

Martina Skalicka,; Zinecker, Marek; Meluzin, Tomas

**Working Paper**

## Private Equity Fund Structures in Czech Republic within the Framework of the New Institutional Economics

Institute of Economic Research Working Papers, No. 78/2017

**Provided in Cooperation with:**

Institute of Economic Research (IER), Toruń (Poland)

*Suggested Citation:* Martina Skalicka,; Zinecker, Marek; Meluzin, Tomas (2017) : Private Equity Fund Structures in Czech Republic within the Framework of the New Institutional Economics, Institute of Economic Research Working Papers, No. 78/2017, Institute of Economic Research (IER), Toruń

This Version is available at:

<https://hdl.handle.net/10419/219901>

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*



<https://creativecommons.org/licenses/by/3.0/>



Institute of Economic Research Working Papers

No. 78/2017

**Private Equity Fund Structures in Czech Republic  
within the Framework of the New Institutional Eco-  
nomics**

**Martina Skalická, Marek Zinecker, Tomáš Meluzín**

**Article prepared and submitted for:**

**9<sup>th</sup> International Conference on Applied Economics Contem-  
porary Issues in Economy, Institute of Economic Research, Polish  
Economic Society Branch in Toruń, Faculty of Economic Scien-  
ces and Management, Nicolaus Copernicus University, Toruń,  
Poland, 22-23 June 2017**

**Toruń, Poland 2017**

© Copyright: Creative Commons Attribution 3.0 License

Martina Skalická, Marek Zinecker, Tomáš Meluzín  
skalicka@fbm.vutbr.cz; zinecker@fbm.vutbr.cz; meluzint@fbm.vutbr.cz  
Brno University of Technology, Faculty of Business and Management, Kolejní 2906/4, CZ-  
612 00 Brno

## **Private Equity Fund Structures in Czech Republic within the Framework of the New Institutional Economics**

**JEL Classification:** B25; G24; K23

**Keywords:** *new institutional economics; private equity; venture capital; tax and legal environment; private equity fund structures*

### **Abstract**

**Research background:** Institutional aspects of a well-functioning private equity and venture capital market are emphasized in the recent academic literature. In particular, a favourable tax and legal environment is essential, since formal institutions enable the industry to attract a larger volume of investors and thus to contribute more efficiently to the growth of GDP. In the Czech Republic, however, legal barriers represent an essential obstacle affecting a rather poor scope of resources available to domestic private equity and venture capital funds.

**Purpose of the article:** This paper examines the current tax and legal environment for private equity and venture capital investments in the Czech/ Republic. Proposals for prospective improvements of legal and tax framework are made in the empirical part of the study.

**Methodology/methods:** As the phenomenon under study is complex and explanatory in nature, qualitative data with content analysis proved to be the best way how to assess institutional framework for PE/VC in the Czech Republic. Data collection methods cover a comparative analysis of scientific literature documents and reports, as well as primary data from interviews with experts in the industry. The results of both secondary and primary data analysis were categorized and core lacks in the institutional framework were identified and discussed. Finally, proposals for prospective improvements of the institutional framework are made.

**Findings & Value added:** The conducted analysis implies that the issue of the legal and organisational structure suitable for PE/VC funds may be deemed resolved in the Czech Republic. A Czech equivalent to a Limited Partnership (SIC-AR), i.e. a limited partnership with investment certificates, has already with provided with sufficient support in the legislation in terms of the legal form. The legal form is a necessary, yet not sufficient condition. A tax handicap was identified implying that it is necessary to amend the tax law so that the legal regulation ex-

tends the tax exemption. Another amendment to the applicable legislation should then be directed towards eliminating or mitigating the barriers imposed on pension funds when investing in PE/VC funds.

## Introduction

The new institutional theory proved to be a popular theoretical foundation for exploring a wide range of scientific topics in the entrepreneurial research inclusive of private equity and venture capital (Bruton *et al.*, 2010, pp. 421-440; Almstorm & Bruton, 2006, pp. 299-320; Li & Zahra, 2011, pp. 95-111; Lerner & Tåg, 2013, pp. 153-182). Private equity and venture capital (PE/VC) is one of the most important sources of financing for start-ups and high-growth potential businesses in both well-developed and emerging economies (Almstorm & Bruton, 2006, p. 299). The phenomena of uncertainty and information asymmetry, however, play an essential role in terms of its availability because of transaction problems (Li & Zahra, 2011, p. 95).

