

HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

April 17 2024

Dear Sir/Madam,

RE: Private Intermittent Securities and Capital Exchange System (PISCES) Consultation

I am writing to you on behalf of The Investment Association (the IA). The Investment Association (IA) champions UK investment management, a world-leading industry which helps millions of households save for the future while supporting businesses and economic growth in the UK and abroad. Our 250 members range from smaller, specialist UK firms to European and global investment managers with a UK base. Collectively, they manage £8.8 trillion for savers and institutions in the UK and beyond. The UK asset management industry is the largest in Europe and the second largest globally.

We have read with interest HM Treasury's consultation paper on the proposed Private Intermittent Securities and Capital Exchange System (PISCES).

As major allocators of capital in the UK, the IA recognises the benefit to end investors of innovative, high-growth companies operating in the UK, and we are supportive of the ambitions of HM Treasury's objectives to ensure the UK remains an attractive place to invest and do business. To this end we have fed into all recent reviews aimed at enhancing the UK's framework for supporting public markets, such as the Kalifa Review, the Hill Review, the Secondary Capital Raising Review, the UK Prospectus Regime Review and the UK Wholesale Market Review.

We also recognise that a key part of this is the interplay of private and public markets, as private companies scale up and, potentially, ultimately transition to public markets. Private markets have experienced rapid growth in recent years (reaching over \$12 trillion global assets under management in 2022)¹ and have become an increasingly important tool for investors, including members of the IA, who are seeking strong returns over a long-term time horizon. Earlier this year the IA published a Private Markets Policy Briefing², setting out the benefits of private markets to investors, as well as the wider economy and society as a whole, and identifying a number of opportunities to further enhance the flow of capital into private assets.

To this end, we are supportive of the innovative steps being taken by policy makers and support the growth of private UK-based growth companies and, in principle, the development of an intermittent trading venue to enhance liquidity, which would benefit both companies looking to scale up and attract investment, and provide greater assurance to potential investors.

¹ Preqin

² The Investment Association, "[Private Markets: A Policy Briefing from the Investment Association](#)", March 2024

The Investment Association

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The IA has received a range of views from our membership as to how applicable any such system would likely be to their firm – while there are investors who could benefit from the increased access to private assets PISCES may provide, many investment managers already have access to private equity through other mechanisms.

For any such system to be viable, members stressed the importance of the following:

- The provision of adequate disclosures, including a full and accurate disclosure of cap tables before any auction.
- The development of clear criteria for an eligible investor.
- The correct tailoring of the Market Abuse Regulation for PISCES will be key to the success of any such structure, with a defined time window around an auction in which the tailored MAR regime would apply, and a clear definition for what constitutes market abuse.
- Greater clarity is needed from HM Treasury as to the treatment of any tax liabilities resulting from the use of PISCES.
- The use of PISCES should be permitted for share buybacks by companies. This would help issuers maintain an orderly market in their shares, which ultimately serves the interests of shareholders.

We would be happy to facilitate further discussion between our membership and Treasury to discuss this topic, and indeed look forward to continuing to engage with all regulators, policy makers, and key stakeholders as we look to work towards the shared goal of enhancing the UK corporate and investment ecosystem, to the benefit of end investors, and the wider economy as a whole.

Yours sincerely,



Chris Cummings
Chief Executive Officer