



ILPA RELEASES “PRINCIPLES 3.0” FOR PRIVATE EQUITY INDUSTRY

Expanded Guidance Provides Best Practices for Fostering Transparency, Governance and Alignment of Interests

June 27, 2019 – (Washington, DC and Toronto, Ontario) – The Institutional Limited Partners Association (ILPA) today released *“ILPA Principles 3.0: Fostering Transparency, Governance and Alignment of Interests for General and Limited Partners.” (Principles 3.0)* This latest edition serves as an update to and expansion of ILPA’s 2011 Private Equity Principles publication, and provides best practices guidance on a broad array of issues, taking into consideration evolving industry dynamics. Principles 3.0 was developed with the input of both limited partners (LPs) and general partners (GPs) and seeks to inform discussions between these parties in the development of partnership agreements and in the management of funds.

“Private equity has evolved considerably over the last decade and it was important for the ideals and practices that enable a vibrant industry to keep pace with market change,” said Steve Nelson, Chief Executive Officer, ILPA. “The purpose of the Principles program is to foster a stronger private equity ecosystem through shared expectations, and for those shared expectations to become the industry standard. We look forward to putting Principles 3.0 into practice and thank all who were involved in developing this foundational set of guidelines.”

Principles 3.0 builds on and refines guidance on issues covered in the last edition including GP and Fund Economics, Key Person, LPAC Best Practices, Conflicts of Interest and Fiduciary Duty. The third edition also addresses new and emerging topics such as:

- Fee and Expense Reporting and Reasonability
- Scope of the Fund Audit
- Subscription Lines of Credit
- Co-Investment Allocations
- Notifications and Policy Disclosures: ESG, Code of Conduct & Regulatory Compliance
- Changes in Ownership or Control of the GP
- GP-led Secondaries

Unlike previous versions of the Principles, ILPA will not be seeking official endorsements for the document, but will be encouraging industry-wide adoption of its tenets through supporting guidelines, templates and model documents, with the understanding that sound practices and their impact on the health and reputation of the private equity industry are the shared responsibility of both limited and general partners. ILPA also encourages stakeholders in alternative asset classes outside private equity to consider the adoption of relevant sections of Principles 3.0.

“It is incumbent upon all partners to seek a mutual understanding related to adherence to this guidance and set forth the necessary assurances required by either party,” said Jennifer Choi, Managing Director of Industry Affairs and lead developer of the Principles 3.0 guidance. “Principles 3.0 is intended to be a road map to optimal partnerships, built on a foundation of transparency and robust governance. We strongly encourage all players in the private equity industry to embrace this collaborative work, and engage with one another in the spirit that is set forth here.”

The full document is available for download on [the ILPA website](#). Feedback can be directed to principles@ilpa.org.

About ILPA

With more than 500 member institutions representing over \$2 trillion USD of private equity assets under management, the Institutional Limited Partners Association (ILPA) is the only global organization dedicated exclusively to advancing the interests of LPs and their beneficiaries through best-in-class education, content, advocacy and networking. For more information, please visit ILPA.org.

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