Recent academic literature on PE/VC documented that both formal and informal institutions represent the proper incentives supporting investors in reducing transaction problems and thus enhancing their investment activity (Almstorm & Bruton, 2006, p. 299; Li & Zahra, 2011, p. 95; Lerner & Tåg, 2013, p. 153). There are several elements of a stable institutional framework as shown by Almstorm & Bruton (2006, p. 300): a predictable rule of law and enforcement regime to facilitate and safeguard the investments, efficient markets for corporate control and capital and minimal corruption. The concept of quality of institutional system is currently considered as the core of institutional economics (for more details see e. g. Balcerzak & Pietrzak, 2016, p. 68; Lizińska *et al.*, 2016, p. 286; Woźniak-Jęchorek, 2016, p. 130).

According to the statistics of *Invest Europe* (2016a), the Czech Republic took the last place in CEE countries in terms of the share of private equity and venture capital (PE/VC) investments to GDP (Invest Europe, 2016a, p. 18). Based on a comprehensive review of empirical research in the area, we assume that the development of the PE/VC market in the Czech Republic is adversely affected by the following set of institutional drawbacks, which are, however, essential for a higher level of commitment of both domestic and foreign investors: inflexibility of corporate law, tax obstructions and non-transparency of fund structures (see Zinecker, 2011, pp. 541-551; Pazour & Marek, 2011, pp. 30-33).

Therefore, in this paper, we examine the current tax and legal environment for PE/VC investments in the Czech Republic to answer the question

whether the institutional framework after incorporating legislative changes between 2012 and 2016 is comprehensible and competitive from the perspective of both domestic and foreign investors. In the empirical part of the study proposals for prospective improvements of the institutional framework are made.

## **Research Methodology**

This research assesses formal institutional environment for PE/VC investments in the Czech Republic from the perspective of legal structures, tax transparency and investment obstacles. The analysis is founded on the assumption that Czech Republic as an emerging economy has less-developed formal institutional structures and many institutional differences compared to well-developed countries (see also Almstorm & Bruton, 2006, p. 303).

The research approach was developed after an extensive review of recent academic literature on institutional economics and venture capital in well-developed and emerging markets (Almstorm & Bruton, 2006, pp. 299-320; Li & Zahra, 2011, pp. 95-111; Lerner & Tåg, 2013, pp. 153-182; Balcerzak & Pietrzak, 2016, pp. 66-81; Lizińska *et al.*, 2016, pp. 285-296; Woźniak-Jęchorek, 2016, pp. 129-151; Caselli, 2009; Cumming, 2010; Gregoriou *et al.*, 2011; Cumming & Johan, 2013).

As the phenomenon under study is complex and explanatory in nature, qualitative data with content analysis proved to be the best way how to assess institutional framework for PE/VC in the Czech Republic. Data collection methods cover a comparative analysis of scientific literature documents and reports, as well as primary data. Experts from PE/VC industry (investors as well as CVCA Tax and Legislation Committee members) were interviewed to gain primary data. The key topics covered within face-to-face and phone interviews were as follows: tax and legal factors affecting PE/VC funds structures in the Czech Republic and the EU, defining the tax and legal environment for limited partners and fund management companies, available PE/VC fund structures within Europe, the tax and legal environment for PE/VC in the Czech Republic, tax and legal barriers preventing the establishment of a standard PE/VC fund in the Czech Republic, and legislative amendments of corporate law. The questions were open response because the novel nature of the topic. The interviews were conducted and transcribed. The results of both secondary and primary data analysis were categorized, a set of variables was defined, and core lacks in the institutional framework were identified and discussed. Finally, proposals for prospective improvements of the institutional framework are made.

## Private Equity and Venture Capital Fund Structures and Taxation of Capital Gains

The first part of the analysis focuses on the following research question: Does the current Czech legal regulation allow establishing legal and organisational form of the PE/VC fund which is competitive in the European context in terms of domestic and foreign investors?

