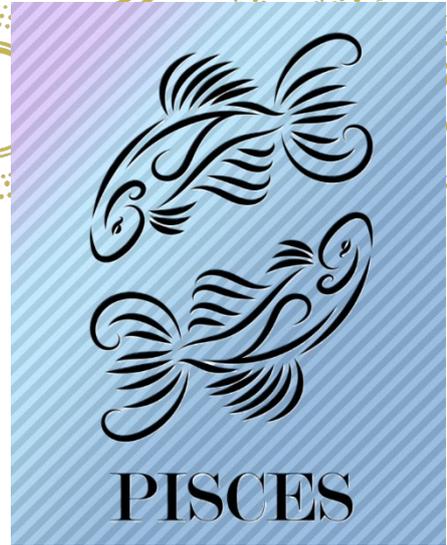


# PISCES:

## Private Intermittent Securities and Capital Exchange System

September 2025



**PISCES (Private Intermittent Securities and Capital Exchange System) is a new market infrastructure introduced by the Financial Conduct Authority (FCA) in 2025 to enable the trading of shares in private companies over a 5-year regulatory sandbox period. It is a key part of the UK's capital markets reform, designed to unlock growth, provide liquidity for private company shareholders, and broaden investment opportunities for sophisticated investors.**

### **Purpose and Rationale**

Traditionally, private company shares have been illiquid, with limited opportunities for early investors, founders and employees to realise value before an IPO or trade sale. At the same time, many high-growth companies are choosing to remain private for longer, restricting access for new investors. PISCES addresses these challenges by enabling FCA regulated trading venues to operate an intermittent trading platform for private company shares, supporting the UK's ambition to remain a leading global financial centre. The UK Government set up the statutory framework in what are referred to as the PISCES sandbox regulations, in force from 5 June 2025, which appoint the FCA as the PISCES regulator.

### **How PISCES Works**

PISCES is not a continuous public market, but the framework for platforms run by FCA approved PISCES operators where trading occurs at set intervals — by way of periodic auctions or time-limited trading windows. This approach balances the need for liquidity with the privacy and control requirements of private companies. Companies can set parameters for trading, such as price floors and ceilings, and may be able to restrict access to the auctions/trading windows (referred to in the LSE's PSM Rules as "permissioned auctions". This would enable them to have a say over who can purchase their shares, helping them manage their shareholder base and protect sensitive information (where necessary to protect their "legitimate commercial interests").

The FCA has set out in the PISCES Sourcebook the rules for PISCES operators and for firms that are involved in promotion or distribution of PISCES shares. Each PISCES platform will have its own rules, including on eligibility, the rules being approved by the FCA as part of the platform operator's authorisation process

The London Stock Exchange Group (LSE) is the first to have been approved as a PISCES operator (on 26 August 2025) and is calling their platform the Private Securities Market (PSM) Other exchanges and platforms (including Aquis, now part of the Swiss SIX group) have yet to disclose whether they have applied for authorisation but more authorisations are expected. We focus on

the LSE PSM rules here as they are the only PISCES platform rules that have been published. The LSE published their draft PISCES rules on 26 August 2025 in their Notice N09/25 and have a price list document on the PSM section of their website, with waivers of fees for an initial period to 31 December 2026.

## Who can participate

Access to PISCES is limited to institutional investors, high-net-worth individuals, sophisticated investors, and employees of participating companies. This restriction is designed to ensure that participants understand the risks associated with investing in private companies, which may be less transparent and more volatile than exchange traded companies. All investors will receive core disclosure information prescribed by the FCA including clear information about the risks involved.

The LSE is inviting prospective investors to register their interest, but will only accept registration if they indicate the broker (which will be a member firm of the LSE) they will place trades with. Specific FCA rules apply to brokers who promote and/or distribute PISCES shares and make them responsible for checking eligibility of investors. The LSE refer to such brokers (who must be members of the LSE as registered auction agents (RAAs) and will charge RAAs a fee on purchases and sales after an initial waiver period.

