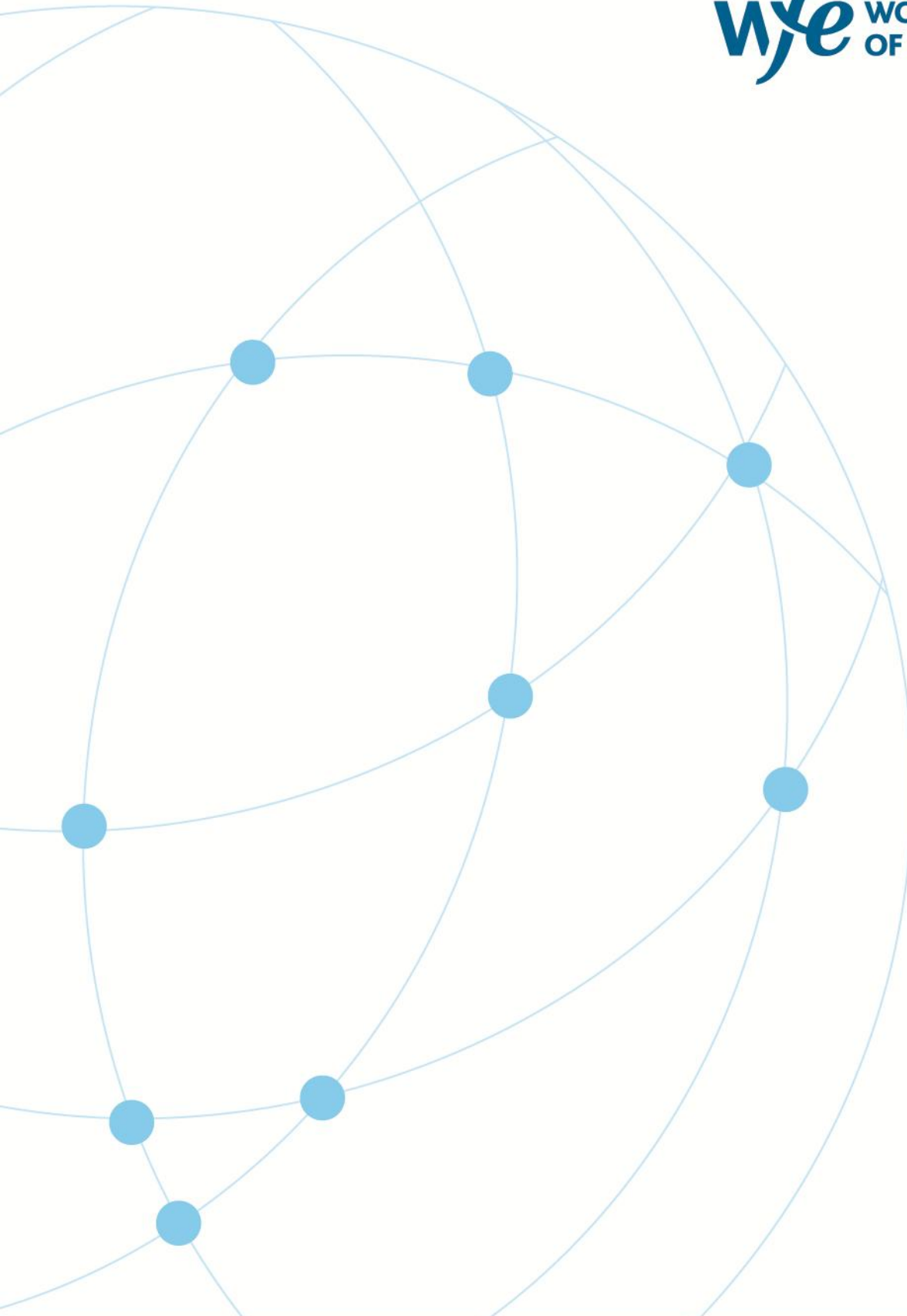




**CFTC Request for Comment on Trading and Clearing
Derivatives on a 24/7 Basis
21 May 2025**

Background

Established in 1961, the World Federation of Exchanges (WFE) is the global industry association for exchanges and central counterparties (CCPs). Headquartered in London, it represents over 250 market infrastructure providers, including standalone CCPs that are not part of exchange groups. Of our members, 37% are in Asia-Pacific, 43% in EMEA, and 20% in the Americas.

