

PRIVATE EQUITY EXITS

EUROPEAN COMMISSION'S CONSULTATION

AMAFI's answer

AMAFI is the trade association representing financial markets' participants of the sell-side industry located in France. It has a wide and diverse membership of more than 170 global and local institutions notably investment firms, credit institutions, broker-dealers, exchanges and private banks. They operate in all market segments, such as equities, bonds and derivatives including commodities derivatives. AMAFI represents and supports its members at national, European and international levels, from the drafting of the legislation to its implementation. Through our work, we seek to promote a regulatory framework that enables the development of sound, efficient and competitive capital markets for the benefit of investors, businesses and the economy in general.

The European Commission is consulting on private equity exits, in a context marked by increasing difficulty for private equity investors to sell their investments within the European Union. This initiative is part of the Savings and Investments Union strategy, notably aiming at strengthening European competitiveness and mobilising private capital, particularly following the Noyer-Kukies and the Draghi reports.

In many Member States, the private equity market is facing several structural challenges: longer asset holding periods, a slowdown in IPOs, and limited liquidity on private equity secondary markets. Exits are still largely organised bilaterally, which can hinder capital flows and weigh on the financing of growing companies.

In this context, the Commission is exploring the possibility of developing new liquidity mechanisms, particularly the creation of a multilateral platform for intermittent trading of unlisted shares. Such a platform would aim to facilitate transactions between buyers and sellers, improve price formation and increase transparency, while tailored to the specific characteristics of private markets and reducing transaction costs. The Commission aims, through this initiative, to complement public markets and help the transition to listing through IPOs. At a later stage, the Commission plans for the trading platform to be used for primary capital raising.

The capacity of markets to finance companies is a critical component of the financing of the economy and of the European Union's ability to address the challenges it faces in terms of demographic, environmental and technological transitions and its strategic autonomy.

Given the role that financial institutions play in capital markets, AMAFI, which represents financial market activities in France, provides its contribution to the consultation with some general comments (I.) followed by responses to the questions most relevant for these activities (II.).

I. GENERAL COMMENTS

AMAFI welcomes the Commission's initiative, as improving capital allocation and facilitating exits are key to support growth and innovation in the European Union, as highlighted in the Savings and Investments Union strategy (SIU).

In this context, creating a platform to bring together private equity interests appears to be a constructive approach to help reduce the fragmentation of supply and demand for private equity shares.

However, the multilateral dimension of a trading venue is likely to be a challenge regarding the current private equity market structure:

- Price formation remains largely bilateral, relying on non-public information and extensive due diligence. Transactions are typically bespoke and reflect heterogeneous investor profiles and their strategic considerations.
- In the absence of sufficient demand and the heterogeneous interests of investors, limited liquidity in private equity may restrain the volume of execution on the trading venue, which does not create liquidity in itself but rather reflects existing market conditions.
- Given its likely lower transparency requirements applicable to the platform, there is a risk of market fragmentation if it were to be used for primary capital raising.

Nevertheless, the above considerations may not apply to the same degree depending on the maturity of the company. There are a multitude of use cases to consider, hence there is no one-size-fits-all approach. Specifically, a trading platform may be useful for those companies in the pre-IPO phase, but not for companies far from it.

In light of the above, AMAFI suggests a step-by-step and pragmatic approach, with a first step being the development of a **central marketplace**, with the initial objective of bringing together supply and demand, while preserving bilateral negotiation processes (i.e. bespoke and confidential), in line with current market practices and existing models such as the [SecondMarket®](#) of Nasdaq Private Market, which is not a trading venue. This "test-and-learn" method would allow for further development depending on the outcomes of the initial steps, with the prioritisation of the use cases.

Starting with a marketplace, and going step-by-step would have the following advantages:

- Easiest and rapid implementation, as it would not require the establishment of a dedicated regulatory framework, given its role of technical intermediation (it would only be a service provider);
- Flexibility, allowing for an evolving framework adaptable to market developments and technological innovation;
- Consistency with market practices, by preserving the bilateral and bespoke nature of private equity transactions, including due diligence processes;
- Capacity to automate post-trade processing.

