

# FCA Sets Out Final Rules for PISCES and Launches PISCES Sandbox

17 June 2025

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## Key Takeaways

- On 10 June 2025, the UK Financial Conduct Authority (the “FCA”) published Policy Statement PS25/6 (the “Policy Statement”) containing the final rules for the sandbox arrangement relating to the Private Intermittent Securities and Capital Exchange System (“PISCES”).
- Operators of PISCES platforms must implement robust disclosure and trading rules, including specific core disclosure requirements by participating companies and safeguards to ensure fair trading practices, although operators retain discretion to tailor additional rules.
- Trading in the PISCES sandbox is expected to begin later in 2025 and will run until June 2030, giving the FCA time to observe how the market functions in practice and to refine the regulatory framework before introducing a permanent regime.

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On 10 June 2025, the UK Financial Conduct Authority (the “FCA”) published [Policy Statement PS25/6](#) (the “Policy Statement”) containing the final rules for the sandbox arrangement relating to the Private Intermittent Securities and Capital Exchange System (“PISCES”). PISCES is a new trading platform designed to facilitate the trading of shares of private companies. Alongside the publication of the Policy Statement, the FCA also launched the PISCES sandbox, which will allow PISCES trading platforms to be tested and improved before the regime is finalised in 2030. Trading on platforms in the PISCES sandbox is expected to begin later in 2025.

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## Background

In December 2024, the FCA published Consultation Paper CP24/29 (the “December Consultation Paper”), setting out its proposed approach, objectives and regulatory framework for PISCES.<sup>1</sup> On 15 May 2025, HM Treasury published regulations (the “Regulations”) that created the statutory framework for PISCES, establishing the PISCES sandbox under the Financial Market Infrastructure provisions of the Financial Services and Markets Act 2023 and setting out the process for prospective PISCES operators to apply to the FCA to operate a platform within the PISCES sandbox, which came into legal force on 5 June 2025.<sup>2</sup>

As previously set forth in the Regulations, PISCES is intended to serve as a secondary market platform for the trading of existing shares held by investors, employees and other third parties in private companies during periodic intermittent trading windows (“trading events”). Primary capital raising through the issuance of new shares, as well as trading in other securities, such as debt instruments or derivatives, is not permitted on PISCES. Shares eligible to trade on PISCES include shares in UK private limited companies, UK public limited companies or entities incorporated in other jurisdictions that are not currently admitted to trading on a public market, whether in the United Kingdom or elsewhere. Purchasers of shares are limited to specific categories of investors, generally professional investors, high net worth individuals or companies, sophisticated investors and employees of participating companies (or the trustee of an employee share plan) (collectively, “PISCES investors”).

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## Operator Requirements

### Disclosure Arrangements

Under the final rules, PISCES operators must require companies whose shares trade on PISCES (each, a “PISCES company”) to disclose a set of core information, which must include:

- an overview of a PISCES company’s business and management;

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<sup>1</sup> We analysed the December Consultation Paper in detail in our Debevoise In Depth dated 23 December 2024 (accessible [here](#)).

<sup>2</sup> We analysed the Regulations in detail in our Debevoise Update dated 20 May 2025 (accessible [here](#)).

- financial information, including audited financial statements (as well as auditor's reports) for the last three years or for as long as a PISCES company has been in existence (whichever is shorter);
- capital structure, ownership and rights, previous share capital raises and share information;
- details on any employee share schemes;
- directors' trading intentions for the applicable trading event (if any);
- major shareholdings, including details on persons (i) holding, directly or indirectly, more than 25% of shares or voting rights, (ii) holding the right, directly or indirectly, to appoint a majority of the board of directors or (iii) exercising, or having the right to exercise, significant influence or control over the PISCES company;
- material risk factors specific to the company and its shares;
- an overview of any existing material contracts (tailored to exclude contracts made in the ordinary course of business);
- a description of any significant changes in the financial position of the PISCES company;
- price-related parameters for the trading event (as discussed further below);
- details on the previous PISCES trading event, including the last traded price and volume of shares traded; and
- a contact person at the PISCES company for participants to contact for additional disclosure information.

PISCES operators may require additional mandatory core disclosures as well.

In response to comments received to the December Consultation Paper, the FCA removed several proposed minimum core disclosures, including sustainability information, forward-looking information on financial forecasts and business strategy and post-trade information related to directors' and major shareholders' transactions, as well as litigation as a line-item disclosure requirement (although the Policy Statement states that PISCES companies are still expected to disclose material litigation in their material risk factors).

