

## **Legal issues concerning derivatives trading**

### **Abstract**

The aim of the thesis is to describe the legal regulation of derivatives trading on the financial market in the Czech Republic and to assess selected issues related to trading in such derivatives, which can be characterized as financial instruments within the meaning of the Capital Market Undertakings Act. The author also intends to examine and assess whether the current legislation is appropriate to protect the legitimate interests of participants and market transparency.

The first part of the thesis is conceded to the definition and characteristics of derivatives that have not been expressly defined in the Czech legal system for a long time; this has effectively changed following the transposition of MiFID II / MiFIR. In connection with their effective transposition, the author made some comparison with other financial products, where in the past there could have been confusion in their recognition and characterisation. The author also analyses and compares two relevant key regulations of European law, the so-called MiFID I and MiFID II. Financial market participants are defined, as their role in the negotiation of derivative operations is material, and there is some elaboration on the specifics of derivatives trading, too. The thesis emphasizes the conduct rules owed to customers in the given context. The author analyses and assesses respective issues in reflection of the implementation of MiFID II regulation with regard to practical experience in the given field.

The trend of rather high specialization compared to other fields of law is manifest, such as the comparison with the notes and cheques law, which has practically not changed in the last seventy years. In this sense, the comparison of the key MiFID I and MiFID II directives, where the aim of the regulation of MiFID II to regulate to the maximum such rights and obligations to ensure a uniform approach across the European market, is a clear evidence of that trend.

Finally, the author considers the trends of further developments of derivatives trading. The author also considered the assumptions and general concepts and strategy of the current regulation of derivatives trading.

### **Key words:**

Regulation. Financial Markets. Derivatives.