



# 24/7 Markets in Exchange-Traded Derivatives

Identifying the Issues and Risks  
March 2026



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### INTRODUCTION

As traditional and digital markets converge, legacy exchanges have begun considering a move towards extending trading hours to 24 hours a day, 7 days a week for traditional products. In large part, retail investors have driven this trend as they seek around-the-clock access to certain products, especially cryptocurrencies whose blockchain technology more easily enables 24/7 trading and settlement.

FIA supports responsible innovation and providing consumers with improved choice and access to markets. For this to occur safely, FIA believes markets must modernise their clearing and settlement systems to ensure risk management keeps pace with trading on a 24/7 basis.

The paper focuses on one segment of the financial markets – exchange-traded derivatives. Some of these markets already operate on a 24/5 basis, and a few have extended their trading hours into the weekend. But the exchange-traded derivatives markets, especially those serving commercial institutions, have not made a holistic move to 24/7 trading.

Given that context, this paper helps identify the key issues that need addressing so that the exchange-traded derivatives markets can expand both trading and clearing to 24/7 without jeopardising the safety, soundness and protections of these markets.

In discussing the issues and potential solutions, FIA aims to advance the public debate so policymakers and members of the industry can make informed changes and investments to allow this transition to 24/7 trading and clearing to occur in a thoughtful and safe manner.



## Supporting Responsible Innovation and the Transition to 24/7

The futures industry has long championed responsible innovation. When electronic trading first emerged in the 1990s, FIA worked with its members to provide advice and develop guidance as this innovation developed. FIA ultimately urged both the industry and its regulators to adopt electronic trading.

FIA has taken a similar approach to the current wave of innovation arising from the convergence of digital assets and mainstream markets. This began last year with FIA publishing a [white paper on tokenisation](#) that highlighted the potential benefits of this technology for collateral management. In this paper, we tackle the challenges that need addressing on the pathway to 24/7 trading and clearing.

The good news: exchange-traded derivatives markets are well positioned to take on this transition. Most major exchanges have extended their trading hours well beyond the traditional trading day and run their trading platforms for up to 23 hours a day, Monday through Friday. The brokers, market makers and technology providers that support those markets have well-developed systems and procedures to support around-the-clock trading. In addition, some market makers and retail brokers have set up 24/7 operations in digital asset markets.

That said, market participants have concerns with the extension of around-the-clock trading of traditional products. When the US Commodity Futures Trading Commission asked for comment on this topic in 2025, many responses urged a thoughtful, measured and product-by-product approach. They expressed concerns about risks that could arise without a responsible process.

For example, Intercontinental Exchange [urged the CFTC](#) to ensure innovation “does not compromise market integrity, operational robustness or customer protection” and highlighted the issues that could arise during periods of very low trading activity.

Some end-users opposed the idea altogether. For example, the National Grain and Feed Association, which represents commercial participants in the North American grains markets, [came out strongly against](#) expanding trading beyond the current hours and said it has heard “loudly and clearly” from its membership that they do not want futures trading hours expanded.

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“[A]ny benefits from expanded hours must be weighed against the risks that expanded hours could dilute liquidity and market depth, distort price discovery and increase market, liquidity and default risks...during extended periods of low liquidity” - ICE

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## THE CHALLENGES

### 24/7 clearing and risk management must accompany 24/7 trading

In exchange-traded derivatives markets, clearing is more than trade processing and settlement. Clearing is a form of continuous risk management, given the ongoing exposure to these leveraged products. Around-the-clock trading will require alignment on the clearing of trades and the management of risk.

In traditional derivatives markets, clearing is a series of financial payments and guarantees dispersed among several market participants to protect the financial system from a default. Clearing through central counterparties (CCPs) or clearinghouses protects the markets from systemic risk. It involves clearing members collecting margin from customers, guaranteeing these trades if a customer defaults and contributing to a default fund. Margin is a core risk-management tool used to protect the clearinghouse and its members against risk of default. Clearing truly is a “system” among several market participants that requires sequencing and coordination during trading hours.

The introduction of trading on weekends and holidays would signify a marked change to the processes and timeline for collecting and posting margin, and to the framework in which margining operates. As FIA stated in its [response to the CFTC on 24/7 trading](#), the structural modifications required to adapt to this change are significant.