On the basis of the literature review, e.g. Jenkinson (2008); Metrick & Yasuda, (2010, pp. 2303-2341), and the interviews with investors and experts from the PE/VC industry, it may be stated that the legal form which the investors operating in the international context prefer for the purposes of establishing a PE/VC funds in the so-called *Limited Liability Partnership* (UK) and its variations, such as *Société d'investissement à capital variable* (SICAV) and *Société d'investissement en Capital à Risque* (SICAR) in Luxembourg. The most frequently cited reasons include tax transparency, flexible capital rules, the possibility of establishment for a definite term, the possibility of flexible capital calls, the possibility to issue various types of equity securities, and the possibility to restrict the share transferability. Fulfilling these criteria by means of various legal forms established in the Czech legal system is analysed in the following paragraphs, whereas the summary of the qualitative analysis is shown in Table 1.

Since 2011, the legislative regulation of the legal forms of investment funds in the Czech Republic has seen substantial amendments. Above all, the completely new *Act on Investment Companies and Investment Funds* (hereinafter only as the ZISIF) (No. 240/2013 Coll.) became effective in 2013, replacing the unsuitable *Collective Investment Act* (No. 189/2004 Coll.). Among other things, the ZISIF reflects *Directive 2009/65/EC* of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (abbreviated as UCITS) and *Directive 2011/61/EU* of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending *Directives 2003/41/EC* and *2009/65/EC* and *Regulations (EC) No 1060/2009* and *(EU) No 1095/2010* (abbreviated as AIFMD). Apart from that, with the effect from 2014, the Czech Republic has recodified the private law in the form of the new *Civil Code* (No. 89/2012 Coll.) and *Business Corporations Act* (No. 90/2012 Coll.).

We will now focus on the analysis of the legal forms of the funds of the SICAV and SICAR types, which were not established in the Czech law until the effect of the *Business Corporations Act* (No. 90/2012 Coll.).

Within the ZISIF, there has been a fundamental change in certain concepts, in particular the concept of “investment fund” and “collective investment fund”. In the previous legal regulation, the concept of “collective investment fund” represented an umbrella term. Collective investment funds were divided into investment funds (with the legal personality, exclusively in the legal form of a joint stock company) and unit trusts (without the legal personality). Another classification divided collective investment funds into standard and special funds including qualified investor funds. The ZISIF completely transformed this classification, when some concepts are still used, yet with completely different meanings. The “investment fund” is now any entity engaged in collective investment, regardless of its legal status and legal personality.

The ZISIF now explicitly divides investment funds into qualified investor funds and collective investment funds, which include 1) standard funds (complying with the requirements of the UCITS Directive) and 2) special funds (not complying with the requirements of the UCITS Directive).

In particular, the qualified investors include professional institutions (e.g. banks) and other investors operating in the mode of the written declaration when meeting the limit of the minimum amount of initial investment corresponding to 125,000 EUR. The amendment to the ZISIF (No. 148/2016 Coll.), becoming effective in June 2016, also allowed the alternative in the form of the minimum amount of 1 million CZK, provided that the “suitability test” demonstrates the suitability of the client’s investment profile. The amount of 1 million CZK roughly corresponds to 40,000 EUR, which according to the explanatory memorandum is the amount defined for the qualification of an investor for example in Poland (*Explanatory memorandum of Act No. 148/2016 Coll., 2016*). At the same time, qualified investor funds and special funds are ranked among the so-called alternative funds, the regulation of which is primarily based on the AIFMD Directive.

According to the ZISIF, investment funds may also be divided into funds with legal personality (a number of options) and funds without legal personality (unit fund and trust). Another classification is based on the fund administration, when for instance, the autonomous investment fund is managed by itself, unlike other funds.

Whereas the legal regulation in 2011 admitted only the joint stock company or unit trust as the legal form of collective investment funds (currently thus investment funds), the new legislation has substantially extended the options. For PE/VC funds, two newly established structures are important, as they may only be used in the case of an investment fund: a joint stock company with variable registered capital (hereinafter only as the SICAV, according to the Luxembourg model (SICAV) and a limited partnership with investment certificates (hereinafter only as the KSIL), which is the

structure corresponding to the Limited Liability Partnership or SICAR. The aim of the legislative changes was to make the Czech Republic more attractive for foreign investors (*Explanatory memorandum of the Act on Investment Companies and Investment Funds*, 2013).

In addition, the ZISIF also newly defined the so-called sub-threshold funds which are subject to the registration principle only, rather than a licence issued by the Czech National Bank (the so-called property administration comparable to management).

