



**Response to European Commission's Targeted consultation on
private equity exits**

27 April 2026

Summary

The World Federation of Exchanges (WFE) is pleased to see the European Commission consulting on private equity exits. We are keen for governments and regulators around the world to continue to look at this issue and make it simpler for companies to list so that all investors can benefit from the growth of companies.

Nevertheless, the principal focus of this consultation is on creating an intermittent trading venue, akin to the UK's Private Intermittent Securities and Capital Exchange System (PISCES). Rather than creating a new regulatory regime, we would encourage the Commission to:

- Introduce tax incentives for listing;
- Reduce regulatory burdens for issuers; and,
- Encourage secondary market liquidity

Responses to individual questions

Question 4: On a scale from 1 (strongly disagree) to 5 (strongly agree), how much need is there to support access of a wider range of institutional/professional investors (other than private equity and venture capital funds) to private companies looking for funding outside a bilateral framework, such as via multilateral marketplaces, for example a multilateral intermittent trading platform? Please give examples of means through which it could be achieved. Please explain your answer.

We do not see a compelling *need* for broadening access to finance for private companies. The rapid expansion of private markets in recent years suggests that funding is already readily available.

If the question is instead whether individuals or retail investors *should* be able to invest in private companies, we would say yes - but with appropriate limits. Private funds and companies can be opaque, meaning investors may struggle to fully understand the risks involved, and they are often illiquid, making it difficult to exit investments quickly.

One potential solution to these issues are hybrid structures that some of our members are pursuing. For example, some of our members have begun listing exchange-traded funds backed by private assets. These hybrid structures introduce a degree of price discovery and can offer retail investors a more straightforward route to exit than direct private investments.

Private assets can play a useful role in a well-diversified portfolio, but the inherent issues around transparency and liquidity mean that sensible constraints are likely to remain necessary.

Question 13: What are the main issues/barriers associated with the exit options listed in question 12 and what could be possible solutions to address them? Please explain your answer.

Respond to Issues/Barriers to IPOs and Solutions to those barriers

Issues/Barriers

Pursuing a public listing remains a costly and time-consuming process. While listing fees themselves are relatively modest, companies must also contend with ongoing audit requirements and significant reporting obligations, both of which add materially to the overall burden of being publicly listed. The significant prospectus obligations, ongoing disclosure requirements and compliance costs relative to private alternatives deter companies, particularly small and mid-cap companies, from pursuing IPOs and drive companies to stay private for longer. Research indicates that audit costs in particular play a significant role in companies' decisions to delist, and act as a broader deterrent to going public.

In many jurisdictions, companies looking to list additionally face narrow and volatile IPO windows. Unlike bilateral private exits, public listings are highly sensitive to market conditions and uncertainty around timing can create execution risk making IPOs a less reliable exit option for private equity funds with fixed lifespans. Jurisdictional initiatives are

being pursued to mitigate execution risk, for example Spain's BME Easy Access initiative enables companies to admit shares to trading without the necessary free float at the time of admission if the regulator is satisfied that the necessary free float will be achieved in the short term, reducing the time that it takes companies to admit their shares. BME Easy Access also aims to reduce the risk of IPO execution by separating the formal procedure in which companies have to submit regulatory documents like the prospectus and the IPO process (which previously had to conclude on the same day, requiring companies to predict market conditions months in advance). Initiatives like these could reduce barriers to public listing related to execution risk but are not yet widespread.

The emergence of intermittent/private trading venues (such as PISCES) represent a potential additional barrier to listing as they risk becoming a permanent substitute rather than a stepping stone to public markets, further eroding the IPO pipeline.

Solutions

Solutions could include:

- Education of companies – many exchanges have hubs or portals to help companies understand what their obligations may be. This could be supported by broader government or regulatory help.
- Tax changes could help incentivise companies to list.
- Reducing and streamlining regulatory burdens on companies seeking to list.
- Introduce targeted flexibility in compliance, particularly for small and mid-cap companies, to ensure a proportionate compliance burden.
- Improving liquidity in secondary markets.

Question 14: What can the EU do to support the solutions identified in question 13? Please explain your answer

IPO

Tax changes could support more listings. levies (such as VAT) on public listings should be a priority. Doing so would lower the cost of accessing public markets, particularly for smaller and medium-sized companies. Beyond this, targeted tax incentives for first-time listings, as well as tax deductions for listing and IPO-related expenses, could help encourage new issuance and support capital raising.

Reducing and streamlining regulatory burdens where possible, particularly for small and mid-cap companies, will support a more appropriate and proportionate compliance burden for companies looking to list. Efforts that reduce audit costs for companies, which are often cited by issuers as the biggest incentive to delist, may be particularly effective in reducing barriers to listing. The EU should continue simplifying listing requirements, building on the EU Listing Act, without compromising investor protection or market integrity standards.

