

## FCA approves the LSE to operate a PISCES platform

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On 26 August 2025, the Financial Conduct Authority approved the London Stock Exchange as the first operator of a PISCES. PISCES is the world's first regulated private stock market that brings together buyers and sellers of shares in private companies to trade on an intermittent basis.

### LSE Private Securities Market

The establishment of a Private Intermittent Securities and Capital Exchange System (PISCES) is an important step in the UK government's effort to reform the capital markets and the wider regulatory system to strengthen the UK's position as a leading global financial centre. The background and key features of a PISCES are set out in our earlier Client Update which is available [here](#). PISCES is being delivered through a regulatory sandbox created pursuant to the Financial Services and Markets Act 2023 (Private Intermittent Securities and Capital Exchange System Sandbox) Regulations 2025 (the PISCES Regulations), which will allow the FCA to test the design of PISCES in a controlled environment before finalising a permanent regime in 2030.

The PISCES market model has been designed to make bilateral private share transactions more efficient by using the public market infrastructure without seeking to impose obligations similar to those applicable to public markets that would be overly burdensome for private companies to comply with. In its [PISCES Approval Notice](#), the Financial Conduct Authority (FCA) confirmed that the London Stock Exchange plc (LSE) is permitted to conduct, within the scope of the PISCES Regulations, intermittent trading events in securities of eligible private companies under modified regulatory requirements for the duration of the PISCES sandbox.

Also on 26 August 2025, the [LSE announced](#) that its new Private Securities Market (PSM) will operate as a PISCES. In connection with the launch of the PSM, the LSE published the following draft rulebooks:

- [The Private Securities Market Rules](#) (the Draft PSM Rules) for companies seeking to join the PSM;
- [The Rules of the London Stock Exchange](#) which have been amended to include Registered Auction Agents as a new type of intermediary responsible for verifying investor eligibility (e.g., whether an investor is a high net worth individual or sophisticated investor) and submitting orders for auctions on the PSM;
- [Admission and Disclosure Standards](#) which have been updated to include references to the PSM; and
- [Private Securities Market Handbook](#) which is a new rulebook relating to compliance, actions, decisions and appeals under the PSM.

The LSE has invited comments and feedback from market participants on the draft rulebooks by close of business on 9 September 2025.

Some of the key features of the Draft PSM Rules are summarized below.

# Application requirements

A company seeking to join the PSM must provide the following confirmations to the LSE in connection with its application:

1. it has received shareholder approval to join the PSM;
2. if necessary, it has amended its constitutional documents in order to comply with the Draft PSM Rules (e.g., for its shares to be freely transferable during auction windows);
3. it has sufficient resources, procedures and controls in place to comply with the Draft PSM Rules; and
4. the application includes all information which the LSE may reasonably require.

## Eligibility criteria

To be eligible to join the PSM, a company will need to satisfy at least two of the following criteria:

1. it has undertaken a debt or equity fundraise of at least £10 million (or equivalent) which included material participation of experienced investors independent of the applicant company within the last three years; and/or
2. it has total assets of at least £20 million (or equivalent) based on the applicant company's latest audited financial statements; and/or
3. it has annual turnover of at least £10 million (or equivalent) based on the applicant company's latest audited financial statements.

In addition to the above, an applicant company must demonstrate to the satisfaction of the LSE that its board of directors and senior management can effectively comply with the obligations under the PSM rules, taking into account the nature, size and risk profile of the company.

An applicant company's shares must not be admitted to trading on a trading venue (e.g., regulated market, multilateral trading facility or organised trading facility) in the UK or overseas, and the applicant company's securities that are to be admitted to the PSM must be eligible for electronic settlement.

## Trading

Trading on the PSM will be undertaken in controlled auctions. Companies may elect to hold "open" or "permissioned" auctions. An "open auction" is an auction that is open to all investors that have been assessed by a Registered Auction Agent as satisfying the eligibility criteria set out in regulation 5 of the PISCES Regulations.