Apart from the closed type fund in the legal form of a common joint stock company, the current options thus include the SICAV fund, as well. It issues two types of shares, i.e. founder shares and investment shares. In its character, it belongs to open-end funds, whereas it also maintains the legal personality. It allows flexible, i.e. essentially automatic changes in the amount of the registered capital depending on issuing and purchase of investment shares. The legal form allows the exit in the form of repurchase of investment shares.

The internal SICAV structure was originally obligatorily monistic. However, this requirement was eliminated with the ZISIF amendment. The entry in the Companies Register does not include its entire authorised capital, but only a part consisting of the so-called registered capital, which is the amount subscribed by the founders and the corresponding to founder shares. Shares are issued as unit shares, i.e. without the nominal value, and represent an equal share in the registered capital of the SICAV, or the equity of the sub-fund. Investment shares may be issued without voting rights, as well. Investment shares may be subscribed only on the basis of a public call, whereas the subscribers may include only qualified investors. If permitted by the statutes, the SICAV may establish flexible sub-funds representing separate accounting and property assets, even without separate capital requirements. Individual sub-funds may be assigned with different investment strategies.

Within the context of the Czech legislation, the closest to the legal form of the SICAR type is the limited partnership company with investment certificates (KSIL). According to the explanatory memorandum, it was for example the SICAR that served as one of the models for the Czech legal regulation of the KSIL. The original legislation suffered some shortcomings, most of which were nevertheless addressed in the ZISIF amendment effective since the beginning of 2015. In the KSIL, one shareholder (unlimited partner) always serves as the general partner with unlimited liability for debt, whereas the shares of limited partners with limited liability are represented by investment certificates, as well as certificated securities to order, which allow easier transfer of shares which may be publicly traded. Unlike the SICAV form, which is available for both collective investment funds



(as well as standard funds), and qualified investor funds, the KSIL may be solely used by the qualified investor fund. Unlike the general legal regulation of a limited partnership, KSIL limited partners are not recorded in the Companies Register, and the ZISIF amendment also excluded the accessibility of the limited partners data in the collection of documents to the public. The ZISIF amendment also completely excluded the liability of limited partners, also in the case when they have not yet paid the whole amount of their deposit, and the interpretation may also infer the exclusion of liability after the liquidation of the company. Since 2015, the position of limited partner has seen substantial improvement.

Even though there is thus the legislative basis for the suitable organisational and legal form of the PE/VC funds in the Czech Republic, until now, there has been no investment fund in the KSIL legal form registered in the list kept by the Czech National Bank (*Regulated institutions and registered financial market entities lists*). It may be assumed that the reason for this consists in the substantially discriminating tax conditions, as specified below.

The qualified investor funds also include the investment fund in the EuVECA regime regulated since 2013 by the regulation of the European Parliament (Regulation on European venture capital funds, 2013). Within the ZISIF, this fund is labelled as the qualified fund of venture capital. The EuVECA regime is voluntary, being based on the opt-in principle. Voluntary compliance with this regime brings an advantage in the form of the so-called European passport, which allows the administrator to offer investment in these funds in other EU Member States.

At the present time, the CNB records do not contain any such fund under the ZISIF; nevertheless, the CNB records 16 foreign funds comparable to EuVECA (*Regulated institutions and registered financial market entities lists*).

The issue of the suitable legal and organisational form of PE/VC funds in the Czech Republic may be concluded with a finding that the current legislation (except the area of taxes, as specified further) has already set up acceptable conditions. For details see Table 1.

**Table 1.** Content Analysis Results - PE/VC fund structures in the Czech Republic from the perspective of legal conditions

Criteria							
	Flexible capital rules	Tax transparency	No duty to repurchase the share	Possibility of establishing for a definite term	Possibility of capital calls	Possibility of limiting the share transferability	Various types of member securities
Limited partnership with investment certificates	✓		✓	✓	✓	✓	✓
Joint stock company with variable registered capital	✓	✓		✓	✓	✓	✓
Limited partnership			✓	✓	✓	✓	
Joint stock company		✓	✓	✓	✓	✓	
Limited liability company		✓	✓	✓	✓	✓	

Source: Own elaboration on the basis of the literature research (secondary data) and interviews (primary data).

