

## PISCES – A new source of liquidity in the UK for unlisted companies

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The UK Financial Conduct Authority recently published its final rules for the Private Intermittent Securities and Capital Exchange System, a new regulatory framework under which operators can establish UK platforms for the secondary trading of shares in unlisted companies as between institutional investors and limited categories of retail investors.

### Background

Reforming the capital markets and the wider regulatory system to strengthen the UK's position as a leading global financial centre has been a priority of the previous and current UK government. With companies staying in private ownership for a longer time (only 18 companies listed in London in 2024 in contrast to 126 companies in 2021), the UK government has been exploring ways to improve liquidity opportunities for shareholders in unlisted companies to encourage investment in productive UK growth and scale-up companies.

On 6 March 2024, the UK government launched a [public consultation](#) on a proposed regulatory framework under which operators can establish platforms for the secondary trading of shares in unlisted companies on a non-discretionary multilateral system. This framework (the Private Intermittent Securities and Capital Exchange System (PISCES)) would be developed using a 'financial markets infrastructure sandbox' under the Financial Services and Markets Act 2023 (FSMA).

On 14 November 2024, the UK government [published](#) its response to the consultation and confirmed its intention to proceed with PISCES. On 5 June 2025, the [Financial Services and Markets Act 2023 \(Private Intermittent Securities and Capital Exchange System Sandbox\) Regulations 2024](#) came into force and granted the FCA the power to make rules and guidance for the implementation of the PISCES sandbox.

On 17 December 2024, the FCA published [CP 24/29](#) to consult on the rules supporting the PISCES sandbox arrangements. On 10 June 2025, the FCA published [PS 25/6: Private Intermittent Securities and Capital Exchange System: Sandbox Arrangements](#) and the [Private Intermittent Securities and Capital Exchange System \(PISCES\) Instrument 2025](#), which added the PISCES sourcebook (PS) to the FCA Handbook.

### Key features of PISCES sandbox

Set out below are the key features of the PISCES sandbox arrangements. In general, PISCES will be accessible only by institutional investors (and limited categories of retail investors). This allows the FCA to provide for a 'private-plus' market i.e. a private 'buyer-beware' model with certain public market safeguards to ensure that investors benefit from greater transparency.

