

By email: [employmentincomepolicy@hmrc.gov.uk](mailto:employmentincomepolicy@hmrc.gov.uk)

15 September 2025

Dear HMRC

**Re: Private Intermittent Securities and Capital Exchange System (PISCES) tax implications: Policy Paper**

The BVCA is the industry body and public policy advocate for the private equity, venture capital and private credit (together “private capital”) industry in the UK. With a membership of around 600 firms, we represent UK-based private capital firms, as well as their professional advisers and investors.

The UK private capital industry provides vital investment for growth in the UK. Businesses backed by the industry employ over 2.5 million people across the UK and contribute 7% to GDP. Total private capital investment in UK businesses reached £29.4bn in 2024, with private capital investors supporting almost 1,600 UK businesses in the same year. Private capital invests across the whole of the UK, with 58% of businesses receiving investment in 2024 being outside London.

We welcome the Government’s focus on innovative ways to support private markets in the UK. We are pleased to see the Government’s ambition to help private companies scale and to facilitate investor access to these businesses. The BVCA is pleased to contribute to this consultation and to help shape how PISCES will operate in practice. We particularly welcome the alignment of PISCES with existing tax-advantaged schemes, which will strengthen incentives for employees and support broader participation in company growth.

We see this as a positive step for growth and competition in the UK, reinforcing the role of private markets in funding innovative businesses and complementing the UK’s public capital markets. By creating an additional pathway for scaling companies and ensuring the tax system keeps pace with financial innovation, PISCES has the potential to enhance the UK’s competitiveness, deepen its capital markets, and deliver benefits to both companies and investors.

**Clarification on scope and operation of draft legislation**

We welcome the draft legislation and support the Government’s intention to enable EMI and CSOP option plans to align with PISCES trading events. This change is a positive step that increases the incentive value of EMI and CSOP options for companies without a traditional exit route. However, we believe that a number of clarifications and refinements are needed; these changes will improve the operation of the rules and are the focus of our response.

First, subparagraphs 1(1)(a) and 1(3)(a) limit the changes to options granted before the Act is passed. In practice, many companies do not regularly update their EMI or CSOP plan rules. This may be because advisers do not alert them, or they wish to avoid the associated costs. Alternatively they may simply lack support from advisers. This means that options granted after

the Act is passed under plans without updated PISCES wording would not benefit from the new provisions.

We cannot see an obvious policy rationale for this restriction, which will create winners and losers, thereby dampening the incentives and undermining the aims of the reforms. A more flexible approach would be to permit amendments to options granted at any time, or at least to extend the cut-off point for a few years after Royal Assent.

Turning to subparagraph 1(1)(c), we would welcome clarification on two issues:

- It would be helpful for HMRC to confirm in guidance that when companies amend options to introduce a PISCES trading event as an exercise event, they can also reserve a discretion to accelerate vesting if such an event occurs. For instance, if an award is only 50% vested when a PISCES trading window opens, the Board can permit the award to vest in full so all the shares can be sold on PISCES. We believe this to be consistent with HMRC's existing guidance (in relation to leavers, for example). However, explicit guidance from HMRC in relation to PISCES trading events would be welcome.
- The requirement that shares must be “immediately sold on a PISCES” raises practical concerns, as it is not yet clear whether the mechanics of the PISCES portal will permit an immediate exercise and sale. In reality, there may be short administrative delays (e.g. updating statutory registers or the corporate information on the PISCES portal) before a sale can occur. If “immediately” is interpreted strictly, this could inadvertently prevent tax-advantaged treatment. A formulation such as “as soon as reasonably practicable”, or alternatively a requirement for shares to be immediately “offered for sale”, would better reflect operational realities while still meeting policy objectives.

### Additional areas requiring guidance

In the context of PISCES, companies may want the flexibility to decide whether options are exercisable at all during a particular PISCES trading window and, if so, to what extent. Although it is our understanding (from existing HMRC guidance) that this will be permitted, it would be helpful for HMRC guidance to specifically clarify this in relation to PISCES trading windows.

For example, HMRC states that *“it is possible for a scheme to be structured in a way that gives the board a discretion to accelerate the exercise of options”* (ETASSUM54340). However, the guidance does not make clear the limits of this discretion or how it interacts with the prohibition on altering “fundamental terms”, which leaves businesses uncertain about what is, and is not, permissible.

Thank you for the opportunity to respond to the consultation on this draft legislation. We would welcome the opportunity to discuss any of these issues with you further, if that would be of assistance (please contact Iqra Ahsan on [iahsan@bvca.co.uk](mailto:iahsan@bvca.co.uk) in the first instance).

Yours sincerely

The BVCA Tax Committee