In adopting the final rules, the FCA declined to require operators to impose a mandatory “sweeper” model under which additional company disclosure would be required if considered relevant for investors in making their decision to trade on a PISCES platform. Operators may, however, utilise the “sweeper” model if they feel it is appropriate for their respective platforms. Operators are also permitted (though not required) to adopt a rule that allows legitimate omissions of required core disclosure if such omissions are accompanied by an explanatory statement from the company clarifying why the omitted information is deemed not material or relevant.

Finally, operators are required to adopt rules requiring PISCES companies to disclose updated or corrected information as soon as possible until the end of a trading event and to adopt rules to ensure that disclosures are made available to all participating investors at the same time and are disseminated sufficiently in advance of the trading event to permit investors to analyse and understand the information.

### **Disclosure Oversight**

PISCES operators are also required to adopt effective arrangements for monitoring compliance by PISCES companies with their rules related to core disclosure, investigating investor complaints where there is a credible concern that a serious or persistent breach of the rules related to core disclosure has occurred and taking remedial or disciplinary action against a noncompliant PISCES company. While PISCES operators are not required to approve disclosures before they are issued or to pass judgement on the accuracy of a PISCES company’s disclosures, they are required to notify the FCA if they suspect or have reasonable grounds to believe that disclosures include misleading impressions (such as manipulative trading strategies) or misleading statements under Section 89 of the Financial Services Act 2012. As part of its application to operate a platform in the PISCES sandbox, an operator is required to explain how its arrangements for monitoring compliance with their disclosure rules will work.

### **Operation of Trading Events**

Under the final rules, PISCES operators can adopt platform rules that provide PISCES companies with relatively broad discretion as to certain aspects of trading events, including notification of an upcoming trading event, eligibility of investors to participate in an upcoming trading event and pricing applicable to an upcoming trading event. The final rules also require PISCES operators to adopt effective arrangements for monitoring the compliance of PISCES companies with their rules related to trading events.

- Notification of upcoming trading events. Platform rules must ensure that the following information related to an upcoming PISCES trading event is made publicly available and in a timely manner: (i) the timing and length of an upcoming trading

event; (ii) the date from when, and the length of time, the relevant disclosure information will be available; (iii) the relevant shares available for the upcoming trading event; (iv) any restrictions imposed by the PISCES operator on the persons that may participate on the platform hosting the trading event; and (v) whether the PISCES company is restricting participation in the upcoming trading event to certain investors (although such restrictions are not required to be made publicly available). The FCA confirmed that such required upcoming trading event notifications will not be classified as “financial promotions” under section 21 of the UK Financial Services and Markets Act 2000.

- Permissioned trading events. Platform rules may allow PISCES companies to impose restrictions on who can buy and sell their shares in an upcoming trading event (such restricted trading events, “permissioned trading events”). Importantly, a platform’s rules on permissioned trading events must: (i) provide for a clear process by which a PISCES company may restrict any person from participating in an upcoming trading event; and (ii) only permit non-discriminatory restrictions that are based on objective criteria (for example, a PISCES company’s legitimate commercial interests).
- Pricing. Platform rules may allow PISCES Companies to set floor and/or ceiling prices for their shares in an upcoming trading event (“price parameters”). If price parameters are implemented for an upcoming trading event, platform rules must require the PISCES company to include in its core disclosure (i) the applicable price parameters for the upcoming trading event; (ii) the basis on which such parameters were determined; (iii) the reasons for any changes to the price parameters as compared to price parameters applicable to prior trading events; (iv) whether the price parameters were prepared by the PISCES company or by an independent third party (and if the latter, the identity of such third party); and (v) whether the price parameters reflect an agreement with a third party (e.g. a key investor) regarding the valuation of the shares (and if so, the identity of such third party). While some commenters to the December Consultation Paper suggested implementing more prescriptive price parameters and argued that oversight of price-related disclosure should fall to the platform operator, the FCA ultimately concluded that the approach outlined above strikes the necessary balance between flexibility for private companies and their investors to value their shares and ensuring the availability of accurate and helpful information.

## Oversight of Trading Events

PISCES operators are required to adopt effective arrangements for investigating investor complaints about the conduct of persons (including the operator itself) or companies in connection with a trading event and the fair and impartial resolution of

appeals against operator decisions made as a result of such investigations. Operators are also required to have platform rules that provide them the ability to postpone or suspend trading during a trading event when there is credible reason to believe that there has been, or there is likely to be, a significant breach of either the platform's rules or an operator's obligations in relation to operating its platform. Although the rules proposed in the December Consultation Paper would have applied certain modified provisions of the UK Market Abuse Regulation related to postponement or suspension of trading to PISCES operators, the FCA ultimately concluded that applying such provisions could prevent operators from taking the necessary action. Finally, operators must have a mechanism to refuse or cancel the admission of a PISCES company's shares to their platforms if there are serious grounds to believe that a PISCES company is not, or is no longer, willing or able to comply with a platform's rules.

