

UK Financial Insights from Katten | Issue 29

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UK Financial Insights from Katten is a monthly newsletter highlighting key noteworthy developments potentially affecting financial markets and funds in the UK and Europe.

To read more issues of *UK Financial Insights from Katten*, please click [here](#).

Attend the TOK26: The London Tokenisation Summit on 29 January

As a sponsor of TOK26: The London Tokenisation Summit, Katten is proud to offer a 30 percent discount on your registration. The Summit will bring together leading policymakers, regulators, institutional investors and digital finance innovators who are shaping the next phase of Real-World Asset (RWA) tokenization to provide an in-depth analysis of the current state of the market and likely future developments. Don't miss the "**Digital Asset Exchanges, Next-Generation Settlement and Trade Automation, 24/7 trading, Collateral tokenization**" panel discussion, moderated by Katten Financial Markets and Funds Partner Christopher Collins at 12:10 p.m. [Get your 30 percent discount on registration](#).

FCA Finalises Simplified UK Ancillary Activities Test

By Carolyn Jackson, Ciara McBrien

On 19 December 2025, the Financial Conduct Authority (FCA) published a policy statement (PS25/24) finalising the rules and guidance for the Ancillary Activities Test (AAT) under the Ancillary Activities Exemption (AAE). The revised AAT aims to reduce compliance costs and support the competitiveness of the UK commodity derivatives markets. [Read about AAT changes](#).

HM Treasury and FCA Publish Comprehensive Cryptoasset Regulatory Framework

By Carolyn Jackson, Christopher Collins, Nathaniel Lalone, Neil Robson

On 16 December 2025, the FCA published a comprehensive set of proposals to formally regulate the cryptoasset market. The FCA's proposals, detailed in three consultation papers (CP25/40, CP25/41, and CP25/42), were released a day after HM Treasury announced that it had laid the draft Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025 before Parliament. [Read about the framework.](#)

FCA Consults on Reforms to Client Categorisation and Conflicts of Interest Rules

By Carolyn Jackson, Christopher Collins, Nathaniel Lalone, Neil Robson

On 8 December 2025, the FCA published a consultation paper (CP25/36) proposing significant changes to the UK's client categorisation rules in the FCA's Conduct of Business sourcebook (COBS), as well as streamlining the FCA's conflicts of interest rules in the Senior Management Arrangements, Systems and Controls sourcebook (SYSC). The aim is to better distinguish clients who do not require retail protections, strengthen safeguards where protections are given up, and remove duplication in conflicts rules without changing substantive standards. [Read about the reforms.](#)

Christopher Collins Featured in *Law360* on UK Consumer Protection Priorities

Financial Markets and Funds Partner Christopher Collins offered insights to *Law360* on the UK's 2026 regulatory agenda, highlighting the government's challenge in keeping pace with rapidly evolving cryptoasset markets while navigating existing regulatory constraints. Chris stated, "As the landscape for cryptoassets explodes in the United States and other jurisdictions, we'll see the UK government and regulators continue to try and keep pace, while potentially being hamstrung by existing regulatory requirements." [Read about Chris's comments.](#)

European Commission Announces Legislative Package to Advance EU Financial Market Integration

By Christopher Collins, Carolyn Jackson, Nathaniel Lalone, Neil Robson

On 4 December 2025, the European Commission (EC) released a comprehensive package of measures aimed at removing barriers and enhancing the integration, efficiency, and competitiveness of European Union (EU) financial markets. This initiative is a key element of the Savings and Investments Union (SIU) strategy, intended to establish a genuinely integrated single market for financial services. [Read about the key measures from the EC's package.](#)

The NSI Act

By Edward Tran, Oliver Williams

Published by the *International Accountant*, the article examines the UK's National Security and Investment Act 2021, which grants the government the authority to review and intervene in acquisitions of control over UK entities and assets — regardless of deal value or investor nationality — particularly in sensitive sectors such as artificial intelligence (AI), defense, energy and data infrastructure. It outlines mandatory and voluntary notification triggers, review timelines, potential civil/criminal penalties (including void transactions and fines up to the higher of £10 million or 5 percent of global turnover), and the government's call-in, information-gathering and remedial powers. [Read Katten's article.](#)

FCA Publishes Final Rules on Systematic Internaliser Regime for Bonds and Derivatives and Matched Principal Trading by MTF Operators

By Carolyn Jackson, Christopher Collins, Nathaniel Lalone, Neil Robson, Ciara McBrien

On 28 November 2025, the Financial Conduct Authority (FCA) published a policy statement finalizing rules proposed in its July 2025 consultation paper. The reforms remove the Systematic Internaliser (SI) regime for bonds and derivatives, lift restrictions on matched principal trading by multilateral trading facility (MTF) operators, and reform the reference price waiver (RPW) for equity instruments. [Read about CP25/20.](#)

Improving UK Transaction Reporting: FCA Consults on Streamlined Framework

By Carolyn Jackson, Christopher Collins, Nathaniel Lalone, Neil Robson, Ciara McBrien

On 21 November 2025, the FCA published a consultation paper setting out proposed reforms to the UK transaction reporting regime. The consultation aims to reduce regulatory burdens, improve data

quality, and enhance efficiency for UK financial market participants, including investment firms, trading venues, systematic internalisers, trade repositories and other regulated entities. [Read about proposed Regime changes.](#)

ESAs Publish List of Critical ICT Third-Party Service Providers under EU DORA

By Nathaniel Lalone, Ciara McBrien

On 18 November 2025, the European Supervisory Authorities (ESAs) published the first list of designated critical information and communication technology (ICT) third-party service providers (CTPPs) under the EU Digital Operational Resilience Act (DORA). The designations mark a major step in operationalising DORA's third-party risk regime, bringing key ICT service providers within a new, EU-level system of direct oversight. [Read about the ICT service providers.](#)

UK EMIR Update: Intragroup Exemption Consultations and Additional Q&As

By Carolyn Jackson, Ciara McBrien

On 5 November 2025, HM Treasury (HMT) published a draft statutory instrument, the Over-the-Counter-Derivatives (Intragroup Transactions) Regulations 2026 (draft SI), together with a policy note, and the UK FCA published a consultation paper, each proposing significant reforms to the UK European Market Infrastructure Regulation (EMIR) intragroup exemption framework for clearing and bilateral margin. [Read about proposed EMIR reform.](#)

CONTACTS

For questions about developments in the [Financial Markets and Funds](#) industry, please contact any of the following Katten lawyers.



Christopher Collins

+44 (0) 20 7776 7662

christopher.collins@katten.co.uk



Ryan Hansen

+44 (0) 20 7770 7640

ryan.hansen@katten.com



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



Thomas Laurer

+44 (0) 20 7770 5259

thomas.laurer@katten.com



Neil Robson

+44 (0) 20 7776 7666

neil.robson@katten.co.uk



Edward A. Tran

+44 (0) 20 7770 5254

edward.tran@katten.co.uk



Ciara Watson

+44 (0) 20 7770 5231

ciara.watson@katten.co.uk



Sara Portillo

+44 (0) 20 7770 5244

sara.portillo@katten.co.uk



Oliver Williams

+44 (0) 20 7770 5212

oliver.williams@katten.co.uk

Paternoster House, 65 St Paul's Churchyard • London EC4M 8AB

+44 (0) 20 7776 7620 tel • +44 (0) 20 7776 7621 fax

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