

June 2025

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UK Equity Capital Markets Insights — June 2025

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

In this edition of *UK Equity Capital Markets Insights*, we report on the coming into force of regulations to create the PISCES secondary trading market and the launch of a commission to evaluate the ongoing role of the non-executive director in the UK.

Regulations Made to Establish PISCES Sandbox

On 14 May 2025, the [Financial Services and Markets Act 2023 \(Private Intermittent Securities and Capital Exchange System Sandbox\) Regulations 2025](#) (PISCES Regulations) were made. The PISCES Regulations create the legal framework to which operators and other persons interacting with a PISCES platform or participating in PISCES trading events will be subject. The PISCES Regulations also grant the FCA the necessary powers to support the implementation and operation of the PISCES “sandbox”.

The PISCES Regulations will come into force on 5 June 2025. The sandbox will terminate on 5 June 2030, subject to extension by the Treasury.

For more information on PISCES, see the [March](#) and [May](#) editions of this newsletter.

Key Features of PISCES

Under the PISCES Regulations, PISCES will have the following key features:

- PISCES will facilitate the trading of existing private company shares only, and will not facilitate primary capital raising through the issuance of new shares, or the trading of other securities (such as bonds);
- In addition to the above, companies participating in PISCES will not be permitted to use the platform for share buybacks;
- Only certain categories of investors will be able to trade on PISCES, such as professional investors, high-net worth individuals, sophisticated investors and employees of participating companies. Most retail investors will be prohibited from trading on PISCES;
- Financial intermediaries acting on behalf of underlying clients will be obliged to have a reasonable belief that the person making the investment decision is permitted to participate, at the time an order on PISCES is executed. Self-certification in accordance with the Financial Promotions Order will satisfy this requirement in some instances;

- Only shares in companies that are not currently 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 and overseas companies;
- PISCES operators will be able to decide whether or not shares must be recorded into a Central Securities Depository;
- PISCES operators will be able to determine the requirements for admission to their respective markets, including any minimum corporate governance requirements; and
- Companies will have discretion on when the shares may be traded, who is allowed to buy the shares and the price at which the shares are traded, subject to their PISCES operator's business model and FCA rules.

FCA Rules and Requirements

To apply to operate a PISCES platform, firms must have either certain Part 4A permissions from the FCA under the Financial Services and Markets Act 2000 (FSMA) or be a recognised investment exchange under FSMA.

The FCA has been granted rulemaking power in relation to PISCES to:

- Set up, operate and supervise PISCES, and will have rulemaking powers over participating persons. Under the PISCES Regulations, the FCA can make new rules, modify existing rules or direct how and to whom existing rules may apply or be waived, as it considers necessary or expedient to operate and supervise the sandbox;
- Create bespoke pre- and post-trade transparency reporting requirements. As PISCES is not a multilateral trading facility or a trading venue under UK MiFIR, the transparency requirements applicable to shares traded on such venues will not apply; and
- Create a bespoke regime as to the disclosure requirements for companies considering participating in PISCES — this regime is under consultation currently (as referred to in our May update) but seeks to align PISCES with private market practices whilst maintaining appropriate market standards.

Potential Liabilities

The PISCES Regulations also provide that investors (including those who buy, sell or hold shares) will be able to claim compensation for untrue or misleading disclosures made by a participating “issuer”, provided it was reasonable for the investor to rely on the disclosures.

Where the information is required under the core disclosures mandated by the FCA rules, the “issuer” will be liable for loss caused by untrue or misleading information, unless the “issuer” can prove that its relevant officers reasonably believed the information was true, having made reasonable inquiries. If the FCA decides to require forward-looking information be disclosed as part of a PISCES event, this liability standard will also apply.

For information that is not required to be disclosed by FCA rules, but which the “issuer” is required to disclose under additional disclosure requirements, or has nevertheless decided to disclose to investors, the “issuer” will be liable only if its relevant officers knew or were reckless as to whether the information was untrue or misleading, or dishonestly concealed information.

Tax

As announced in the government's 2024 budget, PISCES transactions will be exempt from stamp duty and stamp duty reserve tax, and HMRC [has consulted on a draft statutory instrument](#) to give effect to this arrangement.

Institute of Directors Explores the Role of the NED

On 10 April 2025, the Institute of Directors (IoD) announced the [launch of a commission](#) to review the role of the nonexecutive director (NED), following recent corporate scandals and collapses such as Carillion plc in early 2018. The purpose of the IoD's commission is to:

- Evaluate if NEDs are adding value to boards of directors and corporate governance;
- Identify the main challenges being faced by NEDs and consider how (and if) they can be overcome; and
- Make recommendations to boards and policymakers concerning the more effective deployment of NEDs on boards.

The commission runs until July 2025 and is expected to report its findings in Q3 2025.

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.

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