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Derivatives 2026: Law and Practice | Trends and Developments – England and Wales

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Law and Practice

The UK's regulatory framework over the derivatives markets and products is currently comprised of a mixture of UK domestic and EU-derived rules and regulations. The key pieces of legislation and regulations that impact the UK derivatives markets include the following:

- Financial Services and Markets Act 2000 (FSMA)
- Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (RAO)
- European Market Infrastructure Regulation (EMIR)
- The European Markets in Financial Instruments Directive II and Markets in Financial Instruments Regulation (EU MiFIR) (together, EU MiFID II)
- Regulation on Wholesale Energy Market Integrity and Transparency (UK REMIT)

Derivatives can also fall within, or be affected by, a number of other legislative frameworks in the UK, including the Short Selling Rules Sourcebook, Market Abuse Regulation, Benchmarks Regulation, Undertakings for Collective Investment in Transferable Securities (UCITS) Directive, Alternative Investment Fund Managers Directive (AIFMD II), and capital rules.

The "Derivatives 2026: Law and Practice – England and Wales" section of the guide provides:

- an overview of derivatives;
- derivative types;
- national regulation;
- documentation issues; and

- enforcement trends.

Trends and Developments

The rise of prediction markets has been one of the most striking developments in the global financial landscape in the last one to two years. In the United States, platforms offering contracts that pay out according to the outcome of real-world events – elections, interest rate decisions, sporting fixtures and economic releases – have grown from a niche curiosity into a multibillion-dollar industry attracting institutional attention. The UK, by contrast, has adopted a markedly cautious posture, with the Financial Conduct Authority (FCA) treating financially referenced prediction market products as binary options that remain caught by a permanent retail ban. Yet the UK's longstanding concerns regarding the retail dimension of these products need not be the end of the story.

The "Derivatives 2026: Trends and Developments – England and Wales" section of the guide reviews:

- what are prediction markets;
- growth of regulated prediction markets outside the UK;
- UK regulatory landscape;
- building a UK wholesale prediction market; and
- bridging the UK wholesale market and US prediction markets.

"Derivatives 2026: Law and Practice | Trends and Developments – England and Wales," *Chambers and Partners*, September 1, 2026

Additional Katten-authored sections in the "Derivatives 2026" Guide

"Derivatives 2026 – Global Overview," *Chambers and Partners*, September 1, 2026

CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.

Carolyn H. Jackson
+44 (0) 20 7776 7625
carolyn.jackson@katten.co.uk

Nathaniel Lalone
+44 (0) 20 7776 7629
nathaniel.lalone@katten.co.uk

Christopher Collins
+44 (0) 20 7776 7662
christopher.collins@katten.co.uk

Carl E. Kennedy
+1.212.940.8544
carl.kennedy@katten.com

Ciara Watson
+44 (0) 20 7770 5231
ciara.watson@katten.co.uk