This option is also compatible with existing exit routes, such as IPOs that the Listing Act has already streamlined, but whose attractiveness and accessibility for private equity exits should continue to be nurtured.

In conclusion, provided that the identified challenges are overcome, a **multilateral trading** platform may be a solution in specific cases (pre-IPO listings), but a marketplace implemented with proportionate constraints could serve as a “proof of concept”, supporting deal flow and enhancing the functioning of the private equity ecosystem. In subsequent steps, and based on observed market developments, the opportunity to move towards a trading facility could be reassessed. The Commission could foster the creation of a **marketplace** at the European level, for example by determining general guidelines for such a marketplace.

II. ANSWER TO THE QUESTIONS

Part I: CHALLENGES FOR PRIVATE EQUITY EXITS AND ATTRACTING PRIVATE EQUITY INVESTORS IN THE EU

[...]

Question 9: What are the main barriers to a more effective and efficient secondary market for private company shares? Please explain your answer.

The main barriers to a more effective and efficient secondary market for private company shares are structural and stem from the intrinsic characteristics of private equity, rather than from a lack of trading infrastructure. These barriers can be grouped into two core dimensions: (i) constraints on price formation and (ii) the absence of effective mechanisms to connect buyers and sellers. It should be noted that the impact of these constraints varies depending on companies' stage of development, this aspect is further elaborated in Question 15.

- **Absence of an efficient price formation mechanism**

Private equity transactions are characterised by low transaction volumes for any given asset and a high degree of diversity of actors pursuing different strategies (M&A, IPO or secondary buyout), which significantly impairs the emergence of a reliable price formation mechanism.

Firstly, transactions in private equity are infrequent and bespoke. Each deal involves a limited number of participants and is highly specific in terms of governance rights, stake size (minority vs control), and strategic rationale. This results in a shallow market depth, which limits the development of continuous or standardised pricing dynamics compared to public markets.

Secondly, and more fundamentally, private equity valuation relies on non-public, highly confidential information, which is only accessible through extensive due diligence and audit processes. These processes are inherently time-consuming, bilateral, and transaction-specific, and cannot be standardised or replaced by multilateral trading mechanisms. As a result, there is no shared, transparent information that would allow a broad set of market participants to form independent price expectations.

Thirdly, private equity shares are not always fungible. Private equity typically relies on detailed shareholders' agreements with the objective to manage the composition of the shareholding structure. This type of shareholders' agreements allows different rights to be attached to otherwise similar shares to balance powers among shareholders. As a result, shareholders may hold shares carrying different rights, depending on the timing and context of their investment. In such cases, assigning a single market price would be difficult and the pricing would need to be tailored to reflect the specific rights and arrangements attached to each share or block of shares.

Taken together, these features (lack of public information, low volumes and bespoke transactions) create challenges for the price discovery process. In such an environment, prices are not the outcome of supply and demand on a centralised market, but rather of case-by-case negotiations reflecting the specific context of each transaction.

- **Absence of a matching interests process between buyers and sellers**

Given the diversity of use cases and thus transaction types (e.g. full exits, partial secondary sales, strategic acquisitions, employee share disposals), today, transactions are primarily conducted on a bilateral basis, either through private networks or with the support of broker-dealers. In practice, sellers, the company itself or their advisors approach a limited pool of potential buyers on a case-by-case basis.

Today, there is no centralised marketplace capable of aggregating and displaying selling interests, nor of allowing buyers to identify opportunities that could, subject to due diligence, lead to a transaction.

This organisation leads to a fragmented, relationship-driven ecosystem, typically intermediated by specialised advisors (e.g. M&A or corporate finance), which ultimately constrains market visibility and reduces access to potential investment opportunities.

Still, there is a need to facilitate connections between potential buyers and sellers in the private equity ecosystem and to offer a consolidated view of transactions that are usually identified through private network or by using broker dealer services.