Within the European Union, each Member State has jurisdiction to tax investment funds through its own legislation. Taxation of investment funds and their investors in the Czech Republic is regulated by the Act on Income Taxes (ITA) (1992). With respect to our analysis, the tax conditions of PE/VC funds in the Czech Republic may be assessed as largely unfavourable both on the level of taxation of funds themselves, and their investors (for details see Table 2). Firstly, it is impossible for the KSIL investment fund (unlike a joint stock company or a limited liability company) to apply the tax exemption concerning the received shares in profits and income on the sale of shares held in the long-term, which is essential to a PE/VC fund. Next, unlike other assets in which funds can generally invest, the acquisition price of the share is tax deductible only up to the amount of the income on the sale of the share, while the sale of every share is assessed separately, which renders impossible to offset the loss of individual investments to the profit. Third, it is impossible for the investors in PE/VC funds to apply the

tax exemption concerning the shares in profits and income on the sale of the share held by the fund in the long-term:

- If the fund uses the KSIL legal form (compared to a limited liability company and joint stock company);
- If it is an investor outside the EEA;
- If it is an investor with an investment share in the PE/VC fund lower than 10%;

Last, the withholding tax for funds investors may in the case of some non-residents amount to 35%.

**Table 2.** Content Analysis Results - Differences between individual types of fund structures established in the Czech legislation from the perspective of taxation

Criteria	Yes	No
Tax transparency for the fund (according to the fund's legal form)	Upon meeting other conditions: Joint stock company, SICAV, limited liability company, cooperative, (European Company, European Cooperative Society)	Limited liability partnership, KSIL
Tax transparency for the investor (according to the fund's legal form)	Upon meeting other conditions: Joint stock company, SICAV, limited liability company, cooperative, (European Company, European Cooperative Society)	Limited liability partnership, KSIL
Tax transparency for the fund (according to the share size)	Upon meeting other conditions: At least 10%	Less than 10%
Tax transparency for the investor (according to the share size)	Upon meeting other conditions: At least 10%	Less than 10%
Tax transparency for the investor (according to the tax domicile)	Upon meeting other conditions: EEA Member States	Countries outside the EEA
Reduced income tax rate for the fund	Basic investment fund under the ZDP	Other investment funds
Increased tax rate for the investor (according to the tax domicile)	So-called tax havens	Others
Tax-deductible loss of investment for the fund (according to the assets in which the fund invests)	For example, shares for trading or real property	Significant shares in companies

Source: Own elaboration on the basis of the literature research (secondary data) and interviews (primary data).

## Discussion and Conclusions

The conducted analysis implies that the issue of the legal and organisational structure suitable for PE/VC funds may be deemed resolved in the Czech Republic. A Czech equivalent to a Limited Partnership (SICAR), i.e.

a limited partnership with investment certificates, has already been provided with sufficient support in the legislation in terms of the legal form. The Czech version of SICAV funds, i.e. a joint stock company with variable registered capital, has also been provided with satisfactory legislative conditions of its legal form, and unlike the KSIL, funds of this legal form have already been established in practice.

The current situation, however, points to the fact that some of the changes of the conditions for PE/VC capital only make sense if they are performed in interdependence. This is demonstrated as the non-existence of even a single representative of the limited partnership with investment certificates, where the suitable legal regulation concerning the legal form is overshadowed by absolutely unsatisfactory tax conditions. Our analysis has shown that the legal form is a necessary, yet not sufficient condition.

Our research results imply the following proposals. Above all, it is necessary to amend the ZDP so that the legal regulation extends the tax exemption. Another amendment to the applicable legislation should then be directed towards eliminating or mitigating the barriers imposed on pension funds when investing in PE/VC funds.