In contrast, companies may elect to hold a "permissioned auction" under which certain investors can be excluded from buying and/or selling the company's shares. Any restriction on an investor from purchasing the company's shares must be imposed for the purposes of promoting or protecting the company's legitimate commercial interests. Restrictions imposed on an investor from selling the company's shares must be consistent with existing contractual obligations applicable to that investor. Except where it is placing a trade on its own behalf as an investor, restrictions may also be imposed on a Registered Auction Agent from participating in an auction for the purposes of promoting or protecting the legitimate commercial interests of the company.

Companies can also decide the frequency of their auctions, including holding a 'one off' auction, with no other scheduled auctions.

## PSM company disclosures

The LSE will establish a disclosure portal (the PSM Disclosure Portal) for companies that have joined the PSM to make all required investor disclosures. Upon joining the PSM, a company will be required to publish and maintain on the PSM Disclosure Portal the timetable for opening its first auction, all classes of shares in the company with details of the classes that are being traded on the PSM and those that are not, and the company's auction schedule setting out how frequently the company is proposing to open auctions, the types of auctions (i.e., open or permissioned), the criteria the company proposes to apply if it intends to run permissioned auctions, and the contact details for the company or its advisers.

The Draft PSM Rules require companies to publish on the PSM Disclosure Portal certain “core disclosures” five days before the start of an auction. These “core disclosures” are the minimum level of disclosure prescribed by the FCA in 2.3 (PISCES core disclosure information) of the FCA’s [PISCES Sourcebook](#). The LSE elected not to mandate disclosure requirements beyond these “core disclosures” but a company may, in its discretion, make additional voluntary disclosures provided the information is clearly identified as such.

In addition to facilitating company disclosures, the PSM Disclosure Portal will have a facility that allows investors to pose questions to a company prior to the start of an auction. The investor Q&A process is designed to provide a facility to allow for direct investor engagement with a company with questions visible only to the company. The expectation is that investors will use the facility to ask relevant questions regarding matters that a company has disclosed as part of its “core” or voluntary disclosures. A company can submit on the PSM Disclosure Portal a statement (or statements) that either respond to the questions raised by investors or state that it will not be responding to all or some of the questions raised. This must be done by no later than 8 am London time the day before the auction. Any responses provided by a company shall not be considered “core disclosure”, including responses to questions that relate to the company’s “core disclosures”. Responses will be available to all eligible investors through the PSM Disclosure Portal.

The Draft PSM Rules require a company to immediately notify the LSE if it becomes aware, at any point during the period beginning five days before the date of the auction and ending at the conclusion of the relevant auction (referred to in the Draft PSM Rules as an Auction Window), of any material new developments or material mistakes or inaccuracies in relation to its disclosures on the PSM Disclosure Portal. If the auction has not commenced at the time of the notification from the company, informing the LSE is deemed to constitute an irrevocable request from the company to delay the auction. If the auction has commenced, informing the LSE is deemed an irrevocable request from the company to halt the auction. In each case, the company is required to publish a Material Disclosure Update that clearly identifies the information that was out of date or inaccurate as soon as reasonably practicable and publish the date of the next auction on the PSM Disclosure Portal.

## Ongoing obligations

A company that has joined the PSM must meet the eligibility criteria on an ongoing basis. There are also requirements on companies that have joined the PSM to liaise with the LSE to ensure the information the LSE holds on the company is up to date and accurate and to engage with the LSE in an open, transparent and cooperative manner. In addition, the PSM rules impose confidentiality and record-keeping obligations on companies.

## Termination

A company may cease participating in the PSM by informing the LSE and making a disclosure in the PSM Disclosure Portal with at least three months’ notice (or longer if it is necessary to ensure that the company conducts a final auction before it leaves the PSM).

## Looking forward

It remains to be seen whether other firms will be approved by the FCA to operate a PISCES in the future. The LSE has advised that the final form of its rulebooks will be published and come into effect when the PSM is formally launched. An update on the timing for this is expected from the LSE in due course. As noted above, the FCA and UK government will closely monitor how PISCES operates and the outcomes it produces for participant companies, investors and the wider UK capital markets during the five-year sandbox period to determine whether it should become a permanent feature of the UK regulatory system.

**Future of UK Capital Markets series**

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