The WFE's 87 member CCPs and clearing services collectively ensure that risk takers post some \$1.1 trillion (equivalent) of resources to back their positions, in the form of initial margin and default fund requirements. WFE exchanges, together with other exchanges feeding into our database, are home to over 49,000 listed companies, and the market capitalisation of these entities is over \$116.58 trillion; around \$155 trillion (EOB) in trading annually passes through WFE members (at end 2024).

The WFE is the definitive source for exchange-traded statistics and publishes over 350 market data indicators. Its free statistics database stretches back 49 years and provides information and insight into developments on global exchanges. The WFE works with standard-setters, policy makers, regulators, and government organisations around the world to support and promote the development of fair, transparent, stable and efficient markets. The WFE shares regulatory authorities' goals of ensuring the safety and soundness of the global financial system.

With extensive experience of developing and enforcing high standards of conduct, the WFE and its members support an orderly, secure, fair, and transparent environment for investors; for companies that raise capital; and for all who deal with financial risk. We seek outcomes that maximise the common good, consumer confidence and economic growth. And we engage with policy makers and regulators in an open, collaborative way, reflecting the central, public role that exchanges and CCPs play in a globally integrated financial system.

If you have any further questions, or wish to follow-up on our contribution, the WFE remains at your disposal. Please contact:

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Introduction

The WFE, the global industry association for exchanges and central counterparties (CCPs), welcomes the opportunity to respond to the Commodity Futures Trading Commission (CFTC) request for comment on 24/7 trading and clearing. We appreciate the Commission's thoughtful approach to this topic and the inclusion of various questions to aid in the understanding of the implications of 24/7 trading and clearing.

Our response draws on input from our global membership, which includes exchanges and CCPs that operate across diverse jurisdictions and asset classes. Several of our members already operate extended hours or near-continuous environments¹. As such, we hope the perspectives shared here will be of value to the Commission in its assessment.

Responses: Clearing and FCMs

Q1: What risks (e.g. market, liquidity, operational) does clearing for trading on a 24/7 basis pose to the DCO and to FCM clearing members, beyond those faced during traditional business hours? What protections, or mitigants, should be in place at the DCO or FCM clearing member to ensure adequate mitigation of these novel risks?

Operating clearing functions on a 24/7 basis introduces unique operational and technology risks discussed further in Q5. Some WFE members support models under 24 hours per day which allow for a regular maintenance window. Others believe full 24/7 operation is feasible, supported by mirrored systems or active failover mechanisms, drawing on practices from other continuous services such as cloud computing or power infrastructure. Exchanges recognise the reputational risks posed by outages and accordingly build strong resilience into their systems.

The Commission is understandably focused on the risks associated with enacting 24/7 but should also consider the *risks of not* facilitating 24/7 markets, including participants in engaging activities in unregulated and less transparent venues. Trading does not necessarily stop when exchanges close and trading may continue in other spaces. For example, retail traders may choose to invest in foreign exchange or crypto markets which are open 24/7. Market participants may choose to trade products that are not centrally cleared, which can present increased risks. With this in mind, the regulatory framework should evolve to support innovation in a manner consistent with the principles of transparency, integrity, and systemic stability.

Q2: Are there any pre- or post-trade risk controls that would be necessary, or highly valuable, for the DCM, DCO, or FCM clearing member to implement, beyond those used in current markets? What novel risks would these controls aim to mitigate? Should FCMs require customers with open positions going into a weekend to prefund additional margin as a cushion against adverse price moves?

Existing real-time risk controls (circuit breakers, kill switches, etc) are already deployed outside standard hours and could be scaled to support longer or continuous sessions in a 24/7 offering. DCOs and DCMs would need evaluate the appropriateness of their other risk management practices for 24/7 models, as described in response to Q5.

Q3: Do the current risk disclosures provided by FCMs to customers adequately address risks associated with 24/7 trading? Should the Commission's standard customer risk disclosure template required by Regulation 1.55 be revised to explicitly address 24/7 trading? What additional risk disclosures should be included in the standard template?

FCMs should be clear in their disclosures of the risks relative to engaging in 24/7 trading and clearing.