## What Types of Companies Can Be Traded on PISCES?

PISCES is designed for **private companies**—specifically, those not listed on a public exchange such as the London Stock Exchange's Main Market or AIM or Aquis or a trading venue outside the UK . The platform is particularly suitable for:

- UK-incorporated private companies, including plcs that are not listed or traded on an exchange, especially those with growth ambitions and a need to provide liquidity for shareholders.
- Companies incorporated in any jurisdiction with a significant shareholder base, including early investors, founders and employees who may wish to sell shares.
- Businesses seeking to broaden their investor base to include institutional and sophisticated investors though it is important to note that PISCES is a secondary market only and does not enable companies to raise new money.

## Eligibility criteria for the LSE's PSM

The LSE 's draft rules require companies that wish to have their shares traded on the LSE's Private Securities Market to fulfil at least two of the following:

- (a) have undertaken a fundraise (whether debt or equity) of at least £10 million (or equivalent), which included a material participation of experienced investors independent of the applicant, within the last 3 years; and/or
- (b) total assets of at least £20 million (or equivalent) based on the latest audited financial statements; and/or
- (c) annual turnover of at least £10 million (or equivalent), based on the applicant's latest audited financial statements.

However, the LSE may in its discretion substitute the following tests for applicants that cannot meet the above tests:

- (a) past fundraising activity, even where it does not meet the above in which case the LSE will consider the nature of the fundraising in the context of the applicant's business;
- (b) the number of years the applicant has been undertaking its business in its current form;
- (c) an independent valuation of the applicant's business;
- (d) The number of persons employed by the applicant.

All the shares to be traded on the PSM must be freely transferable (but the LSE may agree to restrict access to the auction e.g. to competitors) and eligible for electronic settlement (e.g. CREST).

### **Governance requirements for the PSM**

An applicant company must be able to demonstrate that its board of directors and senior management can effectively comply with its obligations under the PSM rules, taking into account the nature, size and risk profile of the company with an expectation that they will have at least:

- (a) A minimum of 2 formally appointed directors on their board; and
- (b) appropriate financial accounting and reporting expertise amongst the board of directors and/or its senior management.

### **When will the PSM launch?**

The LSE described the grant of authorisation as a PISCES operator as a significant step toward the launch, which will be "later this year" The LSE set 9 September 2025 as the deadline for comments on the draft PSM Rulebook, which makes this timeline realistic.

We expect the PSM will be the first of several PISCES platforms. It will be interesting to see how others may differentiate in terms of eligibility criteria and fees. Although LSE will waive fees until 1 January 2027, the fees are not insignificant, being a £25,000 annual fee, which includes an entitlement to participate in up to two auctions a year, and an additional £15,000 fee for each additional auction participation in any year.

### **Can Overseas Companies Trade on PISCES?**

While the initial focus is likely to be on UK companies, the PISCES sandbox regulations envisage that overseas companies may participate. Eligibility will be set by the relevant PISCES operator and non-UK companies may be eligible if they can comply with the operator's rules as well as the FCA's disclosure requirements and any additional conditions imposed by the operator. The sandbox phase (2025–2030) will allow the FCA to test and refine the system, including how it works for overseas companies. before the Government decides whether to make PISCES permanent. Further guidance is expected as the regime develops, but overseas companies would likely need to demonstrate equivalent standards of governance, disclosure, and investor protection, including a UK based director.

## Considerations for potential applicants

The following minimum criteria are implied for companies wishing to list on a PISCES platform:

**Private company status:** The company must not be listed on a public market, whether in the UK or elsewhere.

**Sufficient maturity and governance:** Companies should have robust internal controls, established governance, and the ability to provide timely and accurate information to investors.

**Information disclosure:** Companies must be able to provide sufficient, reliable information to allow investors to make informed decisions. This includes financial, operational, and risk-related data, though significantly less than a full public market prospectus.

**Shareholder base and liquidity need:** Companies should have a significant shareholder base that would benefit from liquidity, such as early investors or employees with share options.

**Willingness to comply with regulation:** Companies must adhere to the rules and operational procedures of the PISCES platform on which their shares are traded and FCA oversight, including participation in intermittent trading events and compliance with disclosure requirements.

**UK nexus (implied):** While not mandatory, companies with a strong UK connection (incorporation, operations, or investor base) are likely to be the primary focus.

