



HM Treasury

Private Intermittent Securities and Capital Exchange System (PISCES)

Government response

November 2024



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Ministerial Foreword

Reinvigorating our capital markets is central to supporting our growth agenda for the UK. In recent months we have taken forward innovative and bold financial service sector reforms, to enhance the UK's position as a leading centre in global finance. This includes a fundamental rewrite of the prospectus regime and Financial Conduct Authority's (FCA) listing rules, to make our listing regime the best in class internationally, and a whole range of reforms to improve the quality and competitiveness of our regulatory framework.

PISCES – our proposed new regulated market for private company shares – is a critical part of this reform agenda. Taken together with our listing reforms, which will make it quicker and easier for companies to raise capital, PISCES will make private secondary markets more transparent and efficient. For companies, PISCES should also provide a steppingstone to listing on public markets and support the capital raising ecosystem by providing a platform for secondary trading. For investors, it provides more opportunities to invest in growth companies, allowing them to share in their returns.

I strongly support the development of this first in class market, which targets a key stage in the funding continuum for growing firms, and more broadly supports and bolsters the UK's reputation for innovative and pioneering regulation.

This publication, and the policy positions set out in it, reflects significant work and policy development by Government, regulators and industry, working hand in glove. I very much appreciate the open and constructive dialogue that we have had with industry and the wider public on PISCES. In particular, the feedback to the consultation published in March 2024 has been crucial in allowing us to target and refine our proposal (changing for example our proposed approach on market abuse). I see this as an excellent example of how we can work together to respond to market trends and harness opportunities.

I am also keen to give PISCES the best possible backing from the outset. The Chancellor's announcement at the Autumn Budget 2024, that PISCES transactions will be exempt from Stamp Duty and Stamp Duty Reserve Tax (much like the exemption for growth markets such as AIM and Aquis' growth market), strongly supports this.

While this document is a milestone in developing PISCES, there is more work to be done. Alongside it, we have published the draft legislation for comment, and the FCA will soon consult on its accompanying

PISCES rules. Your continued engagement and support will help us deliver the legislation by May 2025.

Thank you to all those who have taken the time to engage with and respond to this proposal.



Tulip Siddiq, Economic Secretary to the Treasury

Executive summary

The Private Intermittent Securities and Capital Exchange System (PISCES) is a new type of regulated trading platform, that allows for the intermittent trading of private company shares on a multilateral system. PISCES aims to respond to the growth of private secondary markets, by providing a regulatory framework for structured trading events that can be accessed by broad pools of investors, using public market infrastructure to support private markets. It will incorporate elements from public markets such as multilateral trading, and elements from private markets such as greater discretion over how company disclosures are distributed and when trading happens.

PISCES forms a key part of the Government's strategy to reinvigorate capital markets through pro-innovation and pro-growth policies. As a secondary market reform, PISCES complements ongoing work to make it easier for companies to raise funds more quickly through the delivery of the listing reforms and to increase productive investment in UK assets through the Pension Investment Review.

This publication summarises and responds to the feedback on the proposed model for PISCES received in response to the consultation published under the previous government in March 2024.¹ Overall, the proposal and design of the proposed PISCES Sandbox was well received. Respondents said it would reduce the regulatory jump between private and public markets and support private company growth. Given the novel nature, respondents agreed that a sandbox was an appropriate mechanism to develop and test this regulatory regime.

The Government therefore intends to proceed with PISCES and will legislate to set up PISCES in a sandbox and grant the FCA the necessary powers to support the implementation and operations of the sandbox. Over the five-year sandbox period, firms wishing to run a PISCES platform will need to seek approval from the FCA, and those involved in trading on a PISCES platform will be subject to modified UK regulation under the sandbox regime. The Treasury will use the evidence from the sandbox to decide how to legislate to make PISCES a permanent feature of the UK regulatory regime if PISCES is deemed successful.

After considering the consultation feedback, PISCES will have the following key features:

¹Private Intermittent Securities and Capital Exchange System (PISCES): consultation, March 2024, https://assets.publishing.service.gov.uk/media/65e6f39e7bc329020bb8c279/Consultation_Private_Intermittent_Securities_and_Capital_Exchange_System.pdf.

- PISCES will operate as a secondary market, facilitating the trading of existing shares in intermittent trading windows (e.g. ad hoc, quarterly, biannually, yearly etc). It will not facilitate capital raising through the issuance of new shares.
- Only shares in companies whose shares are not admitted to trading on a public market (in the UK or abroad) can be traded on PISCES. This includes UK private and public limited companies (PLCs) and overseas companies. PISCES operators will determine any admission requirements for their markets, including any minimum corporate governance requirements.
- Only institutional investors, employees of participating companies and investors who can meet the definition of high net-worth individuals and self-certified or certified sophisticated investors under the Financial Promotion Order (FPO), will be able to buy shares on PISCES.
- Following feedback, the PISCES regime will not include a public market style market abuse regime. This is a change to what was proposed in the consultation. Instead, the FCA will be given rule-making powers to create a new and bespoke disclosure regime for PISCES. Under this regime, disclosures and pre- and post-trade transparency must be shared with all investors participating in a PISCES trading event but will not be required to be made public. This approach seeks to streamline the effort taken to undertake due diligence in bilateral private market transactions, without replicating the disclosure requirements for primary fundraising on public markets.
- As there is no market abuse regime, there will also not be transaction reporting requirements for PISCES. Again, this reflects a change from the initial proposal. The FCA will consider whether to set rules related to record-keeping to support their supervision of the market.
- There will be a new FPO exemption to cover PISCES disclosures, based on the exemptions available for promotions included in mandated public market disclosures.
- PISCES operators will be able to decide whether or not shares must be recorded into a Central Securities Depository (CSD).
- Companies will not be able to carry out buybacks on PISCES. However, given the feedback, the Government will explore whether to allow this or not at a later stage, following the initial launch of the PISCES Sandbox.

As noted above, this proposal differs significantly from the proposal consulted on in one key aspect – the proposed market abuse regime. The feedback on the proposed market abuse regime stressed that companies would face disproportionate costs to comply with a bespoke PISCES market abuse regime. For example, this would have involved

identifying and disclosing all potential inside information, resulting in disproportionate costs for all involved parties (companies, investors, and intermediaries). The Government has responded to this feedback with a new approach, based on disclosure, as set out above.

There were also mixed views on what types of investors should be able to trade on PISCES, with some respondents arguing in favour of allowing all retail investors to access trades on PISCES. As proposed in the consultation, this market will be targeted at wholesale market participants, such as institutional investors, and certain categories of retail investors, provided that they can meet the eligibility criteria in the legislation. This approach seeks to strike a balance between allowing a sufficiently wide pool of investors to participate and reap the benefits of PISCES, while recognising the risks involved in investing in private companies and the need for investor protections.