## References

- Act No. 458/2011 Coll. (2011). In *Collection of Laws of the Czech Republic*.
- Act No. 125/2016 Coll. (2016). In *Collection of Laws of the Czech Republic*.
- Act No. 148/2016 Coll. (2016). In *Collection of Laws of the Czech Republic*.
- Act on Income Taxes, No. 586/1992 Coll. (1992). In *Collection of Laws of the Czech Republic*.
- Act on Investment Companies and Investment Funds, No. 240/2013 Coll. (2013). In *Collection of Laws of the Czech Republic*.
- Act on State-Contributory Supplementary Pension Insurance, No. 42/1994 Coll. (1994). In *Collection of Laws of the Czech Republic*.
- Act on Supplementary Pension Savings, No. 427/2011 Coll. (2011). In *Collection of Laws of the Czech Republic*.
- Ahlstrom, D., & Bruton, G., D. (2006). Venture Capital in Emerging Economies: Networks and Institutional Change. *Entrepreneurship Theory and Practice*, 30(2). DOI: <http://dx.doi.org/10.1111/j.1540-6520.2006.00122.x>.
- Balcerzak, A. P., & Pietrzak, M. B. (2016). Quality of Institutions for Knowledge-based Economy within New Institutional Economics Framework. Multiple Criteria Decision Analysis for European Countries in the Years 2000–2013. *Economics and Sociology*, 9(4). DOI: <http://dx.doi.org/10.14254/2071-789X.2016/9-4/4>.
- Benchmarking European and Legal Environments. (2008). Brussels: EVCA.
- Boyde, E. (2013). Pension Funds Forward on Alternative Route. *Financial Times*, July 7, 2013. Retrieved from <https://www.ft.com/content/4778f2c8-dfed-11e2-9de6-00144feab7de> (2017-03-05).
- Bruton, G., D., & Ahlstrom, D., & Li, H. L. (2010). Institutional Theory and Entrepreneurship: Where are we now and where do we need to move in the future? *Entrepreneurship Theory and Practice*, 34(3).
- Caselli, S. (2009). *Private Equity and Venture Capital in Europe*. Oxford: Academic Press.

- Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States (2011).
- Cumming, D. J. (2010). *Private Equity: Fund Types, Risks and Returns, and Regulation*. New Jersey: John Wiley and Sons.
- Cumming, D. J., & Johan, S. A. (2013). *Venture Capital and Private Equity Contracting. An International Perspective*. Elsevier Insights.
- Czech Association of Pension Companies. Statistics. (2017). Retrieved from <http://www.apfcr.cz/ctvrtletni-vysledky-2016/> (2017-03-05).
- Czech Private Equity & Venture Capital Association. Comments on the technical amendment. (2015). Retrieved from [http://www.cvca.cz/images/cvca\\_UK-Ke-stazeni/47-file-File-CVCA\\_Pripominky\\_ZDP\\_2015\\_tecnicka\\_novela\\_.pdf](http://www.cvca.cz/images/cvca_UK-Ke-stazeni/47-file-File-CVCA_Pripominky_ZDP_2015_tecnicka_novela_.pdf) (2017-03-05).
- Czech Private Equity & Venture Capital Association statistics (n. d.). Retrieved from <http://www.cvca.cz/cs/pe-vc/aktualni-data-statistiky-pevc/> (2017-03-05).
- Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (2009).
- Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (2011).
- Explanatory memorandum of amending law* (2013). Parliamentary Press 1004/0. Chamber of Deputies Parliament of the Czech Republic. Retrieved from <http://www.psp.cz/sqw/historie.sqw?O=6&T=1004> (2017-03-05).
- Explanatory memorandum of amending law* (2014). Ministry of Finance of the Czech Republic. Retrieved from <http://www.mfcr.cz/cs/legislativa/legislativni-dokumenty/2014/ministerstvo-financi-predlozilo-do-mezir-17828> (2017-03-05).
- Explanatory memorandum of the Act on Investment Companies and Investment Funds* (2013). Retrieved from <http://www.mfcr.cz/cs/soukromy-sektor/kapitalovy-trh/investicni-fondy/2013/doplnujici-informace-k-zakonu-o-investic-13895> (2017-03-05).
- Explanatory memorandum of Act No. 148/2016 Coll.* (2016). Retrieved from <http://www.mfcr.cz/cs/soukromy-sektor/kapitalovy-trh/podnikani-na-kapitalovem-trhu/2016/snemovni-tisk-571-vyhlasen-ve-sbirce-zak-24965> (2017-03-05).
- European Commission (2016). Capital Markets Union: new rules to support investment in venture capital and social enterprises. Press release. Retrieved from [http://europa.eu/rapid/press-release\\_IP-16-2481\\_en.htm](http://europa.eu/rapid/press-release_IP-16-2481_en.htm) (2017-03-05).
- Gloden, A., & Jud, T., & Peneder, M. (2006). *Endbericht: Empirische Untersuchungen und Ergebnisse zur Wirkung von Private Equity und Venture Capital auf die Unternehmensentwicklung*. Wien: AVCO – Austrian Private Equity and Venture Capital Organisation.
- Gregoriou, G. N., & Kooli, M., & Kraeussi, R. (2011). *Venture Capital in Europe*. Butterworth-Heinemann.
- Invest Europe website. (2017). Retrieved from <https://www.investeurope.eu/> (2017-03-05).
- Invest Europe (2016a). Central and Eastern European Private Equity Statistics 2015 Retrieved from <https://www.investeurope.eu/media/504370/invest-europe-cee-statistics-2015.pdf> (2017-03-05).
- Invest Europe (2016b). European Private Equity Activity 2015. Statistics on Fundraising, Investments & Divestments. Retrieved from <https://www.investeurope.eu/media/476271/2015-european-private-equity-activity.pdf> (2017-03-05).

