

Definitions

<u>PISCES</u>	means the Private Intermittent Securities and Capital Exchange System as established by the <u>PISCES Statutory Instrument</u>
<u>PISCES Regulations</u>	means the <u>PISCES Statutory Instrument</u> and <u>PISCES Sourcebook</u> in force from time to time
<u>PISCES Sourcebook</u>	means the sourcebook published by the FCA relating to the operation of <u>PISCES</u> as set out in the Annex to the Private Intermittent Securities and Capital Exchange System (<u>PISCES</u>) Instrument 2025 or such other FCA sourcebook relating to <u>PISCES</u> in force from time to time
<u>PISCES Statutory Instrument</u>	means the Financial Services and Markets Act 2023 (Private Intermittent Securities and Capital Exchange System Sandbox) Regulations 2025
<u>Private Securities Market</u>	the <u>Exchange's</u> operation of a <u>PISCES</u> , being an order book for shares in private companies which operates periodic: (a) <u>private open auctions</u> ; and (b) <u>private permissioned auctions</u>
<u>PSM Disclosure Portal</u>	means the <u>PISCES</u> disclosure arrangements operated by the <u>Exchange</u> pursuant to the <u>PISCES Regulations</u> and reference in these rules will be a reference to the dedicated page for the private company unless otherwise stated.
<u>PSM Investor</u>	a <u>customer</u> who is a specified <u>PISCES</u> Investor pursuant to the <u>PISCES Statutory Instrument</u>
<u>PSM shareholder</u>	a <u>customer</u> who holds the securities of, or is entitled to purchase or subscribe for, or is otherwise entitled to become the holder of the securities of, the private company who may seek to sell their securities on the <u>Private Securities Market</u>
<u>private open auction</u>	an auction in which <u>registered auction agents</u> may enter orders for <u>PSM investors</u>
<u>private permissioned auction</u>	an auction in which <u>registered auction agents</u> may enter orders for <u>PSM investors</u> that meet the <u>private permissioned auction criteria</u> of the private company
<u>private permissioned auction criteria</u>	means the criteria set by the private company to determine which <u>PSM investors</u> may have access to its disclosure on the <u>PSM Disclosure Portal</u> and participate in a <u>private permissioned auction</u>
<u>registered auction agent</u>	a <u>member firm</u> registered by the <u>Exchange</u> and permitted to trade directly on the <u>Private Securities Market</u> . A <u>registered auction agent</u> may undertake some or all of the following functions:

- (a) pursuant to the **PISCES Regulations**, ensuring that the required suitability checks have been undertaken for a **PSM investor** prior to entering orders in **Private Securities Market** securities;
- (b) permitting access to the **PSM Disclosure Portal** for **PSM investors**; and
- (c) entering orders in **Private Securities Market** securities

Core Rules

Member firms

Categories of Membership [1000]

G	1000	The Exchange may permit membership under one of the following categories:
	1000.1	a full member firm ;
	1000.2	a General Clearing Member ; or
	1000.3	a non-trading member firm ; or
	1000.4	a registered auction agent .

Guidance to Rule:

For the purposes of these rules, references to **member firm** includes all categories of membership as defined above, save that:

- A **member firm** whose scope of **on Exchange** business is solely to act as a **General Clearing Member** on behalf of other **member firms** shall be bound by the applicable Core Rules, Settlement and Clearing Rules, **compliance procedures** and **default rules**.
- A non-trading **member firm** shall be bound by the applicable Core Rules and **compliance procedures**, however, their membership profile does not permit them to trade as a **member firm**. Any **on Exchange** stock borrowing and lending activity undertaken by non-trading **member firms** shall be bound by Rules 3001 - 3004, Settlement and Clearing Rules and **default rules**.
- A **member firm** whose scope of **on Exchange** business is solely to act as a **registered auction agent** shall be bound by the applicable Core Rules, Order Book Trading Rules, Settlement and Clearing Rules, **compliance procedures** and **default rules**.

General conduct

Registered auction agents – PSM Disclosure Portal [1401]

1401	A registered auction agent shall only permit access to the PSM Disclosure Portal where it is satisfied that the person is a PSM investor or a PSM shareholder in the relevant private company and, for a private permissioned auction , the person meets the private permissioned auction criteria .
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Registered auction agents – Order Entry [1402- 1404]

1402

When entering an order to purchase on behalf of any **person**, either directly, through bare trustees, nominees or custodians, in a **Private Securities Market** security a **registered auction agent** shall ensure that:

- a) it has considered its obligations (if any) under the **PISCES Statutory Instrument** to have reasonable belief that the **person** will be a **PSM investor** immediately before execution of that order;
- b) in the case of a **private permissioned auction**, the **person** meets the **private permissioned auction criteria**: and
- c) the **person** has been granted access to the **PSM Disclosure Portal**.