A draft statutory instrument with an accompanying policy note is published alongside this document to illustrate how the Treasury intends to set up the PISCES regime.² The FCA will take into account both the responses to the Treasury's consultation, as well as the views of the Government set out in this response, when they consult in due course on their rules supporting these sandbox arrangements.

² Draft Financial Services and Markets Act 2023 (Private Intermittent Securities and Capital Exchange System Sandbox) Regulations 2025, <https://www.gov.uk/government/consultations/private-intermittent-securities-and-capital-exchange-systems-piscs-consultation>.

Chapter 1

Introduction

1.1 PISCES responds to changing trends in private markets. With many companies choosing to stay private for longer and at scale, there is increasing demand for investors to be able to trade shares in private companies more easily. Such trading will allow early-stage investors and other shareholders to exit their investments, thus realising their gains, and provides an opportunity to companies to rationalise their shareholder base. New investors will gain better access to exciting companies while also benefiting from greater transparency and efficiency than what is available in private markets. Private companies may also find it easier to raise funds privately outside of PISCES as the availability of a regulated secondary market in private company shares will encourage investors to invest. Consequently, when these companies opt to go public and issue new securities as part of an IPO, this will represent less of a regulatory step and there will be greater confidence in their valuation.

1.2 PISCES will provide a regulatory framework for structured trading events that can be accessed by broad pools of investors, using public market infrastructure to support private markets. At the moment, there is no legal mechanism for private companies to have their shares traded on a trading platform akin to a public market trading venue, with discretion over price, trading windows, who can trade, and what information is made public. PISCES seeks to fill this gap.

1.3 In March 2024, the previous government consulted on a proposal to establish the regulatory framework for PISCES through a Financial Market Infrastructure (FMI) sandbox.³ The Treasury received 45 responses from across industry, including from market operators, professional services and legal firms, asset managers and companies, as well as associated trade associations, summarised in table 1A. This document summarises the proposals in the consultation, the feedback received and - in light of the evidence gathered - outlines the Government's intended design of the PISCES Sandbox.

1.4 The Government intends to largely proceed with the approach originally set out in the March 2024 consultation, but without the proposed PISCES market abuse regime. Instead, the PISCES regime will rely on a set of core disclosures, to be set out in FCA rules, that should

³ The Financial Services and Markets Act (FSMA) 2023 provides the Treasury with the power to establish a financial market infrastructure (FMI) sandbox to test how to adapt the legislative framework to ensure it evolves at pace with new or developing FMI technology or practises.

provide some level of standardised information to investors without placing disproportionate costs to companies and other market participants.

1.5 This consultation response is published alongside a draft SI and accompanying policy note that seeks to illustrate how the Government intends to legislate to set up the PISCES Sandbox.⁴ The Government welcomes any technical comments on this draft SI by 9 January 2025.

1.6 Further detail will be set out in the FCA's consultation on its rules in due course.

Table 1.A Overview of consultation responses

Respondents	
Operators and their trade associations	9
Investors and their trade associations	7
Professional Services Firms and their trade associations	19
Companies and their trade associations	9
Other	1
Total Number	45

⁴ Draft Financial Services and Markets Act 2023 (Private Intermittent Securities and Capital Exchange System Sandbox) Regulations 2025, <https://www.gov.uk/government/consultations/private-intermittent-securities-and-capital-exchange-systems-piscs-consultation>.

Chapter 2

Legal framework

FMI Sandbox Powers

Consultation question

Question 1: Do you have any comments on this arrangement? Do you think five years is an appropriate timeline for the PISCES Sandbox?

2.1 The consultation sought views on the sandbox arrangements, which covers the types of firms eligible to participate in the sandbox to operate a PISCES platform and the duration of the PISCES Sandbox regime. Respondents were supportive of the proposal to use an FMI sandbox to develop the PISCES framework as it provides the opportunity to test modifications to the legislative framework. A few respondents commented on the types of firms eligible to apply to the FCA to be a PISCES operator. Among those who did, they noted that the proposed regime could benefit existing providers of either SME growth markets or private secondary markets that facilitate bilateral trading.

2.2 Most respondents were also supportive of the proposed five-year timeline for the duration of the sandbox. Those who disagreed argued this period was too long, and some suggested to shorten it to two or three years instead. However, they also acknowledged that the Treasury could make the modifications to legislation permanent before the end of the sandbox's five-year period, subject to Parliamentary approval, and should therefore closely monitor outcomes during the period. In addition, a small number of respondents asked for further clarification on how the Treasury intends to support the transition from the sandbox regime to a permanent one and the winding-down arrangements for those wishing to exit the sandbox.

Government response

As proposed in the consultation, the Government intends to use the powers granted by FSMA 2023 to put PISCES in place as an FMI Sandbox. Firms wishing to operate a PISCES platform under the modified legislation in the sandbox will need to seek approval from the FCA.

Only persons that have an FCA permission to “arrange deals in investments”, “operate a multilateral trading facility”, or “operate an organised trading facility” under Part 4 FSMA 2000 or who are an exempt person under FSMA 2000 as they are a Recognised Investment Exchange (RIE), will be eligible to apply to the FCA to enter the sandbox. The FCA will also set out in their rules or guidance further information regarding the application process for those wishing to operate a PISCES platform.

The Government will set the period of the sandbox to five years as proposed and will work with the FCA to monitor outcomes during the lifetime of the sandbox, retaining the ability to terminate or make the sandbox arrangements permanent at an earlier stage if appropriate, subject to Parliamentary approval. The Government and the FCA will also ensure that there will be a smooth transition out of the sandbox for those wishing to move to a permanent regime or alternatively cease operations.

As with the Digital Securities Sandbox, legislation that is modified or disapplied under the sandbox will only apply to sandbox participants and/or anyone involved in activities connected to the trading of shares on an approved PISCES platform. This will include companies whose shares are traded on a PISCES platform (participant companies), investors or intermediaries (such as investment banks or brokers) acting for clients dealing in shares admitted to trading on a PISCES platform.

Investors eligible to trade on PISCES

Consultation questions

Question 2: Do you agree that this should be a market targeted at wholesale market participants, namely professional investors?

Question 3: Do you have views on whether sophisticated and/or high net worth investors should be allowed access to shares traded on PISCES?

Question 4: Should employees have the opportunity to purchase shares in their company on PISCES? If so, could this be facilitated by the company?

2.3 As the consultation set out, the requirements on participant companies and operators need to be proportionate to the types of investors allowed access to PISCES. The consultation therefore asked for views on the types of investors that should have access to trades on PISCES during the lifetime of the sandbox and proposed that it should initially be targeted at wholesale market participants, as well as certain categories of retail investors (including self-certified sophisticated investors, sophisticated investors, and high net worth individuals, as well as employees of participant companies).⁵

2.4 There were a broad range of views shared in response to the questions asked on investor eligibility. All respondents agreed that that PISCES should be targeted at professional investors at a minimum.