- *Secondary market* - PISCES will operate as a secondary market, facilitating the trading of existing shares in eligible companies. PISCES will not be used for capital raising through the issuance of new shares or share buybacks.
- *Eligible companies* - Only shares in companies not admitted to trading on a public market can be traded on PISCES. However, it does not matter whether such companies are incorporated in the UK, the US or elsewhere, or whether such companies are private or public limited companies.
- *Eligible participants* - Investors' access to PISCES will be limited to institutional investors, employees of participating companies and investors who can meet the definition of high net-worth individuals and self-certified or certified sophisticated investors under the UK Financial Promotion Order (FPO). In addition, PISCES operators can provide issuers with the ability to set restrictions over who can buy or sell their shares, but the purpose of such restrictions must be to protect the issuer's legitimate commercial interests and according to published, transparent and non-discriminatory rules, based on objective criteria.
- *Trading* - Trading of shares through PISCES will be conducted through intermittent trading windows (which can be ad hoc, weekly or monthly). PISCES operators can provide issuers with the flexibility to determine the duration of such windows as well as the maximum or minimum price for the trading of such shares.
- *Disclosure requirements* – PISCES operators must put in place arrangements for the disclosure of information by PISCES companies to eligible participants for a PISCES trading event at the same time and disseminated sufficiently in advance of trading to permit them to analyse and understand the information.
  - **Disclosure of 'core information'** - PISCES issuers will be required to disclose a set of core information ahead of a trading event. A list of such information is set out in PS 2.3.2 R which includes (i) a business and management overview; (ii) financial information for the last 3 years (with no forward-looking information on financial forecasts and business strategy required); (iii) information on its share capital and governance rights (but no disclosure of shareholders' agreement is required) and any employees' share scheme; (iv) information about transactions by its directors; (v) a material contracts overview (but excluding ordinary course of business contracts); (vi) key material risk factors specific to the issuer (with no inclusion of generic risks); (vii) details of any person with significant control over the issuer (including any person who holds above 25% of shares or voting rights in the issuer but PISCES operators could choose to apply a lower threshold); (viii) price parameters relating to such trading event (including the basis on which they were determined); (ix) future PISCES events; (xi) last traded price and volume of PISCES shares traded at the previous PISCES trading event (if any); and (xii) related party transactions.
  - **Disclosure of 'additional information'** - PISCES operators must also ensure that their disclosure arrangements require or facilitate the provision of information in addition to the above core information. However, the FCA is not mandating how this obligation will be met other than the requirement that PISCES operators must ensure that such arrangements are appropriate for the effective functioning of its PISCES system. Such arrangements could include 'mandatory sweeper' rules that require the disclosure by an issuer of additional information the directors of such issuer consider relevant for investors in making their decision to invest in the issuer's shares. PISCES operators will have to explain how such arrangements would work as part of their sandbox application.
  - **Compensation for investors for misleading disclosures** - PISCES issuers will be liable to compensate any buyer or seller of shares in them where they suffer loss in respect of any information above that is untrue or misleading or has been omitted. They will not be liable if they can show that their disclosing officers reasonably believed having made reasonable enquiries that the information in question was true and not misleading or was properly omitted.
  - **Exemption from disclosure** - PISCES operators may allow issuers not to disclose a particular item of core information or additional information if the issuer does not have access to the relevant information, disclosure would likely prejudice the issuer's legitimate interests, or the issuer is subject to confidentiality restrictions relating to such information. However, this is only on an exception-basis and issuers will need to specify the omitted information and a legitimate explanation for the omission.
  - **Obligation to update disclosure** - PISCES operators must also put in place rules requiring issuers to update the above information where the issuer becomes aware of material new developments or inaccuracies for the duration of the relevant PISCES trading event.
- *Market abuse* – Shares admitted to PISCES are not, on their own, within the scope of the UK Market Abuse Regulation. In other words, PISCES issuers will not have to identify and disclose 'inside information' in line with such regulation. However, this regulation may still apply if the price or value of such shares depends on or has an effect on the price or value of financial instruments admitted to trading on a regulated market, a multilateral trading facility or an organised trading facility. PISCES operators will be required to monitor their platforms to support market integrity.

- *Financial promotion* – Communications made through PISCES disclosure arrangements or required by the new FCA PISCES rules are exempted from financial promotion restrictions. This exemption was introduced on 5 June 2025 by way of an amendment to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.
- *UK Takeover Code* – The UK Takeover Panel has confirmed in [RS 2024/1](#) that the Takeover Code will not apply to a UK registered company which is not UK quoted solely by virtue of its securities or other interests being trading using PISCES.
- *Stamp duties* – The [Private Intermittent Securities and Capital Exchange System \(Exemption from Stamp Duties\) Regulations 2025](#), which will exempt transfer of shares through PISCES from UK stamp duty and stamp duty reserve tax, will come into force on 3 July 2025.

## LSE Private Securities Market

The London Stock Exchange (LSE) has [announced](#) that their Private Securities Market (which will make use of the PISCES framework) will launch later this year. The LSE noted that private companies have expressed interest in using PISCES to:

- Manage differences in existing investors' liquidity horizon and rationalise their cap table in particular to allow shareholders in earlier funding rounds to exit
- Attract, incentivise and retain employees as PISCES will provide their employees with certainty and comfort that they will be able to realise value from their share incentives.
- Provide opportunities for founders and their families to realise value from their private companies.
- Set up an internal trading market as between their existing shareholder and employee bases on a transparent pricing basis.
- Reach out to a broad range of investors including as a stepping stone for a future IPO.

## Next steps

It remains to be seen how PISCES will operate in practice as the UK government and the FCA have given PISCES operators considerable flexibility in the design of their rules (as noted above) within the parameters laid down by the relevant regulations. We expect the LSE to publish its PISCES rules later this year.

The PISCES sandbox will be in place for 5 years, and the FCA will work with the UK government to monitor outcomes during this period, retaining the ability to terminate or make the sandbox permanent at an earlier stage if appropriate, subject to UK parliamentary approval.

## Future of UK Capital Markets series

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