Q4: Is auto-liquidation of customer positions an acceptable and prudent risk mitigant for FCMs that hold open positions for customers during weekends and other periods of time when customers cannot make margin deposits? Does auto-liquidation present other risks to the market or market participants?

Auto-liquidation may be a prudent tool for certain customer segments and product types under well-defined conditions that are

¹ See the WFE Exchanges Factsheets at <https://www.world-exchanges.org/our-work/articles/wfe-exchanges-factsheets>

well supported by real-time risk systems. However, it is likely not appropriate in all market segments or product types. Generally, we encourage the Commission to consider that there are varying tools that FCMs may employ to manage risks in 24/7 models, including systems to monitor positions, the use of overnight staff, or in general, treating extended trading hours exactly the same as core trading hours..

Q5: How do the risks associated with 24/7 trading differ from the risks currently experienced by FCMs and DCOs from holding customer positions open during weekends or overnight?

While FCMs and DCOs are already exposed to certain market, liquidity, and operational risks from holding positions open overnight or across weekends, 24/7 trading introduces unique risks.

Continuous Price Formation vs Static Exposure:

- For non-continuous models, price discovery halts during market closure and closing prices are determined for each business day (i.e., trading day), which are used for margin calculations.
- For 24/7 models, prices continue to move and approach to determining closing prices needs to be determined, as well as implications on margin calculations.

Operational and Systems Load:

- 24/7 models require constant system availability, unlike, non-continuous models, where windows maintenance can take place during systems downtimes.
- This creates additional IT demands in order to maintain 24/7 operational readiness.

Market Behaviour and Liquidity:

- Both non-continuous and 24/7 models, require the effective monitoring and risk management practices to account for changes in liquidity (e.g., changes in liquidity during off-peak hours).

Margin Requirements:

- The appropriateness of margin requirements and related funding timelines employed in non-continuous models would need to be considered relative 24/7 models, especially during non-banking hours (or outside of payment system operating hours).

Staffing:

- 24/7 models require round-the-clock staffing.

In summary, while the types of risks are broadly similar, 24/7 models requires additional considerations to effectively manage the risks of continuous trading and clearing. Furthermore, if payment and funding systems are available, extended trading hours can improve risk management efficacy for both DCOs and FCMs, since underlying risk exposure can accumulate during previously closed hours.

Q6: Are there competitive or other issues resulting from a market structure where an affiliate of a DCM or FCM supports or guarantees margin payments on behalf of customers during non-banking hours?

FCMs often provide initial margin to DCOs on behalf of customers (before calling for that margin afterwards) - this is not an uncommon setup in the non-24/7 world. If a bank is providing margin financing to the customer, extended trading hours do not materially change the risk relationship among the customer, FCM, and FCM's banking affiliate. However, certain participants (e.g., FCMs with banking affiliates) may have an advantage by allowing flexibility in depositing and withdrawing margin outside of market hours compared to other participants.

Q7: Are there product types that are more reasonably suited to a 24/7 model? Are there others for which a 24/7 model would introduce risks which could not be adequately mitigated? What characteristics distinguish the first from the second set of products?

No comment.

Q8: What changes in market structure or operational capabilities (e.g. broader abilities to source and exchange collateral over weekends) could potentially mitigate risks associated with 24/7 markets? Are there forms of 24/7 trading which cannot or should not be allowed prior to these structural innovations?

The successful implementation of 24/7 trading and clearing requires a coordinated effort across the entire financial ecosystem. While exchanges and CCPs can build the necessary technological resilience, broader structural innovations are needed to ensure system-wide support. This includes expanding the capacity of custodians, settlement banks, payment systems, and collateral agents to operate during extended hours. Accordingly, a phased or selective approach to 24/7 markets, aligned with the readiness of supporting infrastructure, may be the most prudent path forward.

Q9: Are there any current Commission regulations which would hinder 24/7 markets?

Currently, there are no explicit restrictions preventing 24/7 markets. The existing regulations do not prohibit continuous trading. However, it is important to consider the potential risks and challenges that may arise with the implementation of this model and to take appropriate measures.

Q10: Are the Commission's existing customer protection, financial integrity, net capital, and financial reporting requirements for FCMs adequate for a 24/7 marketplace? If not, what should the Commission consider to enhance the above requirements?

No comment.