2.5 A few respondents argued for a phased approach, where initially only professionals (per the MiFIR definition) could trade on PISCES.⁶ Such respondents argued that the self-certified sophisticated investor and high net worth individual categories per the FPO definitions were quite broad and could capture individuals who may not be as knowledgeable of the risks of investing in illiquid assets.

2.6 However, the majority took the contrary view and supported allowing self-certified sophisticated, sophisticated investors and high net worth individuals to access PISCES. Those involved in scale-up and growth company communities emphasised the importance of angel investors to the early-stage investment ecosystem and argued that the inclusion of sophisticated investors and high net worth individuals was integral to supporting liquidity on PISCES platforms. Others noted that such investors can buy shares of private companies on crowdfunding platforms and that it would seem inconsistent to prohibit them from PISCES on that basis. This argument was also used by some to justify access to all retail investors, noting that those who do not meet the sophisticated or high net worth definitions could participate as 'restricted investors' so long as they commit to invest only ten per cent of their investable portfolio.

2.7 Most respondents agreed that employees of participant companies should be able to buy shares in their company, as well as sell shares where they were already shareholders. However, some

⁵ See Articles 48 for certified high net individuals; Article 49 for high net worth companies and for unincorporated associations; Article 51 for associations of high net worth; Articles 50 for sophisticated investors and Article 50A for self-certified investors) in The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, <https://www.legislation.gov.uk/ukSI/2005/1529/contents>.

⁶ See Article 2(8)(a) of Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, <https://www.legislation.gov.uk/eur/2014/600/article/2>.

respondents noted that there are already existing mechanisms for private companies to manage employee shareholders, such as Employee Benefit Trusts or tax-advantaged employee share schemes. Even those who were in favour of employee participation noted potential risks, such as employees potentially having access to information that others do not and highlighted that employers and employees would need to carefully consider the potential tax implications of their involvement. Respondents also emphasised that it would be important that participant companies could control employee participation to ensure that it was in line with their recruitment and retention objectives.

Government response

Based on the feedback provided, in addition to institutional and professional investors, the Government intends to allow the following retail investors to purchase shares on PISCES:

- a. Those who meet the definitions of self-certified sophisticated investors, sophisticated investors, and high net-worth investors in the FPO; and
- b. Employees of participant companies; and
- c. Employees of companies in the immediate corporate group of participant companies, where their employment is connected to the participant company's business.

The Government also intend to allow for the purchasing of shares through bare trustees, nominees, or custodians. The draft statutory instrument published alongside this document sets out in more detail those eligible to participate to place orders on PISCES.⁷

The Government believes that this strikes the right balance between allowing a sufficiently wide pool of investors to participate and reap the benefits of PISCES, whilst ensuring appropriate investor protections. Investors should remain aware that shares admitted to trading on PISCES will have a different risk profile to publicly traded shares, with fewer opportunities to reduce or dispose of their investments due to the intermittent or ad hoc nature of trading on PISCES. As outlined below, there will be a legal obligation on those taking orders to place trades on PISCES to 'believe on reasonable grounds' (in line with the approach in the FPO) that an individual meets the investor eligibility criteria set out in the legislation.

PISCES operators will also have the discretion to only market their platform to particular types of eligible investors, for example, only

⁷ Draft Financial Services and Markets Act 2023 (Private Intermittent Securities and Capital Exchange System Sandbox) Regulations 2025, <https://www.gov.uk/government/consultations/private-intermittent-securities-and-capital-exchange-systems-piscs-consultation>.

professional investors. Similarly, subject to their own rules, operators will also have the discretion to allow participant companies to restrict their shares to particular investor types.

Subject to the outcome of this sandbox at the end of the five-year trial, the Government will consider whether to widen participation to other retail investors beyond the categories of investors described above.

Chapter 3

PISCES market abuse regime

Consultation questions

Question 22: What market abuse risks do you foresee in the context of PISCES? To what extent do you think they would be mitigated by the proposed market abuse regime?

Question 23: Do you agree with the proposed scope for the PISCES market abuse regime? Are there material market abuse risks that would not be captured by this scope?

Question 24: Do you agree with the proposed PISCES market abuse offences?

Question 25: Do you agree with the proposed arrangements for monitoring and enforcement against market abuse on PISCES?

3.1 The consultation sought views on a proposed PISCES market abuse regime, which would apply intermittently and would be limited in scope to trading on PISCES. The proposal drew on existing concepts from the Market Abuse Regulation (MAR) where possible, with some modifications to adapt the regime to intermittent trading and private market practices.

3.2 The consultation focused on creating a civil market abuse regime for PISCES and did not propose changes to the criminal market abuse regime. The consultation also proposed that investors should be able to take legal action under a new statutory regime against a company on PISCES for reckless or deliberately dishonest disclosures. The proposed PISCES market abuse regime also underpinned the approach to other areas of the PISCES regime such as the disclosure requirements and transaction reporting.

3.3 Respondents generally agreed with the principles behind the proposed PISCES market abuse regime. However, respondents raised significant concerns about how such a regime would operate in practice. Firstly, despite the proposal drawing on existing concepts and definitions from MAR, feedback stressed that any deviation from MAR would require firms to put in place bespoke systems and processes. Equally, respondents recognised that it was not possible to simply apply

MAR without adapting it to PISCES. Overall, the proposed market abuse regime would likely therefore lead to additional costs for all market participants and act as a barrier to participation for companies, investors, and intermediaries alike.

3.4 Secondly, feedback highlighted that, particularly in the context of intermittent trading, the potential steps that investors would need to take to ensure they are not trading on inside information could be significant. Feedback indicated that the compliance costs and risk of inadvertently falling foul of market abuse rules could outweigh the protection benefits that investors would receive from an adapted market abuse regime.

3.5 Feedback also highlighted significant challenges for private companies to meet a MAR-like inside information disclosure test. As such, in addition to acting as a potential deterrent to investors and intermediaries, the necessary disclosure requirements for a MAR-like regime could act as a significant barrier to participation.

3.6 More generally, respondents highlighted that PISCES should be closer to private markets than public markets in terms of processes and risks. For example, private markets are generally based on a 'buyer beware' concept rather than equality of information that public markets seek to achieve. Respondents highlighted that PISCES should aim to make bilateral private market processes more efficient, such as by standardising the disclosure process and pooling together liquidity, but should refrain from imposing additional costs and burden on companies except where absolutely necessary.

Government response

Based on this feedback, the Government does not think the bespoke market abuse regime as proposed is workable. Instead, the Government thinks a disclosure-based approach modelled on private markets is more suitable to a market that sits somewhere between existing public and private markets.

