



PRIVATE INTERMITTENT SECURITIES AND CAPITAL EXCHANGE SYSTEM: SANDBOX ARRANGEMENTS

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ICAEW welcomes the opportunity to comment on the consultation *Private Intermittent Securities and Capital Exchange System: Sandbox Arrangements* published by Finance Conduct Authority on 17 December 2025, a copy of which is available from this [link](#).

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ANSWERS TO SPECIFIC QUESTIONS

OPERATOR REQUIREMENTS: DISCLOSURE ARRANGEMENTS

General approach

Question 1: Do you agree with the proposed approach to disclosures? Y/N. Please give your reasons.

1. We are supportive of the requirement for core disclosure information and the objective of standardising the information that PISCES companies disclose to investors.

Question 2: Do you agree with the proposed approach for only requiring trading intentions from directors in PISCES companies? Y/N. Please give your reasons.

2. The consultation paper does not refer to investor representatives on the board of companies with private equity backing. Even if such representatives are not statutory company directors, they can have consent and reserved matter rights that extend to subjects such as employment contracts and appointments to the board. It is not clear if the FCA would include such representatives in the definition of directors for the purpose of this disclosure.

Question 6: Do you agree with the proposed information included on the core information list? Y/N. Please give your reasons.

3. We make the following recommendations aimed at enhancing standardisation of core disclosure information for the benefit of PISCES companies as well as investors:
 - Item 3, Financial Information
The PISCES Sourcebook should set out minimum information that the term 'financial statements' must contain and that this may be different to the accounts that a company is eligible to file with Companies House (eg micro-entity or abbreviated). A standardised format would also aid preparers and be more useful to investors. The same applies for 'interim financial statements' and 'management accounts' as required under Rule 2.3.2(3)(c). This is because companies may not typically prepare monthly management accounts with the level of detail between the reporting date and trading event that would be relevant for investors to receive.
 - Item 7, Directors' Transactions
Please refer to our response to Question 2.
 - Item 8, Litigation
Litigation that is 'likely' is too subjective as core disclosure given the negligence liability standard and should not be mandated.
 - Item 9, Material Contracts or Agreements
It should be made clear whether or not (a) relevant contracts and agreements are only those in the 'ordinary course of business' and (b) financing arrangements are expected to be included.
 - Item 12, Significant Changes
The FCA should explain what it means by 'significant' in terms of acquisitions or disposals. Also, in PISCES Sourcebook Rule 2.3(12)(a), disclosure should be of information up to the date of the trading event.

- Item 13, Major Shareholders
Information should also include details of any shareholder agreements and specific rights/terms.
 - Item 16, Forward Looking Information
A preparation framework for forecasts (and any recognised equivalents) should be specified to aid the companies preparing the information-given the higher liability standard- and so that investors receive recognisable information.
4. The FCA should indicate how the terms ‘material’ and significant’ should be interpreted by companies when determining the core information to disclose.

Arrangements for disclosure of additional information

Alternative approach to disclosure

Question 7: Do you agree with the proposed approach to set out options for the disclosure of additional information? Y/N. Please give your reasons.

Question 8: Do you agree with the proposed options and related guidance for each option described above? Y/N. Please give your reasons.

Question 9: Do you prefer the alternative approach of mandating a sweeper arrangement, to disclose supplementary information? Y/N. Please give your reasons.

5. We agree with the proposed approach of setting out options and providing guidance for operators. Operators will need to ensure that what they choose will be appropriate for the types of companies and investors that will participate on their PISCES platform. Operators’ experience gained in the sandbox environment may also help to better calibrate their approach.
6. The liability standard to which companies will be held in relation to additional information should be clear. Additional considerations for the FCA’s guidance on the ‘sweeper’ and ‘ask’ models are set out below.
7. The ‘sweeper’ model closely replicates the practice in public markets. Directors of PISCES companies may find it challenging to know what information is relevant to disclose and will not necessarily have access to advice. The alternative mandatory sweeper model tries to mitigate this to an extent but, overall, the sweeper model itself is not likely to suit institutional and sophisticated investors.
8. While the ‘ask’ model is intended to replicate private market practice, there is no guarantee that participating investors will know what to ask of a company, eg if there are no sophisticated or professional investors, and where they have not had access to advice. What role does the FCA expect intermediaries, eg for employee shareholders, to have in this respect?
9. We also believe that for the ask model an operator should specify:
- a minimum length of time for which the Q&A arrangement should last; and
 - a maximum timeframe for responses.

Other minimum disclosure arrangements

Question 14: Do you agree with our proposed approach for the formatting of disclosures? Y/N. Please give your reasons.

10. We agree with the proposed approach, however it should also require operators to set out options for presenting disclosures that align with how the core information is formatted.

Question 17: Do you agree with the information we have specified as forward-looking statements in the core disclosure information? Y/N. Please give your reasons.

11. As mentioned in our response to Question 6, the content of financial information, including information that is forward-looking, and acceptable preparation frameworks should be prescribed.

PISCES MARKET RISK WARNING

Question 29: Do you agree with our framing of risks in our proposed PISCES Market Risk Warning? Y/N. Please give your reasons.

12. We believe that the market risk warning should also state that an independent party may not have been involved in preparing and determining the PISCES company's price parameters.