



Quoted Companies Alliance

6 Kinghorn Street  
London EC1A 7HW

T +44 (0)20 7600 3745  
[mail@theqca.com](mailto:mail@theqca.com)

[www.theqca.com](http://www.theqca.com)

HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

[PISCES@hmtreasury.gov.uk](mailto:PISCES@hmtreasury.gov.uk)

Thursday 9 January 2025

Dear Treasury colleagues,

**Draft Private Intermittent Securities and Capital Exchange System (PISCES) Sandbox Statutory Instrument**

We welcome the opportunity to respond to your consultation on the draft Private Intermittent Securities and Capital Exchange System (PISCES) Sandbox Statutory Instrument.

The Quoted Companies Alliance *Primary Markets, Legal, Share Schemes* and *Tax Expert Group* have examined the proposals and advised on this response from the viewpoint of small and mid-sized quoted companies. A list of Expert Group members can be found in Appendix A.

As a general comment, we would like to see government and regulators applying at least as much effort to reviving liquidity in the UK's public markets as this exercise seeks to introduce for private companies.

Nevertheless, we broadly welcome the introduction of the PISCES platform and consider that it has the potential to encourage IPO candidates to the UK equity capital markets, with the proviso that work is still needed to effectively demonstrate how companies on PISCES can make the transition from the platform to the public markets.

Below, we provide a set of general comments on the draft Statutory Instrument (SI) and the accompanying policy note, alongside more specific comments on the content of some of the provisions contained in the draft legislation.

**General comments on the draft SI**

We welcome the chosen liability regime with companies being held liable and not the PISCES operators. We raised this point in our response to the Treasury's consultation in Spring 2024 and are pleased to see it adopted in the draft SI.

We are pleased to note that the draft SI covers the inclusion of sophisticated and high net worth individuals as permitted investors through the platform. More broadly, we welcome that the draft legislation provides for employees of the company (and wider group) to participate as PISCES Investors.

However, the practicality of the PISCES Company having to provide a certified list 4(7) of such qualifying individuals seems unnecessarily complicated. Given that there are under 4(4)(a)-(d) several individuals who are not direct employees of the PISCES Company, we believe that any relevant individual being asked to certify such a list will likely be burdensome for companies. Instead, having this information supplied only by a director (or even a disclosing officer, as defined), should be sufficient.

Regarding the disclosing officer, we have concerns around the accompanying description as “any other person who is identified in a statement as accepting responsibility for the information contained therein”. This definition is distinct from ‘experts’ and is a generalised statement that could mean in effect anyone can be responsible for the PISCES Company disclosures if they so accept.

Practice for quoted companies is well established as non-directors typically do not accept responsibility for an AIM Document or Prospectus. Given the lighter touch regulations and approach to verification on PISCES, we do not believe that it would be appropriate for responsibility for disclosure being absorbed by more ‘junior’ individuals in a company.

Comments on specific provisions in the draft SI

**Regulation 4 (6) “A financial intermediary must not place an order to buy an admitted PISCES share when dealing with a person either directly, through bare trustees, nominees or custodians.”**

It would appear that there is an “or” missing in the above statement and we suggest amending it to the following: “A financial intermediary must not place an order to buy an admitted PISCES share when dealing with a person either directly, or through bare trustees, nominees or custodians.”

**Schedule 1, Part 4 modifying Section 756**

If the intention is to take PISCES trades outside the scope of the Companies Act prohibition on private companies making public offers of their shares, then a more straightforward alternative approach to this section would be as follows:

*“Treat the following words as inserted immediately before the full stop at the end of subsection (4):*

*“; or*

*(c) it is in connection with the trading of a “PISCES share” solely by means of a “PISCES”, as such terms are defined in The Financial Services and Markets Act 2023 (Private Intermittent Securities and Capital Exchange System Sandbox) Regulations 2025.”*

**Schedule 2, Part 3: 6 (3)**

**(3) For the purposes of paragraph (2)(b), a person’s conduct is regarded as dishonest if (and only if)—**

**(a) it is regarded as dishonest by PISCES investors, and**

**(b) the person was aware (or must be taken to have been aware) that it was so regarded. -**

**The standard “it is regarded as dishonest by PISCES investors” reflects the approach taken in Schedule 10A to FSMA 2000 with regard to dishonest delay in publishing information:**

- (a) it is regarded as dishonest by persons who regularly trade on the securities market in question”,  
and  
(b) the person was aware (or must be taken to have been aware) that it was so regarded.