Question 13: *What are the main issues/barriers associated with the exit options listed in Question 12 and what could be possible solutions to address them? Please explain your answer.*

<i>Exit Option</i>	<i>Issues/barriers</i>	<i>Possible solutions</i>
<i>Management buyout (company's management buys out the investor's stake)</i>		
<i>Merger & acquisition / secondary buyout (e. g. trade sales; selling shares to another (non-financial) company/competitor)</i>		
<i>Secondary buyout by an institutional investor (e.g. sale to another PE firm)</i>		
<i>Secondary sale of some shares to other existing investors within the company</i>		
<i>Secondary sale of some/partial shares to new investors outside the company</i>		
<i>Public listing (IPO)</i>	See below	See below
<i>Liquidation of the private company</i>		
<i>Other (Please specify)</i>		

Given the activities represented by AMAFI, answers are provided on IPOs related barriers only.

The difficulties observed in private equity exits do not stem from a lack of market infrastructure, but rather from economic and structural factors (see Q9). Existing exit options (IPOs, M&As, secondary buyouts) remain relevant and functional when market conditions are favourable. IPOs remain the natural exit for private equity, providing the necessary depth to growing capital demands of dynamic companies. Recent successes demonstrate that IPOs are still a viable option (e.g. Exosens¹, Planisware², and larger transactions such as Galderma³).

The current difficulties in IPOs mainly reflect a challenging market environment, rather than a lack of available mechanisms, notably resulting from valuation gaps (i) and market fragmentation (ii).

(i) As highlighted in Question 9, market participants pursue heterogeneous strategies. This, in turn, gives rise to a misalignment between sellers' valuation expectations and investors' price acceptance. These valuation gaps could be substantial: currently, private equity funds value assets at higher levels than buyers on the public market (sometimes by up to one third). These differences can be attributed

¹ On 7 June 2025, Exosens successfully launched its IPO on Euronext, raising €350 million.

² On 18 April 2024, Planisware successfully launched its IPO on Euronext, raising €241 million.

³ On 22 March 2024, Galderma successfully launched its IPO on SIX Group, raising CHF 2,2 billion.

mainly to a temporary surplus of cash resulting from the low interest rates that followed the COVID-19 crisis. As a result, this gap hinders secondary private equity transactions, with execution being constrained regardless of the channel used. **A trading platform, even if opened intermittently, will not alone solve this valuation gap.**

(ii) Apart from price gaps, one of the main barriers to development **remains the identification of potential candidates for initial public offering by firms specialising in IPOs**, as well as the market realising that public equity has become accessible in terms of both price and process.

Part II: A PLATFORM FOR THE INTERMITTENT MULTILATERAL SECONDARY TRADING OF PRIVATE COMPANY SHARES

Question 15: On a scale from 1 (no added value) to 5 (very high added value), would you see in general added value in having a possibility (upon the issuer's agreement/request) for private company shares to be traded on a multilateral platform in a private and intermittent way? Please explain your answer.

1	2	3	4	5	No opinion
	X				

AMAFI considers that there would be challenges to ensuring that an intermittent multilateral trading platform could answer all the points identified in the Question 9. The key challenges identified are the following:

- Firstly, such a platform would have limited impact on transaction execution. The core components of private equity deals (namely due diligence, structuring, and negotiation) would remain largely unchanged. These processes are inherently resource-intensive and go far beyond the “core standard information” that may be released.
- Secondly, if the price were to be determined solely by a market mechanism (without the company being involved in setting its price), the platform could generate misleading market signals. The publication of sporadic transactions, in a context of inefficient price formation, may lead to a biased perception. This creates a risk that observed prices are interpreted as general market references, potentially affecting investor behaviour and valuation practices in a way that does not reflect underlying fundamentals.
- Thirdly, the introduction of such a mechanism raises **investor protection concerns**. A framework where valuations are more frequently exposed to market dynamics could introduce **greater volatility**, particularly if holdings were to shift from valuation-at-cost approaches to more market-based references. Access to such a platform would need to be carefully designed, limited to professional investors, given the complexity, illiquidity of the underlying assets and the partial and asymmetric access to information from potential buyers.
- Fourthly, there is a **risk of unintended interactions with public markets**. By offering a simplified and partial form of liquidity, an intermittent platform could divert attention from traditional exit channels without providing comparable benefits in terms of transparency, liquidity or capital

access. This may increase fragmentation and ultimately weaken the incentives to pursue public listings, while not constituting a credible alternative.