Introducing targeted regulatory flexibility around the IPO process and speeding up that process, such as Spain has done with its BME Easy Access initiative, would also help mitigate some of the risks associated with listing.

Improving liquidity in secondary markets could also be helpful. There is a direct link between the depth and liquidity of secondary markets and valuations in primary markets. Where assets can be traded more easily, valuations tend to be higher, reflecting the lower risk that investors will be left holding securities they are unable to sell when they need to exit.

Balancing regulatory incentives and ensuring that any intermittent/private trading venues that may be introduced do not become a permanent substitute, rather than a stepping stone, to public markets will also be important. Where they are advanced, intermittent/private trading platforms must be explicitly designed as pipelines to public markets with clear graduation incentives towards public listing.

Regulation should also prioritise a 'same-risk-same-rules' principle to private markets and intermittent/private trading venues so that they do not gain unfair regulatory advantages over public venues, which would distort the IPO cost-benefit calculation.

Question 15: On a scale from 1 (no added value) to 5 (very high added value), would you see in general added value in having a possibility (upon the issuer's agreement/request) for private company shares to be traded on a multilateral platform in a private and intermittent way? Please explain your answer.

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Allowing investors and owners to release capital can have clear benefits, whether to reinvest in growing production capacity or to meet personal or business needs, such as financing a house purchase. There is also potential value for investors in generating returns while relying less on their own independent research, particularly where companies are subject to disclosure requirements. Finally, there may be merits in viewing this route as a pipeline towards an eventual IPO. However, one of the shortcomings of existing SME growth markets is that companies are often required to exit once they reach a certain size. Thinking more carefully about on-ramps and off-ramps could therefore help make these markets more effective.

However, there are important risks to consider. There is a danger that such a market becomes a substitute for proper public equity markets, with companies choosing to remain within this regime rather than progressing to full public listing. That outcome could ultimately limit the wider benefits to investors and to the economy. Moreover, without primary issuance – or even ongoing secondary issuance – opportunities for capital raising are likely to be constrained, which in turn would limit market participation. If the platform functions purely as a venue for secondary trading, its value to the issuing company may be marginal. There is also an increased risk of market abuse where trading is infrequent or episodic, particularly in the absence of regular price formation.

Question 18: On a scale from 1 (strongly disagree) to 5 (strongly agree), to what extent could an EU Regulatory framework for intermittent trading of private company shares help improve the situation with private equity exits? Please explain your answer.

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Evidence from the UK's experience to date suggests that intermittent trading venues do not yet provide a particularly strong exit option. That said, we remain hopeful that their effectiveness will improve over time as these markets mature. In practice, public equity markets are still likely to offer the most reliable exit route, as they have done historically. Meanwhile, the private equity valuation overhang (created during the period of near-zero interest rates, when borrowing was cheap and competition for deals drove prices higher) continues to weigh on exits and may simply be an issue that requires time to work through.

Question 29: Do you think that a private intermittent trading platform could also discourage some companies from listing on public markets, on a scale from 1 (strongly disagree) to 5 (strongly agree)? Please explain your answer

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If this is positioned as a lighter-touch route to listing then it could become a concern.

That matters because the disciplines imposed by full public listing, including robust disclosure, governance standards and continuous price formation, are central to protecting investors, financing issuers and supporting efficient capital allocation. Diluting those disciplines risks undermining confidence in public markets and weakening the incentives for companies to transition to fully fledged listings.

Background

Established in 1961, the WFE is the global industry association for exchanges and clearing houses. Headquartered in London, it represents the providers of over 250 pieces of market infrastructure, including standalone CCPs that are not part of exchange groups. Of our members, 36% are in Asia Pacific, 43% in EMEA and 21% in the Americas. The WFE's 87 member CCPs and clearing services collectively ensure that risk takers post some \$1.3 trillion (equivalent) of resources to back their positions, in the form of initial margin and default fund requirements. The exchanges covered by WFE data are home to over 55,000 listed companies, and the market capitalization of these entities is over \$111tr; around \$124tr in trading annually passes through WFE members (at end-2023).

The WFE is the definitive source for exchange-traded statistics and publishes over 350 market data indicators. Its free statistics database stretches back more than 40 years and provides information and insight into developments on global exchanges. The WFE works with standard-setters, policy makers, regulators and government organisations around the world to support and promote the development of fair, transparent, stable and efficient markets. The WFE shares regulatory authorities' goals of ensuring the safety and soundness of the global financial system.

With extensive experience of developing and enforcing high standards of conduct, the WFE and its members support an orderly, secure, fair and transparent environment for investors; for companies that raise capital; and for all who deal with financial risk. We seek outcomes that maximise the common good, consumer confidence and economic growth. And we engage with policy makers and regulators in an open, collaborative way, reflecting the central, public role that exchanges and CCPs play in a globally integrated financial system.

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If you have any further questions, or wish to follow-up on our contribution, the WFE remains at your disposal. Please contact:

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