For example, many institutional participants in mainstream futures markets rely heavily on give-ups, meaning that trades are executed by one broker and then the resulting positions are transferred or “given up” to another broker that acts as the client’s clearing firm. This separation between execution and clearing promotes competition in futures markets. Clients are likely to expect to have this option on weekends and holidays.

For the clearing firms, however, this presents a risk if trading continues into weekends and holidays, but the clearing process does not. This leads to a scenario where a clearing firm does not know how much risk has accumulated over the weekend – and how much margin it needs to collect – until the clearing process resumes on Monday.

In the current environment, clients can post various types of collateral to meet their margin calls, including cash and securities, and clearing members have several ways to meet their funding requirements, including access to the repo markets for US government securities. None of these forms of collateral and funding are currently available on weekends and holidays. This creates challenges for



timely collateralisation of exposures outside of traditional trading hours. This also introduces the risk of under-margined exposures, which in turn creates risks for market participants, clearing members and clearinghouses.

Given the interrelationships between markets, the industry must consider the margining between offsetting trades that can occur within one clearinghouse or multiple clearinghouses. Moving to 24/7 trading and clearing will complicate this process if some positions are in markets that are closed.

Additionally, it is important to consider the impact of an increase in basis risk as weekend markets may become untethered from their cash or physical market counterparts.

#### AUTO LIQUIDATION IN TRADITIONAL MARKETS

In lieu of traditional clearing, some digital asset trading venues engage in “auto-liquidation,” meaning that positions are liquidated automatically when losses on those positions reach a certain threshold. This model reduces the risk of default in real-time, but FIA does not believe that it is an appropriate risk management solution for most commercial market participants.

Today, clearinghouses and their members have a duty to consider market conditions before liquidations. The current clearing model requires the establishment of a clearly defined default management strategy with provisions for hedging and portfolio splitting prior to liquidation to ensure that any close-out happens at the best possible price.

This tailored liquidation process is aimed at protecting market participants that use futures to hedge their risks, such as pension funds and agricultural producers. These market participants use derivatives for risk protection, and periods of high volatility where auto liquidation could be triggered are precisely when they need these instruments the most.

As markets extend trading hours over weekends and long holidays, we must avoid half-measure clearing solutions that create asymmetric or dislocated risk in the system. Some have suggested solutions that prefund margin before weekends or holidays to account for potential market moves. Such solutions are imprecise and untethered from market risk, leaving clearing members to bear the risk of market volatility and unable to collect from end users. Other solutions involve CCPs collecting variation margin losses from clearing members but not remitting or



netting variation margin gains during extended trading. These half measures only shift risk rather than mitigate risk. As we move to 24/7 markets, we must seek solutions that complete the entire clearing cycle of two-way margining and collections to ensure risk is netted and allocated to those end users taking on the exposures.

A related issue is the need for clearing members to collect margin from clients. Normally, this happens very quickly after the clearinghouse issues a margin call, where clearing members use the wholesale payment system and funding markets to collect from clients. Central banks around the world have begun efforts to extend the operating hours for these systems, including the Bank of International Settlement's [Project Agora](#), the Bank of England's [RTG and CHAPs extension proposal](#), the European Central Bank's T2 extension [proposal](#), and the Federal Reserve's [FedNow](#) initiative and Fedwire extension [proposal](#). Utilizing clearing beyond traditional trading hours will require the advancement of these payment system initiatives.

## 24/7 trading will require sufficient liquidity

Generally, market regulation requires that exchanges promote orderly markets and demonstrate that products are not subject to manipulation. When trading is spread across the weekdays, weekends and evenings, volume is likely to drop and execution costs for consumers are likely to rise.

Lower liquidity creates the risk of large market moves occurring on thin trading volumes. Without proper risk controls, a large move due to a thin market can become self-reinforcing by triggering automated buying/selling that accelerates the move. Most major derivatives exchanges have developed mechanisms to prevent or mitigate these so-called "flash crashes." Exchanges will need these mechanisms, along with the personnel capable of managing these mechanisms, in place during the extended trading hours.

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-- [Olam Global Agri Pte. Ltd.](#)

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This issue is a particular concern for commercial firms that use exchange-traded derivatives to hedge their risks. For example, in commodity futures markets, commercial end-users play a critical role in bringing liquidity and supply and demand information to the markets, and these firms need sufficient liquidity to enter and exit their positions. While extending trading hours into the weekend could attract nonprofessional market participants, a lack of commercial hedgers combined with low liquidity presents significant risks.