- Fively, private equity is not suitable to be run through traditional order books, given the diversity of use cases and thus transaction types (e.g. full exits, partial secondary sales, strategic acquisitions, employee share disposals).

Today, transactions are mostly conducted on a bilateral basis, either through private networks or with the support of broker-dealers. In practice, sellers, the company itself or their advisors approach a limited pool of potential buyers on a case-by-case basis. While a centralised marketplace capable of aggregating and displaying selling and buying interests to identify opportunities could be envisaged (e.g. Nasdaq Private Market⁴) transactions will still be subject to review and approval by the seller, thus making it unsuitable to be organised through a trading book as observed in multilateral trading venues.

Still, a distinction should be made between companies based on their level of maturity. The impact of a trading venue is likely to vary significantly depending on the size and stage of development of companies:

- At one pole, for companies engaged in the pre-IPO phase, disclosure requirements and price formation mechanisms are likely to be broadly similar to those applicable in public markets and should therefore not raise significant concerns, as companies preparing for an IPO are typically at a stage of maturity that makes them compatible with such constraints. These companies and their shareholders are likely to benefit from such a framework, notably by facilitating entry and exit opportunities during the period preceding the IPO. These companies are less likely to face the challenges detailed above, but they are also already in the process of exiting private equity.
- At the other pole, companies that have only recently entered private equity, or that remain far from an IPO, are more likely to face the challenges detailed above (notably in terms of price formation, liquidity, information disclosure, etc.).

In this context, as a first step to ease private equity exits, ways should be considered to **improve the visibility of opportunities to invest in private companies**. The development of a **centralised marketplace for private equity actors**, designed to improve visibility and matching of investment opportunities without attempting to replicate the functioning of public markets could be a solution to allow market participants to identify potential counterparties more efficiently, while preserving the existing transaction processes.

Such a marketplace would:

- facilitate the pooling of buying and selling intentions at EU level,
- improve access to a broader investor base,
- operate without requiring continuous activity or standardised pricing,

⁴ Nasdaq Private Market offers a service that centralises buying and selling interests in shares of unlisted companies. Participants may connect and negotiate transactions directly. Once an agreement has been reached between the parties, the company retains the right to veto the transaction.

- and avoid the constraints associated with trading venue regulation,
- benefit all companies regardless of their stage of maturity.

The marketplace could serve as an initial foundation for future enhancements, providing a basis for iterative development and enabling it to progressively adapt to evolving market needs while ensuring closer alignment with participants' expectations. By focusing on a **matching interest process** rather than a multilateral trading platform, this approach would better support the development of the private equity ecosystem and could serve as a proportionate and scalable foundation for future enhancements.

Question 21: *According to you, which of the following categories of investors should be allowed to acquire existing private company shares via a private intermittent trading platform? You can select several options. Please explain your answer.*

X	Investment Funds (including venture capital and private equity funds)
X	Pension funds (including IORPs)
X	Investment firms
X	Credit institutions
X	Insurance companies
	High-net-worth individuals
X	Non-financial corporates (strategic investors)
	Employee shareholders of eligible companies
	All retail investors
	Others (please specify)

As explained in its answer to Question 15, AMAFI considers that there would be challenges to ensuring that an intermittent multilateral trading platform could bring meaningful added value to the private equity ecosystem.

However, should such a trading platform emerge, and similarly in the case of a marketplace, **access should be strictly limited to professional investors**, as extending participation to retail investors would raise significant investor protection concerns.