### **Market Manipulation and Oversight**

The final rules do not create a civil or criminal insider dealing regime for PISCES platforms. Instead, operators are required to adopt effective arrangements for monitoring, investigating and acting against manipulative trading on their respective platforms. Such monitoring arrangements should be proportionate to the size, scale and complexity of the applicable platform. Whether to require that operators impose specific monitoring arrangements on their respective platforms will be assessed over the duration of the PISCES sandbox.

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## **Trading Intermediary Requirements**

The PISCES regime, including the applicable rules set forth in the Policy Statement, reflects an intermediated model whereby PISCES investors do not interact directly with a platform operator. Instead, trading events are intended to be facilitated through brokers and other financial intermediaries who participate in the offering, selling, arranging or dealing of PISCES shares ("trading intermediaries"). The Policy Statement sets forth certain requirements applicable to such trading intermediaries in connection with their interactions with PISCES investors that are individuals ("covered investors").

### **Incentives to Invest**

Trading intermediaries are prohibited from communicating, approving, offering or providing any monetary or nonmonetary incentives to a potential covered investor. Examples of incentives include bonuses for investing, cashback for investing, discounts or rebates on fees paid that are linked to the volume of shares purchased (though lower fees or charges are allowed if not linked to share volume and available to all investors) and gifts or discounts for investing.

## Risk Warnings

Trading intermediaries are required to include, in any disclosure information to a potential covered investor related to PISCES shares, the following warning:

***Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong.***

If the number of characters allowed in the distribution is limited, trading intermediaries can exclude the last sentence of the risk warning. Such distribution must be provided in a durable medium and be accompanied by the risk summary prescribed by the final rules (which set out some of the key risks of investing in a PISCES company's shares). Where the distribution is to be communicated through a website, mobile application or other digital medium, the risk warning must also include a link (i) in the form of the text "Take 2 minutes to learn more" and (ii) that, when activated, delivers the risk summary prescribed by the final rules described above.

Additionally, before engaging with a specific covered investor in connection with a potential purchase, a trading intermediary must communicate the following personalised risk warning and provide the risk summary prescribed by the final rules (either via hyperlink or physical document):

***[Client name], this is a high-risk investment. How would you feel if you lost the money you're about to invest? [Take 2 mins to learn more.]***

Following confirmation from the covered investor that he or she would like to proceed, the trading intermediary must establish that the covered investor is an eligible PISCES investor. Importantly, however, a trading intermediary is not required to establish that a potential covered investor is an eligible PISCES investor if the investor is only seeking to access core disclosure about a company on the platform.

## Cooling-Off Period

Before allowing a covered investor to place an order to purchase shares of a PISCES company, a trading intermediary is required to establish that the proposed investment is "appropriate" for the covered investor (i.e. that the covered investor has the knowledge and experience to understand the investment, particularly related to the risks). The final rules do not specify the method for a trading intermediary to make such determination. Once the trading intermediary has made such determination in connection with an investor's first purchase, it must give the covered investor a period of 24 hours before it can allow such investor to place the purchase order.

## Investor Statement

Before a trading intermediary can distribute shares purchased on a PISCES platform by a covered investor, such investor must sign an adapted “restricted investor statement”, stating that, in the last 12 months, it has not, and will not, invest more than 10% of its net assets in high-risk investments (including PISCES company shares and employee share schemes).

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## Tax Amendments

On 10 June 2025, [legislation](#) was introduced to provide an exemption from all stamp duties on the transfer of a PISCES share in connection with trading activity that takes place on a PISCES platform under the PISCES sandbox arrangements. This will 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 come into force on 3 July 2025 and will be applicable to the first PISCES 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.

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## Comment

The PISCES sandbox is now live until June 2030 and firms that are interested in operating a PISCES platform may apply to the FCA for approval. The implementation of the PISCES sandbox enables the framework to be tested and fine-tuned over a five-year period in order to balance innovation with appropriate regulatory oversight, ensuring that PISCES platforms meet the needs of companies and investors while maintaining market integrity.

The final rules applicable to PISCES operators and intermediaries generally reflect fewer mandatory disclosures than initially proposed, although operators will still be able to voluntarily impose additional requirements on their individual platforms, including around investor eligibility. In addition, while PISCES represents an innovative platform and exciting opportunity for investors in private companies seeking liquidity, ultimate adoption by companies and investors participating in the new “private-plus” market remains uncertain.



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Please do not hesitate to contact us with any questions.



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