

July 2025

Follow us on [LinkedIn](#) 

UK Equity Capital Markets Insights — July 2025

By [Dan Hirschovits](#) and [James Lansdown](#)

In this edition of *UK Equity Capital Markets Insights*, we cover the following topics:

- [FCA Publishes Policy Statement on Enforcement](#)
- [FCA Publishes Final Rules for PISCES Sandbox](#)
- [GC100 and Investor Group Publishes Updated Directors' Remuneration Reporting Guidance](#)
- [Financial Reporting Council Publishes UK Stewardship Code 2026](#)
- [ICAEW Publishes Paper on the Role of the Reporting Accountant](#)

FCA Publishes Policy Statement on Enforcement

As noted in the [April edition](#) of this newsletter, the FCA consulted in February 2024 and November 2024 on proposed measures to update and streamline its enforcement guide and to increase transparency in how it goes about undertaking and disclosing ongoing enforcement action.

On 3 June 2025, the FCA [published a policy statement](#) on its updated Enforcement Guide and greater transparency about its enforcement investigations.

As previously reported, the FCA has retained the “exceptional circumstances” test for announcing investigations into regulated and listed firms (rather than a “public interest” test, which the majority of industry, trade body and professional advisor respondents opposed). However, the FCA’s policy now provides that it may make announcements of ongoing enforcement actions, in additional limited circumstances, to:

- Announce and name the subjects of investigations into suspected unauthorised activity or criminal offences related to unregulated activity;
- Reactively confirm it is investigating in specific circumstances; and/or
- Share information on an anonymised basis.

Most of the other changes consulted on by the FCA with industry have been implemented, following feedback from market participants.

The new policy came into force on 3 June 2025 and will apply to investigations launched on or after this date.

FCA Publishes Final Rules for PISCES Sandbox

On 10 June 2025, the FCA published [Policy Statement P25/6](#), which sets out the final rules for the PISCES sandbox, a new regulated trading platform to enable the intermittent trading of existing shares in private companies. For more information on PISCES, see the [March](#), [May](#) and [June](#) editions of this newsletter.

Companies intending to participate in a PISCES trading event in respect of its shares must make certain “core disclosures” to investors. These disclosure requirements have been streamlined in the final rules, and now include, among others:

- An overview of the business of the company, including a description of the company’s corporate structure, principal activities and the jurisdictions in which it operates;
- An overview of how the company is managed, including details of the company’s directors and senior management, any conflicts of interest which may be relevant, and details if directors or senior management have been convicted of certain offences or have been involved in liquidations;
- Key material risk factors specific to the company and its shares;
- Historical financial information for three financial years (or such shorter time as the company has been in existence). This information is not required to be audited, but if it has been audited, the auditors’ reports must be included. Management or interim accounts must be included if the balance sheet of the last year of historical accounts is more than 12 months from the start of the PISCES trading event;
- An overview of material agreements (including any shareholders’ agreements) that are important to the company’s operations or relevant to an investor — this is a change to the FCA’s draft rules, which required disclosure of the “details” of such agreements;
- An overview of the share capital of the company, changes in the share capital, major shareholders (the threshold for identifying major shareholders has increased compared to the FCA’s draft rules, from 10% to 25%, although PISCES operators can impose a lower threshold) and persons holding significant influence over the company, any employee share plans and details on transactions in the company’s shares by directors in the 12 months prior to the PISCES trading event. If directors intend to trade in shares in the PISCES trading event, this must also be disclosed (although there is no obligation to update this information if a director’s intention changes). Post-PISCES trading event disclosures by directors and major shareholders (equivalent to traditional PDMR and TR-1 filings for UK-listed companies) are not required;
- If price parameters are being applied to the PISCES trading event, details of such parameters, such as any floor/ceiling price, the basis on which the parameters were determined and whether a valuation of the company’s shares and the parameters was prepared by the company or a third party (and if a valuation was prepared by a third party, that person’s identity); and
- Any commitments to, and details about the company’s plan for, future or historical PISCES trading events (if applicable).