The Government will therefore give the FCA rule-making powers to create a new and bespoke disclosure regime for PISCES. The FCA will take into account market feedback on the nature and content of disclosures, including what core and other information participant companies should disclose. However, participant companies and other market participants will not be required to identify or disclose all 'inside information' in the manner required on public markets as was previously suggested in the consultation.

This new approach seeks to streamline the time and effort taken to undertake due diligence in private market transactions, without replicating the disclosure requirements on public markets.

The FCA will retain its role in enforcing the criminal market abuse regime as it applies to PISCES but will not have a comparable role to public markets in enforcing a MAR-like civil market abuse regime for PISCES. Instead, the FCA will be given rule-making powers concerning the detection and prevention of abusive trading behaviours on PISCES. The FCA will consider and consult on arrangements where PISCES operators play a more central role in preventing and detecting manipulative and abusive activities and behaviours on their platform, with the FCA supervising the effectiveness of those arrangements. The FCA will also consider and consult on how market participants can raise concerns on market conduct with the FCA. Where concerns are raised, the FCA will be able to act on these as appropriate, either via a PISCES operator or using its existing supervisory and enforcement powers.

This approach may result in some market participants, such as employees or existing shareholders, having access to more information than others. However, this risk should be partly mitigated by prescribed disclosures that include the core information about a company.

PISCES disclosure liability regime

The objective of this new disclosure-focused regime is to ensure that participant companies provide the information that investors need to make an informed investment decision, while limiting the burdens and costs placed on participant companies, investors, and other market participants. Based on feedback received, the Government is of the view that investors should be able to seek appropriate recourse from participant companies for issues related to the completeness and accuracy of disclosures.

However, recognising that private companies are taking on a new obligation to disclose information to facilitate secondary market trading of their shares, the liability standard needs to be carefully calibrated to encourage participant companies to provide more information in PISCES disclosures, including providing useful, but less certain information, such as forward-looking information, to investors in good faith. As such, the Government proposes to introduce a PISCES disclosure liability regime, which applies a stricter 'negligence' liability standard to more certain information, such as past financial information, while applying a more lenient 'recklessness' standard to less certain information, such as forward-looking information.

The aim of the liability regime is to establish a minimum consistent level of protection across investors participating on a PISCES, with scope for investors to seek further assurances as to the accuracy or completeness of information from the company.

Chapter 4

Requirements on a PISCES operator

Operator requirements and illustrative examples of different PISCES operating models

Consultation questions

Question 5: Are there any aspects of the model set out here that as a potential operator would act as a barrier to operating PISCES, or as a potential participant company or investor to participating in PISCES?

Question 6: In particular, do you have any views on the examples of where a PISCES operator might have flexibility to run their platform?

Question 7: Under what circumstances should it be possible for companies to restrict access to trading events, noting that this is not possible in public markets?

Question 8: Are there any further matters that should be considered in the design of PISCES, either to make PISCES a more attractive proposition, or to mitigate any particular risks that may arise?

4.1 Although PISCES will operate as a multilateral system, PISCES will not be a trading venue as defined under MiFIR. This means that it will not automatically be subject to all the requirements that trading venues are subject to under legislation and FCA rules. However, the FCA's powers will enable it to impose requirements on PISCES operators that apply to trading venues with modifications where appropriate. The FCA will also be able to impose new standalone requirements.

4.2 The consultation proposed a flexible regulatory framework, which allows operators to tailor their PISCES platform to suit their commercial objectives. When applying to the FCA to operate a PISCES platform, potential operators would need to demonstrate that their proposed platform meets the regulatory requirements set out in legislation and FCA rules. The consultation provided illustrative examples of how PISCES operators could design their platform, including: price parameters, permissioned trading events, non-intermediated models, maximum/minimum trading volumes and

bespoke trading windows where the operator could determine its length and frequency.

4.3 Overall, feedback on this approach was positive, with some respondents emphasising that flexibility would facilitate greater innovation. Responses also suggested that a flexible regulatory framework would allow operators to tailor a PISCES platform to the needs of participant companies. Respondents were broadly comfortable with allowing companies to set the price parameters of their shares (as proposed in the model), but they also suggested that companies should have to disclose the rationale of their price parameters in advance of a trading event to inform potential investors.

4.4 The consultation also asked a specific question as to the circumstances under which a company could elect to restrict access to trading events (referred to as 'permissioned' trading events), noting that this is not possible in public markets. Respondents were receptive to the general concept, for example noting that it was comparable to bilateral deals where private companies reserve the right to decide who they take on as shareholders. Respondents also noted that allowing companies to retain a similar level of control over their shareholder base could, in future, help facilitate a transition from private to public markets.

4.5 Some companies noted that they may want to restrict participation to prevent competitors becoming shareholders and gaining access to commercially sensitive information or may want to set a cap on the size of the holding that an investor may acquire during a trading window. While many suggested that permissioned trading events would be vital to PISCES' success, some raised concerns if they led to current shareholders being prevented from participating in a PISCES trading event, or to companies frequently changing the inclusion criteria. It was also noted that permissioned trading events could lead to reduced liquidity and make it more challenging for an operator or intermediaries to organise trading events.

Government response

The Government intends to take forward the approach outlined in the consultation and will work with the FCA to ensure that the requirements on a PISCES operator facilitate a flexible and competitive environment for operators to design a platform. This will sit alongside core existing statutory requirements that apply to persons eligible to operate a PISCES platform to the extent they are not modified in the sandbox, such as the Recognition Requirements Regulations that would apply to RIEs operating a PISCES platform. This will also aim to ensure that there are sufficient guardrails to safeguard investor interests, while also taking into account the needs of companies using PISCES. Subject to the PISCES operator's rules, companies will have the flexibility to decide the length between

trading windows (e.g. ad hoc, monthly, quarterly or annually), and the time limited duration of each trading window.

As noted above, whilst a PISCES platform will not be a trading venue as defined by MiFIR, aspects of the bespoke regulatory framework will be modified versions of obligations that apply to regulated markets and MTF venues. This model assumes venues operate an intermediated model (where investors place orders via a member firm, rather than directly with the venue operator). While some respondents noted the benefits of flexibility for PISCES operators to choose between an intermediated and non-intermediated model, there were not many responses that called for non-intermediated models as a priority. To ensure flexibility, the Government and the FCA are working towards ensuring that PISCES can operate on either an intermediated or non-intermediated model.

The FCA will consult on the detailed requirements that will apply to PISCES operators. Firms wishing to operate a PISCES platform should work with the FCA when applying to the FCA to demonstrate that their model aligns with these requirements.

Disclosure within a private perimeter

Consultation question

Question 9: Do you agree that PISCES operators should be able to establish a private perimeter where disclosures are only accessible to those eligible to participate on PISCES? Do you have views on the requirements that should be placed on PISCES operators related to this?