Responses: DCMs and SEFs

Q1: Continuous trading requires a high-availability systems architecture with active failover, hot-swappable components, and load balancing. What generally accepted standards and best practices should DCMs and SEFs follow when developing and maintaining such systems?

Architectures that include live deployment capabilities, rollback mechanisms, and redundancy through mirrored systems can support the systems' demands of 24/7 models. These designs are standard in other continuous-service industries and support high availability without compromising integrity.

Q2: Without windows for regular updates, patches, and upgrades, DCMs and SEFs must maintain a live deployment capability, with robust rollback mechanisms in the event of faulty updates. What generally accepted standards and best practices should DCMs and SEFs follow when developing and maintaining such a capability?

The Commission rightly highlights an interest in understanding how DCMs and SEFs would ensure the reliability and integrity of trading systems in 24/7 models without extended scheduled downtime for maintenance and upgrades. Some WFE members have expressed a preference for operating just shy of 24 hours per day, for example by offering trading 23 hours per day with an hour of down time for maintenance and updates. Some other members believe it is possible to offer truly 24 hours per day like many other critical services (e.g., power grids, airline reservation and air traffic control, cloud infrastructure). This could be done by operating a backup system that picks up trading when the primary system is being updated or maintained and then vice versa. Exchanges understand that there is substantial reputational risk where outages occur which is why they work so hard to ensure they do not occur often. As IOSCO [noted](#) last year, outages are few and far between. Exchanges have no interest in undermining their reputations and are therefore cautiously taking steps towards more extended trading.

Q3: The lack of a planned maintenance window may increase the chance of unscheduled disruptions, which are more difficult to control and message to participants. What measures should DCMs and SEFs take to reduce the likelihood and frequency of such disruptions and mitigate their impact?

To minimise the risk and impact of unscheduled disruptions without planned maintenance windows, prioritisation of architecture resiliency and real-time monitoring, paired with regular stress testing and safe deployment practices (like hot patching), to help maintain stability without downtime is paramount. Market infrastructures already maintain clear incident response protocols and conduct regular drills. Participant communication is also important to provide transparent, timely updates through reliable notification channels, and follow up with post-incident reporting to build trust and drive continuous improvement.

Q4: How can DCMs and SEFs ensure that they are adequately staffed to detect and respond to market anomalies and technical events at all hours? What procedures and contingencies should be in place for DCMs and SEFs to coordinate with service providers and other third parties during trading hours where those third parties may be thinly staffed? Is it acceptable for certain technical and compliance staff to be on-call?

Exchanges already implement “follow-the-sun” staffing models and escalation frameworks where tasks or projects are passed between different teams located in various time zones, or through escalation protocols, shift rotations and regional hubs to ensure that human oversight is seamlessly integrated into real-time surveillance. These allow global teams to conduct continuous market surveillance across jurisdictions, monitor systems, and manage issues in real-time, with coverage tailored to peak hours and risk concentration. These systems are scalable to longer sessions or continuous markets. Surveillance is also complimented by real-time risk controls, including circuit breakers and kill switches, which are fully operable outside traditional hours.

Q5: Does 24/7 trading introduce any new or different considerations with respect to DCM and SEF self-regulatory practices, including in the areas of trade practice surveillance and market surveillance?

Real-time surveillance systems already operate continuously on some platforms. These tools, combined with human oversight via shift rotations or regional hubs, support market integrity even during extended sessions.

Q6: DCMs and SEFs are required to conduct certain types of system safeguards testing pursuant to Core Principles 20 and 14, respectively.

a. How should DCMs and SEFs approach business continuity-disaster recovery testing in a high-availability environment?

b. How should DCMs and SEFs approach penetration testing and vulnerability scanning in a high-availability environment?

System safeguards testing such as disaster recovery and penetration testing should reflect the architecture of high-availability environments. WFE members are committed to robust testing protocols, recognising that outages, though rare, carry outsized reputational risks. In a high-availability environment, business continuity and disaster recovery testing includes frequent, scenario-based exercises that validate real-time failover, data integrity, and the continuity of all critical services, including coordination with external parties. Penetration testing and vulnerability scanning follows a risk-based, non-disruptive approach, using segmented and staged methods that preserve system stability while targeting high-risk areas such as third-party access points.