G P 1403

A **registered auction agent** shall ensure prior to entering an order to sell on behalf of a **PSM shareholder** that:

- a) the **PSM shareholder** has been granted access to the **PSM Disclosure Portal** and the disclosure of the private company whose securities the **PSM shareholder** may sell; and
- b) the **PSM shareholder**,
 - (i) holds the shares to be sold; or
 - (ii) where such shareholder has an entitlement to purchase or subscribe for, or otherwise become the holder of the **Private Securities Market** securities, the **PSM shareholder** must have made arrangements to hold the relevant **Private Securities Market** securities to enable delivery of such securities in accordance with **standard settlement**. Further, where such entitlement to purchase or subscribe is an option, the option must be granted by the relevant private company (over its own **Private Securities Market** securities).

Guidance to Rule:

Registered auction agents should ensure prior to entering orders to sell **Private Securities Market** securities that the securities being sold are readily available to enable settlement to take place in accordance with Rule 5000.

G 1404

A **registered auction agent** should not undertake or facilitate manipulative trading practices. Such practices shall include (without limitation) any practices and behaviours which are referred to at paragraph 4.5.3 (2), (3) and (4) of the **PISCES Sourcebook**.

Guidance to Rule:

Manipulative trading practices include abusive, deceptive or manipulative trading practices that give or are likely to give false or misleading impressions or signals as to the market in or the price or value of **Private Securities Market** securities. A **registered auction agent** shall have systems and controls in place to comply with its obligations under both this Rule and the **PISCES Statutory Instrument**.

Off Order Book Trading Rules

Trades

On Exchange trades [3000]

G P	3000	A trade is on Exchange if one or both of the parties to the trade is a member firm and the trade is effected:
	3000.1	in a security admitted to trading on the Exchange's markets other than those specified in rule 3000.2 (as detailed in parameters) and the member firm and its customer or counterparty agree at or prior to the time of effecting the trade that it shall be subject to the rules of the Exchange ; or
	3000.2	in an AIM security not listed on another UK or EU regulated market (as detailed in parameters) unless the member firm and its customer or counterparty agree at or prior to the time of effecting the trade that it shall be off Exchange and: <ul style="list-style-type: none"> (a) subject to the requirements of an AIM primary market registered organisation; or (b) subject to the requirements of an AIM secondary market registered organisation and reported to it in accordance with that organisation's requirements; or (c) where the member firm executes a trade through a mechanism that is not an AIM primary market registered organisation or an AIM secondary market registered organisation, the member firm is required to report the trade to the Exchange, on a real-time basis as a non-publishing, off Exchange trade report.

Guidance to Rule:

Rules 3000.1 and 3000.2

*In relation to rules 3000.1 and 3000.2, where a **member firm** is interposed between two principal trades entered at the same time and price and one trade has been reported for publication, there is no obligation to report the second leg to the **Exchange**. **Member firms** should note that if they wish the second leg to be regarded as an **on Exchange** trade then they will have to submit a separate, non publishing **trade report**. This will ensure the **Exchange** has a satisfactory audit trail of the second principal trade.*

*A trade may be brought **on Exchange** where one or more of the following apply:*

- *the **member firm** or its counterparty is a registered **market maker** in that security and maintains an **on Exchange executable quote, firm quote** or **named order** at the time that the trade is agreed, or the trade is executed outside the **mandatory period**;*
- *the trade is **large in scale**;*
- *the trade is a **negotiated trade**;*
- *the trade is the second leg of a **matched principal transaction** (non-publishable) where the market leg has been published;*
- *the trade(s) is/are the second leg(s) of a riskless principal trade where the market leg(s) has/have been published.*

Rule 3000.2

*In relation to 3000.2(c), the **member firm** should provide a non-publishing, off **Exchange trade report** irrespective of whether the **member firm** had the reporting obligation for the trade conducted off **Exchange** through another mechanism. The **counterparty** should be reported as non member where trading anonymously.*

AIM primary market registered organisation

Member firms may only treat a transaction dealt on an **AIM primary market registered organisation** as being off **Exchange** if (i) the issuer whose security is being traded is regulated by that **AIM primary market registered organisation** in accordance with the considerations outlined in the paragraph below and (ii) they are a member of that **AIM primary market registered organisation** and are reporting the trade to it.