4.6 In line with current private market practices, the consultation proposed that there would be no requirements for company disclosures to be made public. Instead, PISCES operators will be permitted to establish a 'private perimeter,' whereby detailed company disclosures are only required to be made available to investors participating in a PISCES trading event, and not publicly disseminated. As with other features of the PISCES regulatory framework, operators would have to ensure that they have adequate rules to carry out this practice, such as ensuring investors have complete and timely access to disclosure information from participant companies.

4.7 Responses were overwhelmingly supportive of this proposal. Respondents noted that disclosures within a private perimeter would serve to increase PISCES attractiveness as participant companies would be encouraged by their ability to control those who have access to confidential financial data.

4.8 Nevertheless, respondents also shared considerations that potential PISCES operators should take into account when facilitating disclosures within a private perimeter. One recurring concern was the potential difficulty for operators to maintain a private perimeter, with concerns raised about the dissemination of information to a wider group than originally intended. Some suggested that the use of non-disclosure agreements (NDAs) could act as a mitigant; operators could also employ the use of fines or trading suspensions as deterrents for wider dissemination of disclosure information. Responses also noted the risk of insufficient information being provided for investors to make an informed investment decision or asymmetric information between investors (particularly where employees are participating).

Government response

Based on responses, the Government will proceed with the approach in the consultation and will not require PISCES operators and companies to publicly disclose information in relation to the trading of shares on PISCES. The FCA will consult on rules regarding disclosure requirements, including core mandated disclosure (see Chapter 3 above) and requirements for operators to ensure that company disclosures are shared with all investors able to participate in a specific trading event.

The Government notes concerns raised regarding maintaining confidentiality of information. It will be for PISCES operators to determine how best to ensure information is controlled in a manner that participant companies and investors on their platform are content with. Operators will also be able to restrict disclosures to those with access to specific PISCES trading events. This feature not only distinguishes PISCES from trading venues, but also balances the need between transparency and confidentiality.

Pre- and post-trade transparency

Consultation questions

Question 10: Do you agree PISCES operators should be required to ensure full pre- and post-trade transparency to investors within the private perimeter?

Question 11: Should any pre- and post-trade data or price data be made available publicly outside the private perimeter?

4.9 Pre- and post-trade transparency is a key component of efficient markets. In the PISCES context, there is a need to ensure that those within the perimeter have access to complete information even if there

is limited company information published publicly. As such, the consultation suggested that operators would be required to ensure investors that are able to participate in specific trading events have access to full pre-and post-trade transparency information.

4.10 Those who responded to this question agreed with the proposed approach. However, one respondent questioned the need for the dissemination of pre-trade transparency information given price ceilings and floors would be set before a trading event. One response also emphasised that post-trade transparency information should only be disclosed to those who had submitted bids during the trading event.

4.11 The consultation also sought views on whether any pre- or post-trade data should be made publicly available outside the private perimeter. Most respondents were of the view that disclosure of pre- and post-trade information should not be mandated outside the private perimeter. However, some respondents favoured some disclosure of trading information publicly, for example to attract further investors to the market. Some respondents also suggested that it could be at the discretion of either the operator or the company to decide whether to disclose pre- and post-trade data outside the private perimeter.

Government response

The Government will proceed with the approach proposed in the consultation and expects investors that are able to participate in trading events to have access to pre- and post-trade transparency information. The FCA will consult on detailed requirements related to pre- and post-trade transparency requirements for PISCES.

Transaction reporting

Consultation question

Question 12: Are you content with the proposed model for transaction reporting?

4.12 The consultation sought views on a bespoke transaction reporting model that drew on the current requirements in MiFIR and FCA technical standards. The aim was to facilitate the effective FCA monitoring of activity on PISCES platforms to support the proposed PISCES market abuse regime.

4.13 In the context of the wider proposed market abuse regime, the majority of responses to the consultation favoured a bespoke transaction reporting regime. However, some respondents expressed concerns about the additional costs a bespoke regime might bring.

Government response

As set out in further detail in Chapter 3 above, the Government is no longer proposing that PISCES have a bespoke market abuse regime, and therefore a transaction reporting regime is no longer appropriate. Instead, the FCA will be given rule-making powers concerning the detection and prevention of abusive trading behaviours on PISCES, and it will consult on the appropriateness of record keeping requirements for orders and transactions on PISCES.

Responsibility for managing access to trades on PISCES

Consultation questions

Question 13: Are you content that a PISCES operator or regulated intermediaries could check that potential investors meet the eligibility criteria (see Chapter 2)?

Question 14: Do you have any views on how a PISCES operator or regulated intermediary will ensure that ineligible investors do not trade on PISCES?

4.14 As PISCES will only be open to certain types of investors, the consultation proposed that PISCES operators would be responsible for only allowing eligible investors to participate in trading events but could rely on checks carried out by regulated intermediaries such as brokers.

4.15 Respondents agreed in principle that operators or regulated intermediaries should check an investor's eligibility, noting that regulated intermediaries should already be accustomed to this. However, there were some concerns that, subject to the final design of the legislation or FCA rules, this could be costly to implement. Many respondents therefore suggested that operators or intermediaries should be able to leverage their existing KYC (know your client) procedures or rely on investors self-certifying to make it less onerous. A few responses also suggested that the eligibility checks should leverage existing suitability and client categorisation requirements within FCA's existing Conduct of Business Sourcebook (COBS) rules. In trading events involving employees, it was also suggested that participant companies would need to support the eligibility process by confirming who is an employee.

4.16 In addition, a few respondents argued it would be disproportionate to impose a direct obligation on the operator to perform an eligibility check, because in an intermediated model an operator may not have a direct relationship with the end sellers and

buyers of shares. Some suggested that an operator put in place contractual provisions and terms of business to ensure that their intermediaries only allow eligible participants on the platform.

Government response

Based on the feedback provided, the Government will place an obligation to check the eligibility of the investor to participate on PISCES on the person taking an order to trade. This obligation will be set in legislation. In regard to employees, the person taking the order may rely on a list of employees supplied by the company to confirm their eligibility to participate in their company's PISCES trading event. While the Government did consider relying on the FCA's COBS rules, the suitability and appropriateness frameworks would not have prohibited an ineligible investor from placing an order on PISCES as they could choose to ignore, for example, the advice that an investment is unsuitable for them. The Government welcomes feedback on whether the draft legislation accompanying this publication delivers on the intended policy objective.

Chapter 5

Requirements on companies with shares traded on PISCES

Corporate governance requirements

Consultation question

Question 15: Do you agree that any additional corporate governance related requirements on private companies beyond those required by the Companies 2006 Act should be at the discretion of the PISCES operator?

5.1 The consultation proposed that there would not be additional mandatory corporate governance requirements, such as those typically placed on PLCs, placed on private companies whose shares are traded on PISCES. Instead, PISCES operators would have discretion to impose admission requirements for participant companies, which may include additional corporate governance requirements.