Olam, an agricultural merchant, raised this concern [in its response](#) to the CFTC's request for comment in 2025. "Liquidity – by extending hours, effectively this will dilute concentration of traded volume and create pockets of illiquidity in off-market hours, especially late at night and on the weekends..... Not only is this an existential risk to the commercial hedger being able to put on a hedge for a physical position of a client, it would also introduce the potential for increased volatility, whether intentional or not."

Another consideration is the role played by market makers. In most exchange-traded derivatives markets, professional trading firms provide liquidity on a continuous basis. As exchanges move to 24/7, these market makers will need to evaluate whether it makes financial sense to extend their operations into the weekend and holidays.

Lower liquidity also makes markets more susceptible to fraud and market manipulation. In environments with decreased trading volume and market liquidity, individual trades have an outsized impact on market price and may increase volatility. Individuals intent on using fraudulent trading practices may more easily manipulate markets for their gain during these times at the expense of other market participants and the integrity of the market.

## **Operational risk is a key consideration for 24/7 trading**

When it comes to 24/7 markets, operations is where the rubber meets the road. Moving to this new paradigm will depend on the technology, personnel and practices that make up the operations of markets.

The story begins with technology. Much, if not most, of the foundational technology that undergirds derivatives markets is dependent on legacy technologies that cannot readily operate on a 24/7/365 basis. Many firms rely on computer systems designed for batch processing on standardised daily transaction cycles. Adapting these operating systems to continuous processing 24 hours a day presents many challenges.



In addition, firms have maintenance and software update cycles that work in existing operational frameworks. Exchanges will need to identify windows of time during the extended hours when market participants can conduct maintenance, updates, patches and fixes to their operating systems without triggering malfunctions. This is further exacerbated by the complex network of interconnected vendor and proprietary technology solutions. A shift to 24/7 trading will expose these dependencies, and solutions will take time to execute. Moving too fast could create unexpected challenges.

#### WHAT CONSTITUTES A TRADING DAY?

There is no clear, bright-line delineation of a trading day in markets that, for all intents and purposes, never close. The same applies to other common terms like “session”, “close” and “official settlement” that are integral to the efficient operation of markets. Moving to 24/7 trading will require clear and consistent definitions of these terms embedded in the operations of markets.

The next chapter is people. Expanding trading hours into weekends and holidays will create new staffing requirements across multiple functions, including trade support, information technology, compliance and surveillance. Qualified people are necessary to deliver these services, and the cost of obtaining, training and maintaining this workforce is not insignificant. This will impact all segments of the market ecosystem, including exchanges, clearinghouses, brokers, market makers, technology providers, custodians, customers and regulators.

Assuming the people are in place, issues with industry operating practices also need addressing. For example, many market functions and requirements are built around the current definition of what constitutes a “trading day,” and these will shift depending on how 24/7 markets evolve. Specifically, it is likely that the period between the end of “Friday” and the beginning of “Monday” will be treated as one, distinct “day” that stretches 48 hours or more.

Requirements for give-ups, allocations, end-of-day reports and regulatory submissions, such as swaps data, also will need redefining. In addition, standards for customer support and market practices, such as dispute handling and break/fail resolution, are currently based on specific day definitions that generally do not include weekends. These definitions will need reviewing and updating in a coordinated way across the industry.



## Existing market principles and regulations provide a roadmap for 24/7 trading

Established markets that have a long history of successful operation benefit from a body of laws, rules, regulations and other written agreements that make up its legal underpinnings. At its foundation, that framework helps protect customer assets, ensure the financial integrity of transactions, mitigate systemic risk and prevent fraud and manipulation. In the shift to 24/7 markets, that framework becomes even more critical to ensure the operation of markets remains aligned with the framework that has guided it for so long.

Regulation ensures fair, orderly and efficient markets. As markets move to 24/7 trading, regulators will need to examine all aspects of their regulatory framework and consider what changes and/or clarifications will be needed. For example, rules related to order handling requirements, execution quality disclosures, the use of customer funds and volatility controls will apply during weekends and holidays. They must be clear, fit for purpose and consistent across trading venues.

