

CLIENT ALERT

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UK Launches PISCES: A New Secondary Market for Private Company Shares

On 5 June 2025, new regulations came into force establishing the UK's first regulated trading venue for private company shares: the *Private Intermittent Securities and Capital Exchange System* (PISCES). Shortly after, on 10 June 2025, the Financial Conduct Authority (FCA) published the final rules and opened the regime to eligible participants under what is known as a “sandbox” - a testbed that allows new market infrastructure to operate in a controlled setting while being monitored by regulators.

This initiative is a key component of the UK government's Edinburgh Reforms, aimed at improving the competitiveness of UK capital markets and strengthening access to private investment.

What Is PISCES?

PISCES is an FCA-regulated sandbox environment designed to facilitate intermittent secondary trading of shares in private companies. Key features include:

- **Scheduled trading windows:** Trading occurs during defined intervals (e.g., quarterly), rather than on a continuous basis.
- **Professional investors only:** Retail participation is not permitted.
- **Issuer control:** Companies decide who may trade, when trading occurs, and at what price.
- **Secondary sales only:** New share issuances and trading in debt instruments are not allowed.
- **FCA-authorised platforms:** Operators must meet regulatory thresholds and maintain appropriate systems and controls.

Strategic Rationale and Global Context

PISCES seeks to address the long-standing absence of structured liquidity options in the UK for shareholders in private companies - a gap that has long favoured US markets. Similar platforms have already emerged in other jurisdictions (e.g., Forge Global and Nasdaq Private Market in the US), and PISCES represents the UK's attempt to create a credible, regulated alternative.

The platform is also seen as a stepping stone to public markets, helping growth-stage companies build governance capacity and market visibility ahead of a potential IPO.

Why This Matters

PISCES offers a number of key benefits for stakeholders in the private capital ecosystem:

- **Liquidity without exit:** Enables founders, employees and early investors to realise some value without a full sale or listing.
- **Capital recycling:** Facilitates reinvestment of early gains into new ventures or funds.
- **Retention tool:** Helps startups and scale-ups offer partial monetisation of share options, supporting talent retention.
- **Enhanced oversight:** Offers a regulated alternative to informal secondary sales, with investor protections and greater market credibility.

The Autumn Budget 2024 confirmed that PISCES transactions will be fully exempt from Stamp Duty and Stamp Duty Reserve Tax (SDRT). This was reaffirmed in both HMRC and Treasury commentary and accompanying legislation for the PISCES sandbox. In addition, Enterprise Management Incentives (EMI) and Company Share Option Plans (CSOP) - two of the UK's main tax-advantaged employee share schemes - will extend to cover PISCES trades, ensuring that employees can continue to benefit from favourable tax treatment when exercising share options.

Legal and Compliance Consideration

Participation in PISCES brings new legal and regulatory obligations:

- **Disclosure and governance:** Companies must prepare core disclosures for investors. Misleading statements, even if made negligently, may give rise to civil liability.
- **Eligibility standards:** Issuers may be required to meet baseline governance and communication standards to be admitted to trade.
- **Insider risk:** Funds with shareholdings in PISCES-listed companies may be deemed insiders, triggering enhanced compliance obligations - even if they are not actively trading.

Implications for Funds and Corporate Clients

For funds, PISCES introduces both opportunity and risk:

- **Early liquidity:** Funds may opt to sell shares in portfolio companies during trading windows, improving cash flow without requiring a full exit.
- **Ongoing exposure:** Even without trading, funds holding shares in PISCES-listed companies must manage risks relating to insider information and internal compliance procedures.

Next Steps

With sandbox trading expected to begin later in 2025, interested clients - including high-growth companies, fund managers and authorised operators - should begin preparing:

- Assess internal readiness and governance frameworks;
- Engage with potential trading venues;
- Review and update relevant legal documentation; and
- Ensure compliance functions are prepared to monitor trading activity and information flows.

Curtis remains available to support clients navigating the PISCES framework, whether assessing eligibility, reviewing disclosure materials, or updating policies and contracts to ensure regulatory alignment.

About Curtis

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