For PISCES operators, the final rules provide that operators must have, among others:

- Rules that require companies intending to use PISCES to disclose, disseminate and, if necessary, correct certain information before their shares are able to be traded; and they must ensure that all persons entitled to access a PISCES trading event are able to access such information equally, at the same time and free of charge. Operators may require PISCES companies to disclose information in addition to the “core disclosures” noted above, including by way of a “sweeper-model” (e.g., requiring disclosure of any further information the board of directors of a PISCES company considers relevant) and/or an “ask-model” (e.g., the operator would design a Q&A function that investors could use to request further information from a PISCES company);
- Flexibility to allow companies to omit certain “core disclosure” information if the information being omitted is identified and a legitimate reason is provided;
- Minimum standards in relation to the operation of their PISCES platform and the running of PISCES trading events. This includes disclosures relating to upcoming PISCES events in a public and timely manner ahead of such event; ensuring specific warning statements are included in information disclosed by companies as part of their PISCES trading event; and making available pre- and post-trading transparency data in relation to bid and offer prices and the depth of trading interests at those prices; and
- Effective steps to detect and prevent market manipulation on their PISCES platform. Each operator must have clear and transparent rules to prohibit its members and participants in PISCES trading events from trading manipulatively or facilitating manipulative trading. PISCES operators are required to report the occurrence of manipulative trading practices to the FCA where detected or where it has reasonable grounds to suspect market manipulation has occurred.

To participate in a PISCES trading event, individuals must either be a “qualifying individual” (employees or directors of, or certain service providers to, a PISCES company) or a “specified PISCES investor”. A person is a “specified PISCES investor” if, among other things, they are a professional client, meet certain net worth requirements or can self-certify as a sophisticated investor. Intermediaries acting on behalf of underlying clients must not place an order to buy a PISCES share unless they believe on reasonable grounds that the client meets the definition of “specified PISCES investor” at the time of the transaction.

The PISCES sandbox is now open for applications from prospective PISCES operators. It is likely that shares will be able to be traded on PISCES platforms towards the end of the year. The London Stock Exchange has already announced that its PISCES platform will launch later this year.

The PISCES sandbox will run until 5 June 2030. The Treasury must report to Parliament on the effectiveness of the PISCES sandbox before the end of this five-year period, at which point legislative proposals to implement PISCES on a longer-term basis may be considered.

The tax exempt status of trades in PISCES shares was also confirmed through [The Private Intermittent Securities and Capital Exchange System \(Exemption from Stamp Duties\) Regulations 2025](#), which came into force on 10 June 2025. These regulations are substantially the same as those published for consultation in March 2025, except for the updating of definitions to reflect the final rules.

GC100 and Investor Group Publishes Updated Directors' Remuneration Reporting Guidance

On 5 June 2025, the GC100 and Investor Group published a new version of its Directors' Remuneration Reporting Guidance. The guidance has been revised to reflect evolving best practice and changes to the statutory reporting framework made by the Companies (Directors' Remuneration and Audit) (Amendment) Regulations 2025 for financial years beginning on or after 11 May 2025 (for more information on these regulations, see the [April edition](#) of this newsletter). It aims to help companies satisfy the requirements of the directors' remuneration reporting regime. In certain cases, the guidance recommends disclosures that go beyond statutory requirements but are considered helpful in ensuring investors can make informed voting decisions.

Key changes in the 2025 version include new guidance on the following:

- Engagement with shareholders and consideration of shareholders' views;
- Environmental, social and governance (ESG) measures in variable pay;
- Consideration of general workforce pay; and
- Potential windfall gains in long-term incentive awards.

The guidance also: (a) clarifies areas of overlap with the UK Corporate Governance Code on significant votes against any resolution, employee consultations, and workforce pay and conditions; and (b) reflects the changes made to the remuneration reporting regime in May 2025.

Financial Reporting Council Publishes UK Stewardship Code 2026

On 3 June 2025, the UK Financial Reporting Council (FRC) announced the publication of the [UK Stewardship Code 2026](#) (the 2026 Code). The 2026 Code follows a review of the UK Stewardship Code 2020 (the 2020 Code) announced in February 2024 and provides a streamlined reporting structure, with the aim of significantly reducing the administrative burden for signatories.