In determining whether a trading venue qualifies as an **AIM primary market registered organisation**, the **Exchange** will consider whether the trading venue has rules that place a continuing obligation on the **AIM** issuer for the timely disclosure of corporate information; whether those rules also oblige the issuer to provide all necessary information to the trading venue to maintain a proper market in the **AIM securities**; and whether the trading venue has the discretion to refuse to admit to trading, to suspend from trading and to cancel from admission to trading the securities of **AIM** issuers.

It is expected that most **AIM primary market registered organisations** will be overseas venues on which **AIM** issuers have chosen to list their securities in addition to being **admitted to trading on AIM**.

AIM secondary market registered organisation

The regime for **AIM secondary market registered organisations** is designed to provide **member firms** with the ability to trade and report their trades in **AIM securities** in a manner that will allow the **Exchange** to retain adequate oversight of the **AIM** market and to ensure the maintenance of high regulatory standards. In particular, the regime allows the **Exchange** to maintain a proper market in **AIM securities**. The requirement to operate a proper market is set out in the Recognition Requirements Regulations and associated FCA Handbook ("REC").

Where no primary market relationship exists between the applicant and the issuer, the **Exchange** will apply the following criteria to establish the suitability of an applicant to be an **AIM secondary market registered organisation**. The criteria that follow represent the minimum standards which the **Exchange** will apply for the purpose of deciding whether an applicant may qualify for recognition as an **AIM secondary market registered organisation** in accordance with Rule 3000.2.

1. The **AIM secondary market registered organisation** must have the ability and have appropriate gateways to communicate freely with the **Exchange** on regulatory matters generally, without regard to matters such as client confidentiality or commercial secrecy;
2. The **AIM secondary market registered organisation** must provide at least equivalent post-trade transparency as that provided by the **Exchange** on **AIM**;
3. The **AIM secondary market registered organisation** must implement practical operational mechanisms (to be approved by the Exchange) to provide real time trading information to the **Exchange** on a continuous basis, in respect of transactions in **AIM securities** reported to the **AIM secondary market registered organisation**. These arrangements may vary from case to case, but must include information that will enable the **Exchange**, in relation to trading in **AIM securities**, to:
 - see all executed trades immediately, including any unpublished trades;
 - identify both counterparties to the trades; and
 - identify through its surveillance system whether any anomalous trades or unusual trading is taking place on the **AIM secondary market registered organisation**.

The above information is required in order that the **Exchange** can ensure a proper market in **AIM securities**. Any material failure to meet these criteria will result in the Exchange withdrawing **AIM secondary market registered organisation** status with immediate effect.

The **Exchange** maintains a list of the approved **AIM primary market registered organisations** and **AIM secondary market registered organisations** on its website.

General Exclusions

The following trades would not be considered to be **on Exchange**:

- The creation and redemption of **Exchange Traded Funds** (unless bringing **on Exchange** for stamp relief reasons in which case such trades can be reported as non publishing trade reports).

- Off order book trades in **Private Securities Market** securities (unless it is a client side contract of a principal cross, riskless principal trade or **matched principal transaction** and the market leg has been executed in a **private open auction** or a **private permissioned auction**. (See additional guidance to Rules 3010 and 3011.))

In addition a contract to place, offer or underwrite securities that are the subject of an application to be **admitted to trading**, or admitted to trading on a venue where the contract is made before the application is accepted.

Primary allocations subject to listing are off **Exchange**.

An exception to this is the exercise of an over-allotment option ("green shoe") which is commonly agreed by a sponsoring **member firm** as part of the stabilisation and underwriting arrangements for an introduction to admission to trading, as well as for further new issues of shares. Whether the option is ever exercised, and the extent to which it is utilised, will depend on the take up of the issue, the underlying share price in the market and the stabilisation transactions undertaken. Such trades can be brought **on Exchange** under the following circumstances:

- the terms of the green shoe option must be agreed and included in the circular, prospectus or an **AIM** admission document, where such documentation is required by law or is voluntarily published, prior to sign-off, including confirmation that the option writer holds sufficient shares to meet any obligation under the option;
- that at the point of exercise the shares to be delivered are **admitted to trading**; and
- a regulatory news announcement has disclosed that exercise has taken place.

Once the shares have been **admitted to trading**, and if all the above points have been met, the exercise of the green shoe option may be trade reported to the Exchange immediately after the agreement to exercise. This will typically be at the same time as the disclosure announcement is made that the exercise has taken place. **Member firms** who wish to report such arrangements to the **Exchange** should contact the Market Supervision department on +44 (0) 20 7797 3666 (STX 33666). The **Exchange's** guidance on reporting the exercise of a green shoe does not override a **member firm's** obligations under the FCA's listing rules.

