

Thomas Laurer Discusses ILPA Guidance on PE Organizational Expenses

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Financial Markets and Funds Partner Thomas Laurer spoke with *Private Equity Law Report* about the Institutional Limited Partners Association's (ILPA) recently released guidance promoting caps, transparency and cost-sharing mechanisms for private equity organizational expenses.

While acknowledging that ILPA has correctly identified fund formation costs as trending significantly upward, Thomas noted that the guidance's proposed 50-50 cost-sharing framework may not improve on current practice, as managers often already cover all excess organizational expenses by reducing their management fees until the overage is offset.

Thomas observed that the guidance overemphasizes legal fees while overlooking key cost drivers initiated by investors themselves. He noted that side letter negotiations consume roughly half of investor-side formation work and that the resulting most-favored nation compendiums regularly span 150 to 200 pages. He also pointed to non-legal fundraising expenses, including sponsor travel and entertainment costs and, in some cases, placement agent fees.

On the likelihood of adoption, Thomas predicted that the guidance's core principles of cost transparency, discipline, and efficiency are sound and likely to gain traction, noting that the proposed \$10 million cap largely freezes the status quo for bigger funds.

["ILPA Guidance Promotes Caps, Transparency and Cost Sharing Mechanisms for PE Organizational Expenses,"](#) *Private Equity Law Report*, July 9, 2026

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