5.2 Most of the respondents agreed with this approach, noting that additional corporate governance requirements could act as a barrier for some participant companies. They also recognised the benefits of flexibility for individual PISCES operators to tailor any admission processes to their client companies and investors. However, some respondents also cautioned that it would be important that investors understand a company's governance arrangements.

5.3 A small number of respondents suggested that additional corporate governance requirements could potentially smooth the transition for private companies to public markets. These respondents noted that there are existing corporate governance codes that PISCES operators could leverage, such as the QCA Corporate Governance Code for growth companies or the Wates Principles, which already applies to large private companies.⁸

⁸The Wates Principles, <https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/the-wates-corporate-governance-principles-for-large-private-companies/>.

Government response

Based on the feedback provided, the Government intends to proceed with the position set out in the consultation and not place any additional corporate governance requirements on companies in legislation. The Government believes that PISCES operators are best placed to assess whether further corporate governance requirements are appropriate for the types of companies trading on their PISCES platform. As part of this, operators may wish to draw on existing corporate governance codes where appropriate. The FCA will be given rule-making powers to create a disclosure regime for PISCES, which will take into account the disclosure of companies' corporate governance arrangements.

Modification to Companies Act 2006

Consultation questions

Question 16: Would you be content with the proposed requirements placed on companies whose shares are admitted to trading on PISCES?

Question 17: Do have any comments on the proposed modifications to the 2006 Act described in paragraphs 4.7-4.11?

Question 18: Are there any other modifications to the 2006 Act that would in your view be needed to facilitate the operation of PISCES? If so, please provide details.

5.4 Section 756 of the Companies Act 2006 sets out when companies can offer their shares to the public. The PISCES consultation proposed modifying it, to allow private companies to participate on PISCES. The consultation also proposed modifying Section 793 of the Companies Act 2006, giving participant companies powers to require information from investors that they believe to have an interest in its shares.

5.5 Respondents generally agreed with the proposed modifications to the Companies Act 2006. One respondent highlighted existing challenges with the Section 793 when used in public markets.

Government response

The Government intends to proceed with the proposed modifications to Section 756 and Section 793 of the Companies Act 2006 within the sandbox. The Government noted comments regarding the operation of Section 793, but concluded that, in line with the majority of responses, extending it to participant companies would be beneficial.

Share buybacks

Consultation question

Question 19: Do you agree that share buybacks should not be permitted on PISCES, given the risks set out above?

5.6 The Companies Act 2006 and associated regulations that cover share buybacks do not envisage companies using PISCES to buy back their shares. While noting the potential uses for buybacks on PISCES, the consultation also noted that it could undermine the integrity of the price discovery process on a market, for example where a company set the price parameters for their shares in an auction where it represents a significant buying interest. On that basis, the consultation proposed that buybacks would not be permitted on PISCES.

5.7 There was a split of responses on this point. Some argued that permitting buybacks would support liquidity in PISCES trading events and ensure that sellers, including employee shareholders, are able to exit their investments. However, respondents acknowledged the identified risks, and some suggested that the Government mitigate these by replicating and adapting the safe harbours from MAR.⁹ Overall, the responses suggested that buybacks were not essential to the viability of the PISCES model, with some respondents suggesting a phased approach in which the Government and the FCA observe the first few trading events before considering whether to permit buybacks.

Government response

Based on the consultation feedback, it is clear that while there are potential benefits to allowing companies to undertake share buybacks on PISCES, ensuring that the risks that buybacks may pose are properly addressed will add additional complexity. The Government will therefore continue to consider whether to allow buybacks on PISCES following the launch of the PISCES Sandbox.

⁹ MAR provides a 'safe harbour' for public market buybacks from the insider trading and market manipulation offences where the issuer complies with the specific requirements set out in the regulation, such as advanced disclosures to the markets.

Disclosure requirements under MAR-style approach to PISCES

Consultation questions

Question 20: Do you have any views on the proposed disclosure requirements? Are there other disclosures that should be mandated to help investors make informed investment decisions, for example corporate governance, major shareholdings, or financial information?

Question 21: How long before the trading window opens should disclosures need to be published? Should this be determined by the operator or participant companies?

5.8 The consultation proposed that participant companies would make disclosures to investors ahead of a trading event, as part of the bespoke market abuse regime. These disclosures would be restricted to those participating in that trading event. It sought views on this approach. The consultation also asked for views on minimum disclosure requirements, such as all inside information and information on share ownership. The consultation also sought feedback on what a reasonable timeframe for disclosure ahead of a trading event would be (e.g., 3 days ahead of a trading event).

5.9 Respondents were generally supportive of the proposed disclosure regime, with many respondents stressing the importance for adequate disclosures to allow investors to make well-informed investment decisions. Several respondents asked for more prescriptive requirements specifying the core information required for disclosure. Some respondents however raised concerns about the proposed market abuse regime and related disclosure requirements (covered in more detail in Chapter 3 above). There was also concern raised with the potential of requiring a prospectus style approach to disclosure.

5.10 With regards to the timing of disclosures, the majority of respondents were in favour of some form of prescribed minimum window for disclosures to be made ahead of each trading event. The suggested minimum windows varied between 48 hours and 2 weeks. There was general support for PISCES operators having discretion over the timing of disclosures, with more limited support for participant companies themselves having discretion.

Government response

As noted above, the Government is not proceeding with a bespoke market abuse regime for PISCES, which would have underpinned the disclosure regime proposed in the consultation. This is described in more detail in Chapter 3. Instead, the FCA will be given rule-making powers to create a new and bespoke disclosure regime for PISCES. The FCA will take into account market feedback on the nature and

content of disclosure, including what core information and other information participant companies should disclose. As part of the approach to disclosure requirements, the Government will not require a prospectus to be provided for shares admitted to trading on a PISCES platform. This reflects our ambition to incentivise participation by reducing burdens and requirements on participant companies.

Shares traded on PISCES

5.11 As stated in the consultation, it will also be possible for participant companies to have different classes of shares admitted to a trading event on PISCES. The legislation will therefore not prevent a company with different share classes from electing to have only certain classes of their shares traded on a PISCES platform, subject to any shareholder agreement and the rules of an operator. Shares must not be admitted to trading on a public market in the UK or abroad. The Government would also expect shares to be free of restrictions affecting transfer at the time of a PISCES trading event to ensure fair, orderly, and efficient trading.

Chapter 6

Further policy issues

Financial promotions

Consultation questions

Question 26: Do you agree that the existing exemptions in the Financial Promotion Order (FPO) are sufficient to allow the promotion of shares traded on PISCES to eligible investors as described in this paper?

Question 27: Are there particular features of PISCES that require the FPO to be modified in the sandbox to clarify how it applies to the promotions of shares that are traded on PISCES?

