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NEWSLETTER

UK Financial Insights from Katten | Issue 33

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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.

UK – US Stablecoins: What UK and US Publications Signal for the Future of Digital Financial Services

By Charlotte Hill, Christina Grigorian, Christopher Collins

Katten is launching *Digital Assets Perspectives*, a series of strategic commentaries examining developments in digital assets, payments and financial regulation. This advisory considers the strategic implications of the recent UK-US stablecoin publications rather than providing a detailed legal analysis of the individual documents. *Read Katten's advisory.*

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.*

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