

FCA Publishes Update on PISCES

18 April 2025

KEY TAKEAWAYS

On 10 April 2025, the UK Financial Conduct Authority (the “FCA”) published an [update](#) (the “PISCES Update”) on its proposals for the Private Intermittent Securities and Capital Exchange System (“PISCES”), which the FCA set out in Consultation Paper CP24/29 (the “Proposal”) published on 17 December 2024 (which we covered in an [article](#)).

In the PISCES Update, the FCA sets out changes to the PISCES regulatory framework it intends to propose based on the feedback received on the Proposal. The changes generally would result in less onerous disclosure obligations on companies that would have their shares traded on a PISCES platform, based on feedback that the FCA should more fully align PISCES with private market practice. We discuss the key changes the FCA is proposing to make in more detail below.

KEY CHANGES TO THE PROPOSAL

Disclosure Requirements

The FCA intends to generally reduce the scope of information that PISCES-traded companies would be required to disclose. The most significant changes include:

- **Litigation:** Companies will not need to disclose information about current, pending, or likely litigation or investigations as part of the standardised “core information” required to be disclosed in advance of a PISCES trading event.
- **Sustainability:** Companies will not be required to disclose information about material sustainability characteristics, including information about material climate-related risks and opportunities, as part of the “core information”.

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- **Major shareholders:** PISCES operators will have discretion to set a threshold of up to 25% for identifying major shareholders in a PISCES-traded company, as opposed to a 10% threshold as set out in the Proposal. The PISCES Update also notes that the final rules may address situations when a major shareholder cannot be identified.
 - **Material contracts:** Companies will be required to only disclose “an overview” of their material contracts, rather than their “details”. In addition, contracts “in the ordinary course of business” will be excluded from the disclosure requirement.
 - **Financial information:** Companies will only be required to disclose an auditor’s report where financial statements have been audited and where an auditor’s report is available, as opposed to the broad requirement for the disclosure of financial statements and any related audit as set out in the Proposal. To the extent management accounts are disclosed in lieu of financial statements, they must make clear that they have not been prepared on the same basis as disclosed financial statements.
 - **Forward-looking information:** The requirement for companies to disclose forecasts of financial information, as set forth in the Proposal, will not be included in the final rules.
 - **Insider transactions:** Directors’ trading intentions will only need to be correct at the start of a trading period, while major shareholders’ trading intentions will not be required to be disclosed. In addition, the final rules will not require post-trade disclosures on directors’ transactions and major shareholders’ positions.
 - **Significant changes:** The Proposal’s requirement to disclose any “significant change” will be narrowed to only changes relating to the financial position of the company. In addition, the Proposal’s requirement to disclose information regarding acquisitions, disposals and significant related party transactions will not be included in the final rules.

The PISCES Update confirms that the FCA does not intend to mandate a ‘sweeper’ model for additional company disclosures, as it set out as an alternative approach in the Proposal.

The FCA also intends to remove the general requirement in the final form rules for disclosures to be “easily analysable, concise and comprehensive”.

Legitimate Omissions

The FCA proposes that it will be optional for PISCES operators to implement a requirement for companies to omit “core disclosure” information, so long as the company provides a summary explanation in its disclosures as to why such information was omitted. Under the Proposal, PISCES operators would have been required to implement the “legitimate omissions” framework.

Application of MAR 5

The FCA proposes that the final PISCES rules will not apply certain modified MAR provisions, such as the ability for a PISCES operator to temporarily constrain trading if there is a significant share price movement (MAR 5.3A.5R(1)), and the prohibition on a PISCES operator’s ability to remove or suspend from trading any financial instrument in respect of which there has been a breach of its rules, where such a step would be likely to cause significant damage to investors’ interests or the orderly functioning of the PISCES (MAR 5.6A.1R). Instead, the FCA will empower PISCES operators to create and monitor their own systems that takes into account the interests of investors and market integrity and provides for fair and orderly trading. The FCA also proposes to retain the provision requiring a PISCES operator’s fee structure to be transparent, fair and non-discriminatory (MAR 5.3A.11R(1)).

COMMENT

The PISCES Update reflects further refinement of the proposed PISCES framework and the ongoing efforts of the FCA to strike the appropriate balance between offering an attractive trading venue for shares in companies wishing to stay private and providing investors with sufficient protections. In particular, the PISCES Update eliminates or reduces many of the potentially burdensome disclosure obligations that PISCES-traded companies would have been required to disclose under the Proposal, which is more aligned to current market practice for private companies.

Whether and how shareholders of private companies use PISCES once the rules are finalised is yet to be seen; however, the PISCES framework, as reflected in the PISCES Update, is likely to be more appealing to companies to accommodate trades in their shares.

The full final form rules for PISCES are expected to be published in June 2025, after which the PISCES sandbox will be open for applications.

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