Cavendish

AN INTRODUCTION TO THE PRIVATE SECURITIES MARKET: A PISCES EXCHANGE

July 2026

Unlocking secondary liquidity

A practical guide to the Private Securities Market

Private companies are staying private for longer. As a result, founders, employees and early investors are increasingly looking for structured ways to access liquidity without the cost, complexity and disclosure requirements of a public listing.

The London Stock Exchange's Private Securities Market (PSM), enabled by the UK's pioneering PISCES framework, has been designed to address exactly this challenge. It provides a regulated platform through which private companies can facilitate periodic liquidity events for existing shares, whilst retaining control over who can invest, how trading takes place and what information is disclosed.

Unlike traditional public markets, PISCES adopts a pragmatic "private-plus" approach, leveraging much of the information companies already prepare for shareholders, investors and lenders, whilst preserving the flexibility of remaining private. Companies can determine trading frequency, investor access, pricing parameters and transaction size, creating a bespoke liquidity framework aligned to their objectives.

Cavendish has been involved in the first three transactions completed using this new market infrastructure, giving us practical experience of how the platform works in real-world situations.

This guide explores the changing private market landscape, explains how the Private Securities Market works in practice, and outlines the key considerations for companies looking to unlock shareholder liquidity, broaden investor access and prepare for future liquidity events.

Trading Registered Auction Agent to
crowdcube
on the £45m employee share sale of
Moneybox
July 2026

Trading Registered Auction Agent to
crowdcube
on the $85m employee share sale of
WAYVE
July 2026

Trading Registered Auction Agent to
crowdcube
and Registered Auction Agent on the secondary transaction for selling shareholders
TPE
OXFORD SCIENCE ENTERPRISES
March 2026

A regulated platform for intermittent trading of existing private company shares

Bridging the gap between private and public markets

- Creating a regulated market for private company equity - a world first, unique to the UK.
- A platform for private companies to periodically access regulated infrastructure to provide regular liquidity for shareholders, whilst remaining private.
- Only employees, institutional, HNWIs, and sophisticated investors can participate.
- Trades are matched via structured processes or auctions, not independently.
- Companies have full control over approving trades; no grey market exists.
- The company remains private; the PSM is distinct and separate from the Main Market on the LSE or the AIM market.

A "private-plus" disclosure philosophy

- Enhances existing private market disclosure practices rather than imposing public market standards.
- Facilitated through a secure disclosure portal, allowing companies to control depth and distribution of disclosure.
- Companies retain control over the timing of trading events, price and volume limits, and which investors may view materials and take part.
- Outside the single-day auction window you remain a private company - continuing private transactions, fundraising and financing between auctions, with no expected ongoing reporting requirements between windows.

Companies retain choice and control

- No mandated auction windows, companies choose the frequency and set restrictions on who participates, on floor/ceiling prices, and on minimum/maximum volumes.
- Companies set price ranges for trades.
- Pricing can be private, with no post-trade reporting.
- Share classes and liquidation waterfalls can remain, though valuing them may be complex.
- Activities for regular PSM auctions are highly transferrable to the wider preparation to become a listed business.

The market benefits from certain tax efficiencies

- Share transactions on a PISCES exchange are exempt from stamp duty / stamp duty reserve tax ("SDRT").
- PISCES events can act as an exercise trigger for new and amended EMI and CSOP options without losing beneficial tax treatment.

How companies are using the Private Securities Market

Flexible use cases, including any of/ a combination of the following outcomes:

1	**Managing investor liquidity horizons**	Address differing liquidity needs across funding rounds using structured frameworks
2	**Employee attraction, retention & incentives**	Enable liquidity for employee share schemes, reducing reliance on uncertain exit events
3	**Founder/family sell-downs**	Use repeat auctions to gradually sell large share blocks
4	**Capitalisation table consolidation**	Use permissioned auctions with minimum transaction sizes to reduce shareholder fragmentation.
5	**Capital structure rationalisation**	Simplify multiple share classes and amend rights to support repeat liquidity events
6	**Internal shareholder liquidity**	Facilitate trading within existing shareholder/employee base using transparent pricing
7	**Open auctions for broad distribution**	Reach a wide investor base - ideal for IPO-ready companies or those with public disclosures.