Market oversight will also face new challenges in a 24/7 environment. Surveillance staffing and technology will need to operate on a 24/7 basis, which likely will require additional resources.

Today, weekends and holidays offer a pause in trading and allow market participants to reassess market conditions. This pause also has traditionally provided regulators a time to manage defaults and crises. Policymakers will need to assess how to work through these one-off challenges without that buffer.

The adoption of 24/7 trading will require regulators to adjust definitions and practices under which their markets operate. For example, timing for residual interest calculations is premised on regular closures of funding markets. Likewise, customer fund segregation reporting is premised on regular closures of futures market. A similar situation exists when it comes to contract specifications and market practices. For example, many futures and options contracts reference a “cash close” in the underlying market, which may need redefining or clarification, and legal certainty is needed for weekend settlement references and price limits. In the same vein, a thorough examination of error-trade windows and trade bust rules for market sessions on weekends and holidays will be required.

## RECOMMENDATIONS

Even with these identified operational, risk and regulatory issues, we should not shy away from this challenge. Rather we should tackle the various issues as an industry through dialogue, sound data and thoughtful analysis. FIA offers these recommendations to help begin this process:

- 1. Align 24/7 trading with 24/7 clearing:** The industry and regulators must ensure the integration of trading and clearing to protect the financial health of the markets. Moving to 24/7 will require regulators to ensure additional risk management support and access to clearing during these extended trading hours. This means the existing regulatory rules will need updating to require exchanges and clearinghouses to actively manage market exposures and financial risk around-the-clock.
- 2. Advance tokenisation initiatives with market infrastructure:** The tokenisation of collateral could advance the timeline to 24/7 trading considerably by allowing the 24/7 movement of assets that stand behind trades. Many digital asset markets already accept tokenised assets as collateral 24 hours a day. As discussed in FIA's [paper on tokenisation](#), this technology could serve as an important enabler for 24/7 trading and clearing. FIA supports the efforts of market infrastructure to accept certain tokenised assets as collateral.
- 3. Extend the operating hours for wholesale payment systems:** In today's markets, clearinghouses, clearinghouse members, and clients all rely on large value payment systems for transferring payments associated with calls for initial and variation margin. These payments systems are largely not available on weekends and holidays, however. FIA urges the operators of these payment systems to extend their operating hours to support the extension of clearing cycles into weekends and holidays.
- 4. Identify the characteristics of markets ready for 24/7 trading:** Some markets today may already have the sufficient liquidity, modernised operations and fully collateralised trades necessary for 24/7 trading. Other markets with sporadic liquidity may take more time to reach that point, and some may not reach it at all. All markets should undertake a thorough analysis of the specific conditions needed before moving to 24/7, including the leveraged nature of the product, the types of end-users active in that market, the liquidity of the product and the characteristics of the underlying cash market.
- 5. Engage regulators to resolve regulatory and operational impediments to 24/7 trading:** Market regulators need to engage with industry to address these issues in a logical and thoughtful manner. Industry would benefit from the development of regulatory and operational standards for trading 24/7, including a standardised taxonomy of terms and a standard definition of trade date. We encourage market regulators to use advisory committees and working groups to tackle these issues in a structured manner.



## CONCLUSION

FIA encourages responsible innovation and modernising our trading and clearing infrastructure. Both consumer demand and technological advances have made around-the-clock trading a reality for markets. Certain markets, including cryptocurrencies and prediction markets, lend themselves well to 24/7 trading. Others, such as energy and agriculture, may take longer to make that transition, or not transition at all, due to their complex structure and specific trading and hedging practices.

FIA does not advocate for a “one size fits all” solution. Instead, it makes sense to adopt a thoughtful approach that aligns the extension of trading hours with risk-reducing clearing and technological and operational capabilities. FIA looks forward to actively working to address these legal and market structure challenges with regulators and the marketplace.



**BRUSSELS**

Office 621  
Square de Meeûs 37  
1000 Brussels, Belgium  
+32 2.791.7572

**LONDON**

Level 28, One Canada Square  
Canary Wharf  
London E14 5AB  
Tel +44 (0)20.7929.0081

**SINGAPORE**

One Raffles Quay  
North Tower, Level 49  
Singapore 048583  
Tel +65 6622.5782

**WASHINGTON**

2001 K Street, NW  
Suite 725, North Tower  
Washington, DC 20006  
Tel +1 202.466.5460

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