- Jenkinson, T. (2008). The development and performance of European private equity. *Ideas Working Paper Series From Repec*. Retrieved from <http://www.nuff.ox.ac.uk/economics/papers/ofrc/PrivateEquityinEurope3.pdf> (2017-03-05).
- Khorth, J. (2015). Regulation of Pension Fund Investment Allocations in Private Equity: Analysis of the IORP Directive of 2003/41/EC Reform. Retrieved from [http://www.jur.uu.se/digitalAssets/585/c\\_585476-1\\_3-k\\_wps2015-1.pdf](http://www.jur.uu.se/digitalAssets/585/c_585476-1_3-k_wps2015-1.pdf) (2017-03-05).
- Lerner, J., & Tåg, J. (2013). Institutions and venture capital. *Industrial and Corporate Change*, 22(1). DOI: <http://dx.doi.org/10.1093/icc/dts050>.
- Li, Y., & Zahra, S. A. (2012). Formal Institutions, culture, and Venture Capital Activity: A Cross-Country Analysis. *Journal of Business Venturing*, 27. DOI: <http://dx.doi.org/10.1016/j.jbusvent.2010.06.003>.
- Lizińska, W., & Marks-Bielska, R., & Babuchowska, K., & Wojarska, M. (2016). Institutional Efficiency of Local Government in Issuing Administrative Decisions, Exemplified by the Performance of the Government Appeal Board in Olsztyn. *Quarterly Journal Oeconomia Copernicana*, 7(2). DOI: <http://dx.doi.org/10.1275/OeC.2016.017>.
- Metrick, A. & Yasuda, A. (2010). The Economics of Private Equity Funds. *Review of Financial Studies*. 23(6). DOI: <https://doi.org/10.1093/rfs/hhq020>.
- Pazour, M., & David, M. (2011). Fondy rizikového kapitálu s účastí soukromých a veřejných finančních prostředků. Retrieved from <http://www.strast.cz/cs/publikace/fondy-rizikoveho-kapitalu-s-ucasti-soukromych-a-verejnych> (2017-03-05).
- Peneder, M., & Schwarz, G., & Jud, T. (2004). *Endbericht: Der Einfluss von Private Equity (PE) und Venture Capital (VC) auf Wachstum und Innovationsleistung österreichischer Unternehmen*. Wien: AVCO – Austrian Private Equity and Venture Capital Organisation.
- Private Equity Fund Structures in Europe. Brussels: EVCA, 2006.
- Private Equity Fund Structures in Europe. Brussels: EVCA, 2010.
- Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds (2013).
- Wills Towers Watson (2013). Global Pension Assets Study. Retrieved from <https://www.towerswatson.com/en/Insights/IC-Types/Survey-Research-Results/2013/01/Global-Pensions-Asset-Study-2013> (2017-03-05).
- Woźniak-Jęchorek, B. (2016). Institutional Determinants of Regional Diversity of Labor Market in Poland. *Equilibrium. Quarterly Journal of Economics and Economic Policy*, 10(1). DOI: <https://doi.org/10.12775/EQUIL.2015.007>.
- Zinecker, M. (2011). Private Equity and Venture Capital: Investment Fund Structures in the Czech Republic. *Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis*, 59(7). DOI: <https://doi.org/10.11118/actaun201159070541>.