Process considerations

Preparation	– Company may need to change its articles and will need shareholder consent (ordinary resolution) to join the PSM – Company will need a Registered Auction Agent and a registrar (to be able to settle through CREST)
Eligibility (at least two)	– Fundraise of at least £10m in last three years with material participation of experienced investors – Total assets of at least £20m – Annual turnover of £10m – Companies that do not meet the criteria should engage with the LSE as early as possible
Disclosure	– FCA requires Core Disclosures, which can be supplemented by discretionary voluntary disclosures – Disclosures are made available on the PSM disclosure portal – For a permissioned auction, disclosures will only be accessible by investors who are eligible to participate in the Company's auction
Auctions	– Mandatory auction timetable – If a permissioned auction, the Company is responsible for deciding if an investor meets the permissioned criteria
Continuing obligations	– On-going eligibility requirements – LSE information requirements

Company disclosure framework

CORE DISCLOSURE SET BY FCA

1. Business overview
2. Management overview
3. Financial information: 3 yrs financial information or shorter where applicable (audited if available). No requirements on IFRS / specific GAAPs.
4. Capital structure, ownership and rights
5. Share information
6. Employee share schemes summary
7. Directors' transactions (cannot be omitted)
8. An overview of material contracts or agreements
9. Previous share capital raises in the last 3 yrs
10. Risks
11. Significant changes to the company's financial position
12. Major shareholders (cannot be omitted)
13. Price parameters
14. Indication of any future trading event
15. Last Private Securities Market trading event
16. Related Party Transactions
17. A contact point regarding the disclosure

INVESTOR Q&A

- The PSM Disclosure Portal will provide a Q&A facility for investors to ask questions to the company once the Core Disclosure is published.
- Investors to give company time to consider questions but in any event questions must be submitted by a cut-off point before the auction.
- Questions posed are only visible to the company. The Company has discretion on how / whether it chooses to respond to a question. The Company's approach to this engagement is something investors should take into account when investing.
- Any responses need to be made available to all investors who have been given access to the PSM Disclosure Portal for a particular auction.

Disclosure Requirements:

- FCA mandates Core Disclosures, with optional voluntary extras.
- LSE rules will align with FCA standards.
- All disclosures will be stored in the PSM Disclosure Portal, accessible only to eligible auction investors.

A company may choose to omit information if:

Disclosure would prejudice a company's legitimate interests, it does not have access to the required information, contractual arrangements prevent disclosure, or information is not relevant. FCA have stated that items 7 and 12 cannot be omitted.

Disclosure Timing:

- Disclosures can be released any time before the auction.
- Final version must be on the portal by 8:00am, five days before the auction.

Information permanently in the public page of the PSM Disclosure Portal

Basic information about the company such as its name, company overview, contact details, share classes and auction schedule.

Source: London Stock Exchange

THE PROCESS

Auction choices for companies

Open Auctions

Accessible to all eligible investors

Infrastructure that enables the widest possible reach to eligible investors around the world, including high-net-worth individuals, institutions, employees, and current shareholders.

This broad access helps maximise liquidity and ensures the best possible pricing.

It's also the most efficient setup operationally, as it doesn't require company approval for each transaction.

Permissioned Auctions

Restricted access to certain eligible investors

Access is limited to specific eligible investors, allowing for tighter control - especially useful for securities with special rights.

The company decides who can view its information and place orders, adding an extra layer of oversight.

There's also a process to verify which investors qualify for access.

If the company chooses to exclude certain investors (like competitors), it must provide a valid business reason for doing so.

Open Auctions		Permissioned Auctions
Company decides whether support is required for marketing, and can create profile within PSM disclosure portal to input information		*Company establishes Permissioned Auction criteria, to use support of an adviser, pre-marketing and submits to PSM Disclosure Portal*
Pre-marketing Optional: Shadow book-building RAA permissions investors to access PSM disclosure portal	T- {14}	*Company has an additional approval checkpoint for investors, that follows their Permissioned Auction criteria*
Company cut-off to confirm disclosures	T- 5	
Eligible investors permissioned through RAAs can review final disclosures		
Auction	T	
Settlement	T+2	

Source: London Stock Exchange

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