6.1 The consultation sought views on whether the existing exemptions in the FPO are sufficient to allow the promotion of shares traded on PISCES to eligible investors. The consultation also sought views on whether there were features of PISCES that would require the FPO to be modified in the sandbox to clarify how it applies to the promotion of shares traded on the platform. The consultation cited Article 67 of the FPO as an example, which exempts from the financial promotion restriction (Section 21 of FSMA 2000) any communication that relates to shares that is required or permitted by the rules of the market or the body that regulates it.¹⁰

6.2 While many respondents thought that the existing exemptions in the FPO were sufficient, several asked for greater clarity on how the exemptions would apply to shares traded on PISCES. These respondents suggested that Article 67 was not commonly used, as practitioners are unsure as to whether information which may contain promotional material can fall in scope of information “permitted to be communicated by the rules of the relevant market” and so prefer to use other available exemptions. It was also suggested that changes may be necessary to Article 67 so that it could apply to shares of companies that are being admitted for the first PISCES trading event. A number of respondents therefore argued that the Government should either amend Article 67 to make it clearer that it applies to PISCES or create a new exemption similar to Article 70 which exempts any non-real time

¹⁰ See Article 67 for Promotions required or permitted by market rules in The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, <https://www.legislation.gov.uk/uksi/2005/1529/article/67>.

communication included in listings particulars or a prospectus.¹¹ Some respondents also suggested that the Government ensure that shares on PISCES are considered 'shares in an unlisted company', to allow the exemptions for high net worth individuals and self-certified investors to be used.

Government response

Following the concerns raised, the Government will modify the FPO to create a new exemption for the purposes of the PISCES Sandbox, based on the exemptions available for promotions included in mandated public market disclosures. This exemption will provide that any disclosures that are required or permitted by the FCA or the rules of the PISCES operator, including the core information and any other information that participant companies should include in disclosures, are exempt from the financial promotion restrictions (see Chapter 5 on PISCES disclosures). In addition, the Government will make the necessary legislative modifications to ensure that shares on PISCES are considered 'shares in an unlisted company' under the FPO, meaning that the exemptions for high-net-worth individuals and self-certified sophisticated investors can be used.

Settlement

Consultation question

Question 28: Do you agree that it should be up to the PISCES market operators to decide whether a company should have their shares placed on a Central Securities Depository (CSD) in order to participate on their platform?

6.3 The consultation proposed that PISCES operators retain the choice on whether to mandate that shares are recorded into a CSD as part of a company's admission process onto their platform. The consultation noted that this should allow operators to take a position based on commercial reasons, balancing the potential costs for a company to have their shares recorded and settled on a CSD against the efficiency of settlements of trades on PISCES to attract potential investors.

6.4 Most respondents agreed with the proposed approach. However, some argued that the company should be able to agree alternative settlement arrangement with the operator. This is because participant companies may want to sell shares on PISCES with restrictions on subsequent transfers within the articles of associations, which may not

¹¹ See Article 70 for promotions including in listings particulars etc in The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, <https://www.legislation.gov.uk/uksi/2005/1529/article/70>.

be compatible with settlement on a CSD. A minority of respondents argued that all trades should be settled on a CSD because this was more efficient and likely more compatible with the type of trading envisaged on PISCES.

Government response

The Government will proceed with the approach proposed in the consultation. It will therefore be for the operator to decide whether a company should have their shares recorded on a CSD in order to participate on their platform. This would not prevent them from providing a choice to participant companies, though they may want to also consider the preferences and interests of potential investors using their platform.

Further issues raised by respondents

Consultation questions

Question 29: Are there any aspects of the model that would dissuade you from investing through PISCES?

Question 30: Are there any further matters that should be considered in the design of the PISCES to encourage investors to use such a platform?

6.5 Finally, the consultation asked for any other issues that the Government should consider in the design of PISCES to make it an attractive proposition to potential investors, companies, and wider market participants (see question 5 as well). Key themes raised in response to these questions included: allowing for the primary issuance of shares on PISCES, questions on the tax treatment of traded shares and scope of the Takeover Code.

Primary capital raising

6.6 While the Government acknowledges the calls to allow primary issuances on PISCES, the overall objective for this first phase of PISCES is to provide a regulated secondary market for private companies. This complements the broader programme of reform to improve the attractiveness of our equity capital markets, for example through the overhaul of the Prospectus Regime and the introduction of a regime for public offer platforms.¹² The Government will keep all elements of the

¹² See FCA's closed consultation on a new regime for public offer platforms, which forms part of the wider fundamental reforms to introduce the Public Offers and Admissions to Trading Regulations 2024.

<https://www.fca.org.uk/publications/consultation-papers/cp24-13-new-regime-public-offer-platforms>.

PISCES design under review, including whether further changes should be made after it has launched.

Tax treatment

6.7 Many respondents asked whether PISCES transactions would be subject to Stamp taxes on Shares. As announced at Autumn Budget 2024, the Government will exempt PISCES transactions from Stamp Duty and Stamp Duty Reserve Tax. This exemption will be introduced to a similar timeline to the wider legislation establishing the PISCES regulatory framework.

6.8 Several respondents also asked for clarity on how tax-advantaged employee shares schemes, such as Enterprise Management Incentives (EMI), would interact with PISCES. There were other questions on the tax treatment of shares traded on PISCES. For example, one respondent was of the view that shares traded on PISCES are likely to be considered Readily Convertible Assets (RCAs), and therefore employers would have to deduct Income Tax and NICs where taxable gains arise on the exercise of options and in certain other transactions. The Government is considering this feedback further and will provide greater clarity in due course. As part of this, the Government would welcome further engagement with stakeholders on the interaction between PISCES and EMI.

Takeover Code

6.9 In April 2024, the Takeover Panel published a consultation on a new jurisdictional framework which would narrow the scope of the companies to which the Takeover Code applies, refocusing the application of the Code on companies which are registered and quoted (or were recently quoted) in the UK, the Channel Islands or the Isle of Man. As confirmed in the response statement to the consultation published on 6 November, the Takeover Code will not apply to a company solely by virtue of its securities being admitted to trading on PISCES as it would not be categorised as a Regulated Market, an MTF, or an OTF.¹³

¹³Companies to which the Takeover Code Applies, The Takeover Panel, (November 2024), https://www.thetakeoverpanel.org.uk/wp-content/uploads/2024/11/RS-2024_1-Companies-to-which-the-Takeover-Code-applies.pdf.

Chapter 7

Next steps

7.1 The Treasury has published a draft statutory instrument and accompanying policy note alongside this consultation response.¹⁴ It illustrates how the Government intends to set up the PISCES regime and reflects the policy decisions and design choices outlined in this document. The Treasury welcomes technical comments on this draft legislation by 9 January 2025. Please send responses to PISCES@hmtreasury.gov.uk.

