Katten

NEWSLETTER

Financial Markets and Funds *Quick Take* | Issue 52

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Katten's Financial Markets and Funds *Quick Take* is a monthly newsletter highlighting key noteworthy developments potentially affecting financial markets and funds.

To read more issues of Katten's Financial Markets and Funds *Quick Take*, please click here.

Congressional Testimony

Partner Carl Kennedy Testifies at Prediction Markets Hearing Before the US House Subcommittee on Commodity Markets, Digital Assets, and Rural Development

On July 21, Partner and Financial Markets and Regulation Co-Chair Carl Kennedy testified before the House Agriculture Committee's Subcommittee on Commodity Markets, Digital Assets, and Rural Development at a hearing titled "Examining Customer Protections and Market Integrity in Sports Event Prediction Markets." *Read Carl's written testimony.* *Watch a recording of the hearing.* *Read media coverage of the hearing.*

SEC

SEC Proposes Regulation E-Delivery: A New Default to Electronic Delivery Under Federal Securities Laws

By Wayne M. Aaron, James Brady, Susan Light, Gabriela Urias

The US Securities and Exchange Commission (SEC) released its proposal for Regulation E-Delivery on July 16, which would form its primary framework for electronic delivery of regulatory information under the federal securities laws. As noted in its accompanying fact sheet, the SEC's central concern is that the current default of paper delivery, unless a recipient affirmatively elects otherwise, no longer reflects the preferences of most investors and imposes unnecessary costs and expenses on issuers, market intermediaries and investors. *Read about Reg E-Delivery.*

Prediction Markets/Crypto

Turning Uncertainty Into Prices: The Emergence of Federally Regulated Event Contract Markets

Katten has co-authored the "Turning Uncertainty Into Prices: The Emergence of Federally Regulated Event Contract Markets" chapter for the Thomson Reuters book *Regulation of Swaps and SEC-Based Swaps*, 2026 edition. The chapter examines the legal and regulatory landscape governing prediction markets, tracing their development from academic origins to mainstream financial products, analyzing key statutory and judicial questions under active consideration and identifying the regulatory framework that will guide market participants, exchanges and their advisors. *Read Katten's chapter.*

Litigation/Enforcement

FINRA Considers Substantial Changes to Enforcement Program

By Michael Diver, Michael Lohnes, Patrick Smith, Patrick Fallon

On June 30, the Financial Industry Regulatory Authority (FINRA) released a report identifying "meaningful, common-sense improvements" to FINRA's enforcement function. As outlined below, the recommended changes would address many of the longstanding complaints by member firms about the enforcement program. FINRA President and CEO, Robert W. Cook, has committed to "drawing on these recommendations to strengthen [its] enforcement program, make necessary changes, and ensure it is operating in a fair, transparent, and effective manner." However, he acknowledged that, due to the "breadth and complexity of the recommendations, . . . it will take time to address them in a thoughtful and comprehensive manner." *Read about the recommendations.*

Bank Regulatory

OCC Letter Affirms Nat'l Banks' Shield From State Licensing

By Daniel Davis, Christina Grigorian, Carl Kennedy

National banks that hold deposits insured by the Federal Deposit Insurance Corp. are nearly always explicitly exempt from state licensing requirements related to consumer-facing activities like money transmission. However, the Office of the Comptroller of the Currency's formal position with respect to state licensing requirements for national banks that operate with only trust and fiduciary powers, rather than full banking powers, had not been elucidated until recently, and the result was one that most banking lawyers had expected. *Read Katten's article published by Law360.*

EU/UK

FCA Sets Out Biggest Overhaul of the UK AIFM Regime Since 2013

By Christopher Collins, Thomas Laurer, Neil Robson, Ciara Watson

On July 14, the Financial Conduct Authority (FCA) launched a consultation on a wholesale redesign of the UK regime for alternative investment fund managers (AIFMs), alongside HM Treasury (HMT)'s parallel changes to the underlying legislation. The changes and revisions proposed represent the most significant reform of the framework since the Alternative Investment Fund Managers Directive (AIFMD) was implemented in 2013. *Read about the proposed reforms.*

HM Treasury Designates Four Critical Third Parties to the UK Financial System

By Nathaniel Lalone, Ciara Watson

On July 10, HMT published a press release announcing the designation of four major global cloud services and technology providers as critical third parties (CTPs), effective July 13. As banks, insurers and financial market infrastructures become increasingly reliant on cloud services, disruption at a single major supplier could affect multiple firms simultaneously, potentially impacting the services on which customers depend. *Read about the CTP regime.*

Predictable: ESMA Clarifies Application of Binary Options Rules to Event Contracts and Prediction Markets

By Carl Kennedy, Nathaniel Lalone

Event contracts, and the prediction markets on which they trade, have seen a sharp rise in popularity in recent years, attracting growing retail participation in certain jurisdictions. For example, the global monthly gross volume of all event contracts has been estimated at more than $21.4 billion, much of which has been concentrated on US platforms. Despite their increasing popularity, event contracts have faced regulatory headwinds in Europe, a position recently reinforced by the European Securities and Markets Authority (ESMA). *Read about ESMA's statement.*

Thomas Laurer Discusses ILPA Guidance on PE Organizational Expenses

Financial Markets and Funds Partner Thomas Laurer spoke with *Private Equity Law Report* about the Institutional Limited Partners Association's (ILPA) recently released guidance promoting caps, transparency and cost-sharing mechanisms for private equity organizational expenses. *Read about Thomas's comments.*

What Matters Now in Private Markets: Eight Takeaways from SuperReturn 2026

By Thomas Laurer, Ryan Hansen

Each June, SuperReturn International brings together much of the global private markets industry in Berlin, where GPs, LPs, advisers and other market participants compare notes, test assumptions and exchange ideas about where the industry is headed. *Read Katten's takeaways.*

UK Consumer Duty: FCA Consults on Scope and Proportionality

By Christopher Collins, Neil Robson, Ciara Watson

The Consumer Duty, which came into force in July 2023, is viewed by the FCA as a cornerstone of retail financial services regulation in the United Kingdom. Nearly three years on, however, the regulator has acknowledged that in certain areas the Duty is being applied more broadly and more intensively than originally intended, particularly by firms operating in wholesale markets and complex distribution chains. *Read about the proposed changes.*

FCA Publishes Landmark Policy Statements Finalizing the UK's Cryptoasset Regulatory Regime

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

On June 30, the FCA published a comprehensive suite of policy statements setting out final rules and guidance for regulating cryptoasset firms in the UK. The publication caps more than three years of consultations and policy work and constitutes one of the largest extensions of the FCA's regulatory reach in recent memory. The legislative foundation for the new regime is the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026, which was enacted on February 4, 2026. *Read about the scope and key themes.*

Christopher Collins Quoted Across Multiple Media Outlets on UK Crypto Authorization Challenges

Financial Markets and Funds Partner Christopher Collins offered insights to multiple media outlets on the challenges facing cryptocurrency businesses seeking authorization under the FCA's new regulatory regime, set to go live in October 2027. Chris highlighted a key area of uncertainty for firms considering an overseas Qualifying Cryptoasset Trading Platform (QCATP) model, which would allow businesses to operate an FCA-authorized UK branch of an existing overseas platform alongside a British subsidiary for non-branch activities. *Read about Chris's comments.* *Read Chris's comments to Fintechly.*

ICYMI

Here's a look back at a recent client advisory from Katten.

- "The Return of Security Futures: What CME's Single Stock Futures Mean for Broker-Dealers and FCMs," July 22, 2026

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