture Capital Association



www.nvca.org