7.2 Subject to the technical feedback on this draft SI, the Treasury intends to introduce the PISCES legislation by May 2025.

7.3 The FCA will publish a consultation on its proposed rules for PISCES in due course. Based on the feedback, the FCA will then finalise these rules before opening the PISCES Sandbox for applications.

¹⁴ Draft The Financial Services and Markets Act 2023 (Private Intermittent Securities and Capital Exchange System Sandbox) Regulations 2025, <https://www.gov.uk/government/consultations/private-intermittent-securities-and-capital-exchange-systems-pisc-es-consultation>.

Annex A

Glossary

Box A.1 Glossary terms and definitions

Term	Definition
Angel investor	A business angel is a high net-worth individual who offers financing for small start-ups or small business owners, often in exchange for equity in the business. The funding a business angel provides might be a one-time investment, or it may be an ongoing financing venture to help the new business in its early years.
Articles of association	A company's articles of association are rules, chosen by the company's members (shareholders), which govern a company's internal affairs. They form a statutory contract between the company and its members, and between each of the members in their capacity as members and are an integral part of a company's constitution.
Central Securities Depository	A central securities depository (CSD) is an institution that holds financial instruments, including equities, bonds, money market instruments and mutual funds.
Digital Securities Sandbox	The Digital Securities Sandbox facilitates the use of digital assets in financial markets. It has been set up as an FMI sandbox.
FCA Handbook	The rule book that sets out the rules and guidance made by the FCA.
Financial Conduct Authority (FCA)	The conduct regulator for financial services firms and financial markets in the UK.
Financial instrument	A financial instrument is effectively a monetary contract (real or virtual) that confers a right or claim against some counterparty in the form of a payment (checks, bearer instruments), equity ownership or dividends (stocks), debt

	(bonds, loans, deposit accounts), currency (forex), or derivatives (futures, forwards, options, and swaps). Financial instruments can be segmented by asset class and as cash-based, securities, or derivatives.
Financial promotion	An invitation or inducement to engage in investment activity or to engage in claims management activity that is communicated in the course of business.
FMI	Financial Market Infrastructures are entities that allow financial transactions to take place, such as trading venues, CSDs and payment systems.
FMI Sandbox	FSMA 2023 gave the Treasury powers to create financial market infrastructure (FMI) sandboxes. This was to allow novel FMI models and practices that would not be permitted under the existing legal and regulatory framework to be tested within a live environment.
FSMA 2000	Financial Services and Markets Act 2000
FSMA 2023	Financial Services and Markets Act 2023
Immediate group of a participant company	An immediate group includes common corporate groups like holding companies and subsidiaries but also companies that are more broadly connected to one another through common shareholders.
IPO	When a private company first sells shares to the public, this process is known as an initial public offering (IPO). In essence, an IPO means that a company's ownership is transitioning from private ownership to public ownership.
Liquidity	Concept that reflects how easy it is to buy or sell a financial instrument, usually without affecting the prevailing price.
Market Abuse Regulation (MAR)	The EU Market Abuse Regulation (EU MAR) came into effect on 3 July 2016 and was onshored into UK law on 31 December 2020 by the EU (Withdrawal) Act 2018. The UK's MAR makes insider dealing, unlawful disclosure, market manipulation and attempted

	manipulation civil offences, and gives the FCA powers and responsibilities for preventing and detecting market abuse.
MiFID	Markets in Financial Instruments Directive.
MiFIR	Markets in Financial Instruments Regulation.
Multilateral Trading Facility (MTF)	A multilateral system operated by an investment firm, a qualifying credit institution or a market operator that brings together multiple third party buying and selling interests in financial instruments in accordance with non-discretionary rules.
Organised Trading Facility (OTF)	A multilateral trading system operated by an investment firm, a qualifying credit institution or a market operator in which multiple third-party buying and selling interests in bonds, structured finance products, emissions allowances or derivatives can interact in the system.
OTC	Over the counter – trading of financial instruments outside the systems and rules of a trading venue
Part 4A permission	A permission given by the FCA or the Prudential Regulation Authority under Part 4A of FSMA 2000 (Permission to carry on regulated activities), or having effect as if so given.
Participant company	A company whose shares are traded on PISCES. This could include either private companies or PLCs whose shares are not admitted to trading on a public market in the UK or abroad.
PISCES or PISCES platforms	Private Intermittent Securities and Capital Exchange System
PISCES operator	A market operator who operates PISCES.
PISCES Sandbox	An FMI sandbox, to be established under FSMA 2023 powers. It will be a regulatory construct that allows participating entities to operate a PISCES platform under a modified regulatory framework, and any modified and disapplied regulations within the sandbox may also

	apply to participant companies and intermediaries acting for clients dealing in shares admitted to trading on PISCES.
Post-trade transparency	The obligation to publish the details of a trade report after execution.
Prospectus	Document to be published when securities are offered to the public or admitted to trading on a regulated market
Public markets	Public markets are financial markets where investments are traded on exchanges and easily invested in by the public. Examples of public markets are regulated stock exchanges such as the London Stock Exchange (LSE), the New York Stock Exchange (NYSE), and Nasdaq. Other examples of public markets include the bond market and commodities market.
Recognised Investment Exchange	A Recognised Investment Exchange (RIE) is an investment exchange recognised by the FCA under Part XVIII of FSMA 2000, such that a recognition order is in force in respect of it (Section 285, FSMA 2000). An RIE may be a UK RIE or a Recognised Overseas Investment Exchange (ROIE). As an exempt person, an RIE is exempt from the general prohibition under FSMA 2000 in respect of any regulated activity which is carried on as part of the exchange's business as an investment exchange, or which is carried on for the purposes of, or in connection with, the provision of clearing services by the exchange.
Regulated Market	A multilateral system operated by a Recognised Investment Exchange that brings together multiple third party buying and selling interests in financial instruments in accordance with non-discretionary rules.
Secondary trading or secondary markets	When a company issues stock (e.g. shares) or bonds for the first time and/or sells these directly to investors, that transaction occurs on the primary market. If these initial investors later decide to sell

	<p>their stake in the company, they can do so on the secondary market. Any transactions on the secondary market occur between investors, and the proceeds of each sale go to the selling investor, not to the company that issued the stock or to the underwriting bank.</p>
Securities	<p>A security is a certificate or other financial instrument that has monetary value and can be traded. Securities are generally classified as either equity securities, such as stocks (e.g. shares in a specific company) and debt securities, such as bonds and debentures.</p>
Trading venue	<p>A regulated market, a multilateral trading facility or an organised trading facility.</p>
Transaction reporting	<p>Reports of executed trades that must be made to the FCA under MiFID II.</p>

HM Treasury contacts

This document can be downloaded from www.gov.uk

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