Requirement to trade report [3010-3013]

Obligation to trade report

G	3010	A trade report shall be submitted to the Exchange in respect of every on Exchange trade to which a member firm is a party in accordance with the trade reporting responsibility rule 3012.
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Guidance to Rule:

Every **on Exchange** trade must have a **trade report**, whether it is to be published or not, with each trade representing a distinct market contract that will have the protection of the **Exchange's** rules, including default, buying-in and settlement. The absence of a **trade report** therefore means either:

1. the trade is an "off Exchange" trade; or
2. where there is other supporting evidence that a trade was intended to be **on Exchange**, a breach of the **Exchange's** trade reporting responsibility rules.

On Exchange principal crosses, riskless principal trades and **matched principal transactions**, where there are distinct market and client side contracts, require distinct **trade reports** if all legs are to be brought **on Exchange** except where the market contract is executed in a **private open auction** or a **private permissioned auction**. In this scenario, no **trade report** for the client side contract should be separately submitted to the **Exchange**

as the client side contract is deemed **on Exchange** by the presence of the automatic **trade report** resulting from the auction.

On Exchange agency crosses, where there is only one contract, require a single **trade report**.

For the purposes of this rule, a trade is considered concluded or executed as soon as:

- (a) the terms of the trade with regard to the price and volume are agreed between the buyer and the seller; or
- (b) where a trade includes multiple legs and where an agreement on the terms of each of the legs is a pre-condition to the completion of the trade, the trade is completed when all the legs have been put in place and agreed.

Erroneous trade reports

Member firms who consistently override the **TRADEcho** price and size validity check are expected to be able to provide on request, details of what alternative systems and controls they have in place to prevent the submission of erroneous **trade reports**.

Where the **Exchange** identifies a **member firm** consistently sending in erroneous **trade reports**, which could have been identified by the **TRADEcho** price and size validity check and the **member firm** has chosen to override this check on a systematic basis, the **Exchange** would consider this as evidence that the **member firm** did not have adequate systems and controls in accordance with rule 1020.

G	3011	An on Exchange trade report must not duplicate another trade report in respect of the same execution unless it is being brought on Exchange as part of a riskless principal trade, a volume weighted average price trade, or a matched principal transaction and is marked appropriately.
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Guidance to Rule:

A **member firm** should not submit a publishing **trade report** where one has already been submitted to the **Exchange**. Examples of this would include, but not be limited to:

1. where a **trade report** was automatically generated by the **Exchange's trading system**;
2. where one leg of a riskless principal trade has been published and the subsequent leg(s) are/is for the same price;
3. where one leg of a **matched principal transaction** has been published; or
4. where the trade represents an average price for a **customer** and the market facing trades have all been published.

In relation to points 2, 3 and 4 above, a **member firm** should enter a non-publishing **trade report** where the trade is **on Exchange** except as set out in the guidance to Rule 3010, where it is in a **Private Securities Market security**.

In relation to multi-legged trades between **member firms**, the **Exchange** would expect the publication arrangements to be clear and agreed by all parties involved who have a potential publication obligation. Typically the **member firm** in the middle has visibility of both trades and is therefore principally responsible for ensuring that there is no duplicate publication (either within a single venue or across multiple venues).

This may require the middle **member firm** (and all others) to engage in dialogue with its **counterparties** about publication intentions – **member firms** should already be fully engaged on reporting intentions.

As a general principle the **Exchange** suggests that the 'market' facing leg(s) should be published and the 'client' facing leg(s) should not be published irrespective of which legs are **on Exchange** or off **Exchange**. In the absence of an overt 'market' facing leg(s) and 'client' facing leg(s), the **member firm** in the middle is best placed to determine which leg should be published, though this conclusion should be agreed with all parties involved who have a potential publication obligation under the **Exchange's** rules or otherwise.

To illustrate this, the following riskless principal, **matched principal transaction** or principal cross scenarios could arise:

- if both legs are **on Exchange**, then publishing 'market' **trade report** and non-publishing 'client' **trade report**
- if one leg is **on Exchange**, then either publishing 'market' **trade report** where the off **Exchange** leg is not published; or non-publishing 'client' **trade report** where the off **Exchange** leg is published
- if neither leg is **on Exchange**, then no **trade reports**.

Settlement, Clearing and Benefit Rules

Settlement

Buying-in [5070-5083]

Request to buy-in

G	5070	In accordance with timescales and detailed guidance provided on the Exchange website, a member firm may request that the Exchange buy-in securities which have not been delivered in settlement of an on Exchange trade.
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Guidance to Rule:

Further detailed information relating to **buying-in** can be found on the **Buying-in** section of the **Exchange** website: <https://www.londonstockexchange.com/resources/trade-resources/rules-regulations/buying-in>. The **Exchange** does not accept **buying-in** requests for **Private Securities Market** securities.