Background

The Stewardship Code is a nonbinding code of practice that sets benchmarks to promote the effective stewardship of companies, with 12 "apply and explain" principles applying to asset owners and managers (i.e., institutional investors responsible for investing capital, and their underlying managers) and six separate principles applying to service providers (i.e., individuals or organisations that do not manage investments directly, but who play a role in the investment chain as persons to whom asset owners and managers may outsource activities associated with stewardship; examples include proxy advisors, investment consultants, and data and research providers). Organisations who have elected to comply with the Stewardship Code must submit an annual stewardship report to the FRC explaining how they have applied the applicable principles in the previous 12 months.

2026 Code

The key updates in the 2026 Code are set out below:

- *Amendment to definition of "Stewardship"*: The updated definition focuses on the principle of stewardship as the creation of long-term sustainable value for clients and beneficiaries. In the FRC's view, it is for each organisation to determine their specific investment priorities and objectives.
- *Reporting*: To streamline the reporting process, the FRC has introduced a new two-part structure to separate policy and activity disclosures. Signatories will be required to submit disclosures relating to the organisation to the FRC only every four years but will still report to the FRC on how the organisation has applied the Stewardship Code's relevant principles on an annual basis.

- **Principles:** The existing 12 principles in the Stewardship Code that apply to asset owners and managers have been reduced to six. The six principles for service providers have been reduced to four, including a new targeted principle for proxy advisors and investment consultants.

The 2026 Code applies from 1 January 2026 and the first applications to be signatories will be accepted in Spring 2026. A transition year will operate during 2026, enabling the FRC to support signatories to the 2020 Code as they take up reporting against the revised Stewardship Code.

ICAEW Publishes Paper on the Role of the Reporting Accountant

In June 2025, the Institute of Chartered Accountants in England and Wales (ICAEW) [published a paper](#) on the value of independent assurance in capital markets transactions, focusing on the role of the reporting accountant and how that might evolve to better support growth.

The independent assurance work carried out by a reporting accountant in a capital markets transaction in the UK is extremely important in the UK model. The diligence carried out by a reporting accountant helps to provide comfort to a company's directors, and its sponsor if required, as to financial information and mandatory statements in public offer documents.

The ICAEW paper notes that recent FCA guidance encourages sponsors to exercise judgement of the work they require from reporting accountants; in some cases, a "tailored" scope of work may be appropriate, which may reduce the timing and cost burden on companies looking to undertake capital markets transactions. However, this must be balanced against ensuring that appropriate standards are maintained and that investor confidence is not impacted.

The ICAEW paper notes that the evolution of the role of a reporting accountant in UK capital markets transactions should incorporate the following principles:

- Ensuring the work of the reporting accountant is balanced against the work required from other advisers or the company;
- Commitment from all stakeholders to proportionate assurance and diligence processes;
- Increasing consistency of requirements at the time of IPO and ongoing requirements post-IPO (for example, aligning working capital requirements at IPO with going concern reporting as a public company, and aligning financial reporting and internal controls requirements at IPO with the directors' declaration of material control effectiveness); and
- Increasing awareness and undertaking of the assurance and diligence processes that take place at IPO to ensure clarity of expectations of investors and IPO candidates.

UK Equity Capital Markets Insights is a newsletter from Paul Hastings on legal and regulatory developments affecting UK-listed companies and capital markets participants. Sign up [here](#) to receive this and other regular updates and invitations from our Equity Capital Markets team.



If you have any questions concerning these developing issues, please do not hesitate to contact either of the following Paul Hastings London lawyers:

Dan Hirschovits
+44-20-3986-1215

danhirschovits@paulhastings.com

James Lansdown
+44-20-3986-1258

jameslansdown@paulhastings.com

Paul Hastings LLP

Stay Current is published solely for the interests of friends and clients of Paul Hastings LLP and should in no way be relied upon or construed as legal advice. The views expressed in this publication reflect those of the authors and not necessarily the views of Paul Hastings. For specific information on recent developments or particular factual situations, the opinion of legal counsel should be sought. These materials may be considered ATTORNEY ADVERTISING in some jurisdictions. Paul Hastings is a limited liability partnership. Copyright © 2025 Paul Hastings LLP.