



**European Commission targeted consultation on private equity exits**

**BNP Paribas main messages and key priorities**

BNP Paribas welcomes the European Commission’s consultation on investment exits in private markets and affirms its strong support for the creation and development of private stock markets across Europe.

We have consistently supported the principle of establishing a private stock market, in the model of the United Kingdom’s PISCES platform or comparable structures in the United States, as recently mentioned in Paris Europlace position paper on “Unlocking the Finance/Innovation nexus” . We consider that a thoughtfully calibrated private stock market will enrich Europe’s capital raising landscape, broaden investment opportunities, and ultimately fuel the growth of high growth innovative companies. This is why we have taken equity stakes in Nasdaq Private Market in the US and in Lise in France.

We believe such market should deliver benefits beyond merely providing a valuable secondary market exit route for private equity funds and enhancing price transparency for innovative enterprises, and we see an opportunity to extend the market’s purpose to primary capital raising, rather than restricting it solely to secondary transactions.

We view a well-designed private capital market framework as a potential pivotal element of the financing continuum for innovative companies, especially those operating in capital intensive sectors such as biotechnology, space, defense and new nuclear power programmes. By being a brick in the bridging of the current gap between venture stage financing and full public market access, such platforms would deliver the liquidity needed by founders, employees and early-stage investors, while simultaneously preparing firms for a later public listing and providing a richer pipeline of investment ready enterprises.





From the corporate and issuers' perspective, a private stock market would constitute a strategic "step" toward eventual public market entry, expanding primary capital raising options beyond the limited avenues currently available to emerging firms. In addition, it would provide genuine liquidity to both founders and employees at a transparent market price.

For institutional investors and other qualified investors, it would open an orderly channel to a larger pool of high growth assets, diversifying exposure in technology intensive sectors that are presently concentrated in a very limited number of listed companies, mainly on US venues. This broader access aligns directly with the Strategic Investment Union's (SIU) objective of better channeling European savings toward European investments, thereby strengthening the European financial system.

Transferring record keeping responsibilities that are currently performed by law firms to specialised registrars and custodians would professionalise the securities market beyond listed companies and embed it more fully within the wider financial market infrastructure; registrars possess purpose built technology, real time ownership tracking, and robust risk management frameworks, thereby improving data quality and facilitating integration with central securities depositories, settlement platforms and regulatory reporting standards.

Regarding the market's key features, we believe a careful balance must be struck between providing sufficient investor protection and offering issuers an alleviated transparency regime, so that the platform can function as an effective bridge between private and public markets. In doing so, we should draw lessons from the recent "Private Plus" experience in the UK.

In terms of operating model, the main objective is to give a privately held company an additional avenue to diversify or expand its shareholder base but also to raise capital, while offering liquidity to existing investors without having to wait for an IPO or M&A transaction. This should be done through an orderly process that reflects the best possible proxy of market price. Accordingly, the company must be able to (i) set the timing of the trading window (while imposing a minimum of events per year) and (ii) designate which investors or which categories of investors are eligible to participate, with the possibility to exclude competitors for legitimate commercial interests consideration



To attract issuers, we need to adopt broad eligibility criteria that primarily target companies transitioning from venture financing or private-equity investment toward a public listing. The framework should also accommodate family-owned businesses, including larger firms with a widely dispersed shareholding, enabling minority shareholders to obtain liquidity while preserving the stakes of majority shareholders. It would also serve the sovereignty objective by preventing family businesses from being acquired by large groups of third-country investors, thereby allowing shareholders to sell at market-based prices. Consequently, the only exclusion should apply to firms that are already listed on EU-wide MTFs or regulated markets, whether in the EU or in a third country.

We believe that investor participation should be as extensive as possible while minimizing two key risks: (i) the company's exposure to leakage of confidential information, and (ii) the investor's exposure to an unusually high level of investment risk.. As an initial step, we will limit participation, beyond institutional investors, to the most qualified retail investors, namely, High Net Worth Individuals (HNWI). The potential extension to all retail investors could be examined at a later stage, provided that appropriate safeguards are put in place.

During intermittent trading events, financial intermediaries, like brokers, should act as a bridge between investors and the platform, by (i) placing their buy and sell orders and (ii) promoting shares. Promotion and marketing of shares will need to comply with an adapted regulatory framework that should ensure market integrity (particularly in terms of insider trading and other conflicts of interest).

Transparency requirements should strike a pragmatic balance: a concise set of core information must be mandatory for all issuers, with additional voluntary disclosures. A "consolidated tape" would further improve price formation and historical visibility. Disseminating, accessing and handling information should be handled in secured environment and limited to potential investors; access to information could be granted via a secured disclosure portal subject to confidential agreements.



We also believe that a level of “core information” regime, containing no confidential data, must be universally applied, extending to private companies owned by private equity funds. Such a regime would ensure equal treatment of all European based enterprises. This balanced, inclusive approach safeguards market integrity, promotes fair competition, and bolsters investor and consumer confidence in the emerging health market framework.

The private stock market remains a nascent instrument, but we consider it to possess the potential as a complementary component of the financing continuum. It is important to acknowledge that the maturation of this tool will require time. Evidence from the US illustrates the gradual pace of development: the Nasdaq Private Market, launched in 2013, has facilitated transactions amounting to \$70 bn since its inception. In comparison, the average daily trading volume for equities on US listed venues reached 12.2 bn shares in 2024. This disparity underscores both the current modest scale of private stock market activity and the opportunities that lie ahead as the ecosystem evolves.

Because the private stock market is still an evolving instrument, we recommend a true “test and learn” implementation approach. The pilot regime should be easily accessible, allow for meaningful experimentation without limitation, and tolerate some necessary imperfections in this phase that will generate actionable insights. Crucially, a clear and predictable pathway must be established to transition successful pilots (necessarily limited in time but of an appropriate duration) into a permanent regulatory framework, avoiding the rigidity that hampered the earlier DLT Pilot Regime.