



# AIM JOURNAL

THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

## **PISCES – a threat or opportunity for AIM?**

In recent months, momentum has been building towards the creation of PISCES – the Private Intermittent Securities and Capital Exchange System – as London's latest attempt to reinvigorate capital markets. Participants are set to benefit from elements of public markets such as multilateral trading, combined with aspects more commonly associated with private markets, enabling greater discretion over what company disclosures need to be made public. That blend may jar with market purists, but given some comments suggesting that the current lack of activity has put London's equity markets on a trajectory to quickly realise backwater status, is this instead a timely opportunity to show genuine leadership and innovate?

The answer here is quite possibly 'yes'. As whilst London's market malaise has been building for the last couple of years, the launch of PISCES is a relatively quick response to the London Stock Exchange's proposals for an intermittent trading venue. And even if we now move beyond the peak of this monetary policy tightening cycle, hoping that this shift alone will reinvigorate equity markets could be seen as overly optimistic.

But is the proposal too restrictive? PISCES only looks at secondary market activity and it doesn't take much digging to find a slew of companies listed on traditional public markets that have run into issues when seeking to raise primary capital. It's certainly a point that is worth closer inspection, but can the existing channels to tap into new equity harness the potential here? And will investors have the confidence that the PISCES structure will have sufficient liquidity to facilitate an exit when necessary?

The fact this mechanism will be CREST settled is worthy of further discussion, although at first pass it means that securities exchanged via PISCES will have a suitably fluid structure that ought to not only facilitate the widest possible ownership structures, but also remove friction in the event that issuers elect to move between the private and public markets at some point in the future. The CREST structure also means that at Avenir Registers we are well positioned to offer issuers a cost-effective securities registry solution. A key reason that many will cite in lodging assets onto a private market is lowering the cost of maintaining a listing, so whilst a mechanism for recycling capital in privately held entities is much needed, a laser focus on overheads will be critical if the PISCES is to ultimately help the UK grow great businesses of tomorrow.



# AIM JOURNAL

THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

## **PISCES – a threat or opportunity for AIM? (cont'd...)**

Given the strength of support behind PISCES – including government ministers, HM Treasury and a slew of heavyweight City grandees – it's difficult to not see this process as something of a fait accompli. However the consultation period is now open and it's imperative that as many voices as possible are heard here to ensure this initiative serves to provide genuine choice, It's worth bearing in mind that there are a slew of alternative venues in London which have been doing brisk business, both in terms of fostering growth companies and providing a home for listed entities who need another, more appropriate, format. If PISCES has a charging and reporting structure that ends up being little different to the AIM Market, then the resulting dilution will be setting the proposal on a course for failure. Whilst innovation will have been achieved, it risks being undertaken in vain. However, if the consultation process can truly ensure the innovators and FinTech challengers are sat around the table, then that arguably has true potential when it comes to reinvigorating London's position as a listing venue of choice.

The consultation closes on April 17th 2024 and can be viewed [here](#).

This article originally appeared in the April 2024 edition of AIM Journal.

Hardeep Tamana, Managing Director, Avenir Registrars