

UK Government Publishes New Regulations on PISCES

20 May 2025

On 15 May 2025, HM Treasury published regulations¹ (the “Regulations”) that create the legal framework for the Private Intermittent Securities and Capital Exchange System (“PISCES”), a new trading venue intended to facilitate the trading of shares of private companies.

The Regulations will come into force on 5 June 2025. In this Debevoise Update, we provide an overview of the Regulations.

Background. In November 2024, the Chancellor of the Exchequer, Rachel Reeves, delivered her first Mansion House speech, in which she highlighted the need for reforming the UK’s capital markets, including a commitment to introduce legislation for the establishment of PISCES.² In December 2024, the UK Financial Conduct Authority (the “FCA”) published Consultation Paper [CP24/29](#), setting out its proposed approach, objectives and regulatory framework for PISCES.³ The FCA published a further [update](#) on its proposals in April 2025.⁴

The Regulations establish the PISCES sandbox under the Financial Market Infrastructure provisions of the Financial Services and Markets Act 2023 and set out the framework for prospective PISCES operators to apply to the FCA to operate intermittent trading events for participating private companies and investors.

In the [explanatory memorandum](#) accompanying the Regulations (the “Memorandum”), HM Treasury emphasised that PISCES is designed to provide private companies with

¹ The Financial Services and Markets Act 2023 (Private Intermittent Securities and Capital Exchange System Sandbox) Regulations 2025, accessible [here](#).

² Refer to the Debevoise In Depth dated 21 November 2024 (accessible [here](#)).

³ We analysed this consultation paper in detail in our Debevoise In Depth dated 23 December 2024 (accessible [here](#)).

⁴ We analysed this update in detail in our Debevoise Update dated 18 April 2025 (accessible [here](#)).

growing businesses with access to new investors and investors with liquidity in their shares and would be a stepping stone for private companies to public markets.

Key Features of PISCES. Under the Regulations, PISCES is defined as a multilateral system that, among other things, should accommodate at least one of the following features: (i) when shares may be traded, (ii) who may buy or sell the shares, (iii) restrictions on share trading (for example, minimum or maximum prices) or (iv) to whom company information may be disclosed.

Although PISCES will operate as a multilateral system, the Regulations explicitly exclude it from classification as a multilateral trading facility (MTF) under the UK Markets in Financial Instruments Regulation (UK MiFIR). This reflects the FCA's intention to apply a bespoke regulatory framework within the PISCES sandbox, distinguishing it from traditional trading venues. The Regulations also define "intermittent" trading as occasional, not frequent and of limited duration (for example, monthly, quarterly, annually or on an ad hoc basis), highlighting the non-continuous nature of trading on PISCES.

The Memorandum highlights a number of distinctive features of the PISCES regime:

- PISCES will function exclusively as a secondary market platform for the trading of existing shares in private companies. Primary capital raising through the issuance of new shares, as well as trading in other securities, such as debt instruments, will not be permitted.
- The FCA will have rulemaking powers to develop a tailored disclosure and transparency regime specific to PISCES.
- PISCES operators will have discretion over whether shares must be recorded in a central securities depository.
- Only shares in companies that are not currently admitted to trading on a public market, whether in the United Kingdom or elsewhere, will be eligible for trading on PISCES. Eligible issuers include UK private limited companies, public limited companies and entities incorporated in other jurisdictions.
- PISCES operators will be able to determine admission criteria to their platforms, including any minimum corporate governance standards.
- Participating companies will have discretion as to the timing of trading windows, the eligibility of potential purchasers and pricing, subject to the operator's business model and FCA oversight.

-
- Access to PISCES will be restricted to specific categories of investors. Trading will generally be limited to professional investors and employees of participating companies, with retail investor participation broadly prohibited. The new regime also prohibits intermediaries from facilitating share buybacks via the PISCES platform.
 - While PISCES will facilitate the trading of existing private company shares, including those where employees have options to subscribe for shares, PISCES will not be available to trade in options or other derivatives.

Eligible Operators. The Regulations set out that only certain categories of authorised firms are eligible to operate a PISCES platform. Specifically, the operator must be (i) a recognised investment exchange that is not an overseas investment exchange, (ii) a firm authorised to arrange deals in investments or (iii) a firm authorised to operate a multilateral trading facility or an organised trading facility. Prospective operators must apply to the FCA for approval and will be subject to ongoing FCA supervision.

Liability. Companies whose shares are traded on PISCES will be required to make certain core disclosures, the scope of which will be clarified in the FCA's final rules expected to be published in June 2025. The Regulations set out that investors will have a right to claim compensation for losses resulting from untrue or misleading information disclosed by the participating company in connection with the relevant trading event or omissions from the information that is required to be disclosed by the relevant PISCES operator's rules.

For information required by the FCA's core disclosure rules, companies may be held liable on a negligence basis (*i.e.*, if the relevant officers failed to exercise reasonable care to ensure the information was accurate). For disclosures not falling within the core category, companies will only be liable if the relevant officers acted recklessly or dishonestly.

Tax Amendments. In a [statement](#) made on 15 May 2025, the Exchequer Secretary to HM Treasury announced that legislation will be introduced to allow employers, subject to employee consent, to amend their existing Enterprise Management Incentives ("EMI") and Company Share Option Plan ("CSOP") contracts to include a PISCES trading event as an exercisable event without losing the tax advantages afforded by the EMI and CSOP schemes.

This change, which is intended to support broader adoption of PISCES, will apply retrospectively, and will be applicable to the first trading events expected later in 2025. HM Treasury has indicated that further guidance on the proposed legislation will be published by the end of July 2025.

Miscellaneous. The Regulations also introduce targeted amendments to various legislative acts, including the Companies Act 2006 and the UK Prospectus Regulation and the Financial Services and Markets Act 2000, for the purposes of the PISCES sandbox. These amendments clarify, among other things, that the secondary trading of shares on PISCES will not constitute an indirect offer to the public by a company whose shares are traded in a trading event on PISCES or trigger a requirement to produce a prospectus.

Comment. The Regulations are part of the FCA's wide-ranging reforms to the UK's capital markets aimed at increasing their competitiveness. PISCES is envisioned as a means to give early investors, venture capital firms, private equity firms, employees and other investors in private companies liquidity opportunities in organised and supervised trading events.

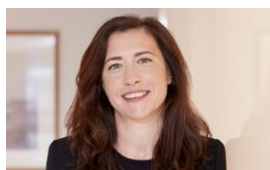
The full final rules for PISCES are expected to be published in June 2025, after which the PISCES sandbox will be open for applications from prospective operators of the trading platform.

* * *

Please do not hesitate to contact us with any questions.



Nicholas P. Pellicani
Partner, London
+44 20 7786 9140
nppellicani@debevoise.com



Vera Losonci
Counsel, London
+ 44 20 7786 9055
vlosonci@debevoise.com



Zhenya Lebedev
Associate, London
+ 44 20 7786 3021
ealebedev@debevoise.com