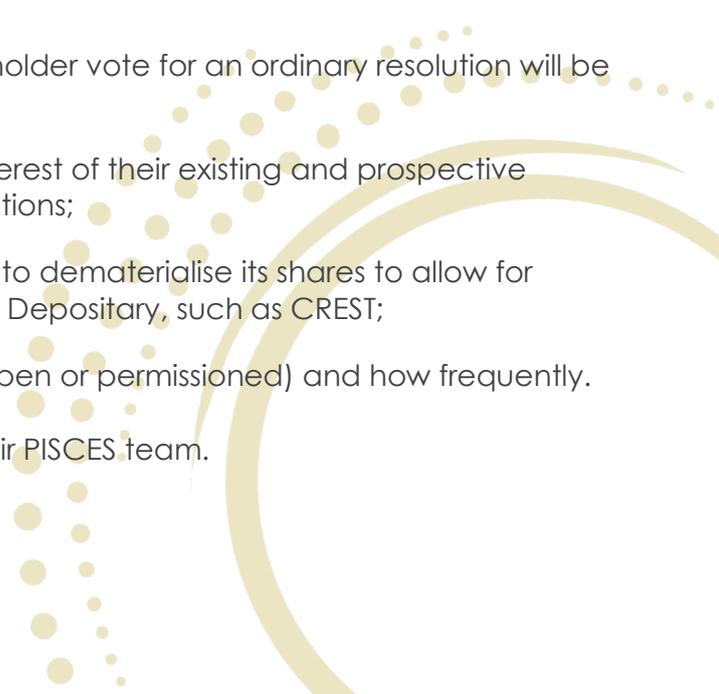
**Financial health:** The FCA PISCES Sourcebook imposes no strict profitability or revenue thresholds, but companies should be able to demonstrate sound financial health and growth prospects to attract sophisticated investors. The PSM's rules are set out above and it is likely that other PISCES operators will impose some financial eligibility conditions

**Appointment of a broker:** A FCA authorised broker will likely be needed to promote the company and to enable investors to access their shares and is specifically required for the PSM.

The LSE suggests that a potential applicant may consider some preparatory steps such as:

- (a) review its share capital table and share rights to identify any changes that might be required to its constitution;
- (b) liaise with its existing shareholders, noting a shareholder vote for an ordinary resolution will be required to join the Private Securities Market;
- (c) liaise with one or more RAA(s) and explore the interest of their existing and prospective shareholders to participate in the company's auctions;
- (d) appoint a share registrar to enable the company to dematerialise its shares to allow for electronic settlement through a Central Securities Depository, such as CREST;
- (e) consider what type of auction it wishes to hold (open or permissioned) and how frequently.

The LSE also recommends early engagement with their PISCES team.

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## Regulatory Framework and Safeguards

PISCES is being launched as a sandbox, allowing the FCA to test and refine the system before establishing a permanent regime (expected in 2030). Platform operators must be authorised by the FCA, and trading will be subject to FCA oversight. The regulatory framework is designed to ensure market integrity, investor protection, and effective price discovery, with clear rules on disclosure and trading conduct. PISCES transactions benefit from a stamp duty exemption, and employees can retain tax advantages if they trade eligible shares. A PISCES platform is specifically excluded from the UK Market Abuse Regulation but PISCES operators must have rules prohibiting manipulative trading practices and PISCES companies must assess the risks of manipulative trading in their shares and have in place measures to mitigate those risks. Prescribed risk warnings are required for any promotion of PISCES shares.

## Economic and Market Impact

PISCES is expected to make the UK more attractive for high-growth private companies and investors by providing a new route to liquidity and investment. It supports innovation, helps companies scale up, and offers new exit opportunities for early backers and employees. Over time, this should encourage more companies to remain and grow in the UK, supporting domestic investment, employment, and economic output.

## Next Steps

Potential PISCES operators are now going through the FCA authorisation process, with the LSE being the first (and so far, only) authorised, with its PSM and so likely to be the first to launch a PISCES auction. The FCA and HM Treasury will use the lessons learned during the 5-year sandbox period to refine the regime before making it permanent.

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**In summary:** PISCES is a ground-breaking initiative enabling regulated, intermittent trading of private company shares in the UK. It is open to private companies (primarily UK-based, but potentially overseas as well) who meet minimum standards of governance, disclosure, and regulatory compliance. PISCES is set to play a key role in strengthening the UK's capital markets and supporting the next generation of growth companies.

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