Investing in private equity assets requires robust due diligence to assess the value of the investment and the risks associated with it. The private equity market is characterised by a high degree of information asymmetry, as companies are not subject to the same disclosure requirements as listed companies. Since retail investors are unable to carry out such due diligence (lack of skills, of time and human resources) and may be sensitive to marketing claims, they should not participate in this marketplace.

Moreover, the uncertainty regarding investors' ability to close their positions must be considered. Non-professional investors, who have less liquidity and are more heavily constrained by unforeseen circumstances, would be disproportionately exposed to risk due to the insufficient liquidity and the lack of robust price formation. This asymmetry between entry and exit conditions exposes investors to increased risk, justifying the restriction of access to professional investors.

This situation contrasts sharply with listed markets, where liquidity and transparency allow for exits under more predictable and controlled conditions.

Question 27: On a scale from 1 (strongly disagree) to 5 (strongly agree), should there only be a single EU private intermittent multilateral platform within the EU? Please explain your answer.

1	2	3	4	5	No opinion
					X

As explained in its answer to Question 15, AMAFI considers that there would be challenges to ensuring that an intermittent multilateral trading platform could bring meaningful added value to the private equity ecosystem.

If such a multilateral trading platform were to emerge, AMAFI believes that the initiative should be market driven. Undertakers should be free to set up competing platforms. For the same reasons, all private shares should be eligible since there are no technical, economic or regulatory justifications for doing otherwise. Limiting eligibility to certain companies would further undermine the attractiveness and depth of a market that would already lack both.

As mentioned in its answer to Question 15, AMAFI considers that a marketplace for matching buyers and sellers' interests could be a solution. To stimulate private initiative, the Commission could launch an initiative to determine general guidelines for such a marketplace.

Question 34: To ensure that the regime strikes the right balance between efficiency and regulatory safeguards for investors, which of the following alleviations from the relevant regulatory frameworks (MiFIR, Market Abuse Regulation, Prospectus Regulation) should be considered with respect to secondary trading of shares on such a platform?

Please rank them from the least important (1) to the most important (5). The same ranking can be attributed to multiple options. Please explain your answer. Please note that rules governing the status of the operator of the platform are covered under Section C. Please note that more detailed questions on the regulatory framework governing trading are included in the next Sections.

<i>Possible alleviations / exemptions</i>	1	2	3	4	5	<i>Detailed comment</i>
<i>Lighter pre-trade and post-trade transparency requirements, calibrated for the different types of trading systems (MiFIR)</i>			X			
<i>No pre-trade and post-trade transparency requirements (MiFIR)</i>						
<i>Lighter supervisory reporting requirements (MiFIR)</i>			X			
<i>No supervisory reporting requirements (MiFIR)</i>						
<i>Lighter prospectus requirement for private shares subject to private intermittent trading</i>			X			
<i>No prospectus requirement for private shares subject to private intermittent trading</i>						
<i>Lighter requirements under the Market Abuse Regulation, notably disclosure requirements</i>			X			
<i>No requirements under the Market Abuse Regulation, notably no disclosure requirements</i>						
<i>Other (Please specify)</i>						

As explained in its answer to Question 15, AMAFI considers that there would be challenges to ensuring that an intermittent multilateral trading platform could bring meaningful added value to the private equity ecosystem.

If such a multilateral trading platform were to emerge, AMAFI believes that a framework should be developed to organise information transparency. Private equity, by nature, does not promote broad information sharing among all participants. Yet some transparency is required to prevent information asymmetries that could give rise to situations of market abuse, especially insider dealing. As such a market abuse framework is required. We see drawbacks to a lighter version of MAR as this will decrease investor protection and introduce a new regulatory framework. More broadly, creating a new regulatory framework would raise several difficulties:

- increased regulatory complexity;
- potential inconsistencies with existing regimes (MiFIR, MAR, Prospectus);
- additional operational complexity for market participants.
- and a risk of duplication of existing infrastructure.

A marketplace for matching buyers and sellers' interests, as proposed by AMAFI, would not be subject to the financial regulation (MiFID, MAR, Prospectus...), as it acts as a matchmaking facility, without involving the provision of investment services.