We consider this standard to be too subjective. We propose that the draft legislation contemplate using a more objective standard as follows: “it is reasonably regarded as dishonest by PISCES investors” or omitting subsection 6(3) completely.

If you would like to discuss our response in more detail, please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in blue ink that reads "James Ashton".

James Ashton  
Chief Executive

**Appendix A**

**The Quoted Companies Alliance *Primary Markets Expert Group***

<b>Samantha Harrison (Chair)</b>	<b>Grant Thornton UK LLP</b>
Colin Aaronson	Grant Thornton UK LLP
Mark Brady	Spark Advisory Partners Limited
Giles Balleny	Cavendish
Andrew Buchanan	Peel Hunt LLP
David Coffman	Novum Securities Limited
Dru Danford	Panmure Liberum Limited
David Foreman	Zeus Capital
Bobbie Hilliam	Canaccord Genuity
Nick McCarthy	Shoosmiths LLP
Katy Mitchell	Zeus Capital
Nick Naylor	Allenby Capital
Jeremy Osler	Cavendish
Niall Pearson	Hybridan LLP
Mark Percy	Shore Capital Group Ltd
Oliver Pilkington	Shoosmiths LLP
George Sellar	Peel Hunt LLP
James Spinney	Strand Hanson
Fred Walsh	Stifel

**The Quoted Companies Alliance *Legal Expert Group***

<b>Mark Taylor (Chair)</b>	<b>Dorsey &amp; Whitney (Europe) LLP</b>
<b>Stephen Hamilton (Deputy Chair)</b>	<b>Mills &amp; Reeve LLP</b>
Paul Airley	Fladgate LLP
Danette Antao	Hogan Lovells International LLP
Paul Arathoon	Charles Russell Speechlys LLP
Kate Badr	CMS
Naomi Bellingham	Practical Law Company Limited
Ross Bryson	Mishcon De Reya
Caroline Chambers	Simmons & Simmons LLP
Philippa Chatterton	CMS
Paul Cliff	Gateley
Matt Cohen	Stifel
Jonathan Deverill	DAC Beachcroft LLP
Sarah Dick	Stifel
Tunji Emanuel	Lexis Nexis

Kate Francis	Dorsey & Whitney (Europe) LLP
Claudia Gizejewski	LexisNexis
Sarah Hassan	Practical Law Company Limited
David Hicks	Simmons & Simmons LLP
Kate Higgins	Mishcon De Reya
Nicholas Jennings	Locke Lord LLP
Jonathan King	Osborne Clarke
Jennifer Lovesey	KPMG
Nicholas McVeigh	Mishcon De Reya
Catherine Moss	Shakespeare Martineau LLP
Hilary Owens Gray	Practical Law Company Limited
Kieran Rayani	Stifel
Jaspal Sekhon	Hill Dickinson LLP
Daniel Simmons	Hogan Lovells LLP
Robert Wieder	Faegre Drinker LLP
Sarah Wild	Practical Law Company Limited
Nick Williams	DMH Stallard LLP
John Young	Kingsley Napley LLP

**The Quoted Companies Alliance *Share Schemes Expert Group***

<b>Jennifer Rudman (Chair)</b>	<b>Equiniti</b>
<b>Fiona Bell (Deputy Chair)</b>	<b>RSM UK Group LLP</b>
Simon Allum	LexisNexis
Chris Barnes	KPMG LLP
Danny Blum	Eversheds Sutherland
Ian Brown	Slaughter and May
Michael Carter	Osborne Clarke
Sakhee Ganatra	Mishcon De Reya
JD Ghosh	MM & K Limited
Andy Goodman	BDO LLP
Elissavet Grout	Travers Smith LLP
Caroline Harwood	BDO LLP
Helen Hopkins	Link Group Service Company Limited
Stuart James	MM & K Limited
Graham Muir	CMS
Isabel Pooley	Grant Thornton UK LLP
Ian Shaw	Korn Ferry
Nicholas Stretch	Stephenson Harwood

**The Quoted Companies Alliance *Tax Expert Group***

<b>Elissavet Grout (Chair)</b>	<b>Travers Smith LLP</b>
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<b>Ian Shaw (Deputy Chair)</b>	<b>Korn Ferry</b>
Zoe Andrews	Slaughter and May
Colin Askew	Eversheds Sutherland
Edward Brown	Grant Thornton LLP
Matthew Creevy	KPMG
Madeline Gowlett	Travers Smith LLP
Caroline Harwood	BDO LLP
Liz Hunter	Mishcon de Reya LLP
Emma Locken	Crowe LLP
Tom Wilde	Shoosmiths