



Via Electronic Mail and Regulations.gov

August 26, 2026

Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Request for Comment on the Extension of Standard Futures Contracts to 24/7 Trading and on Perpetual Contracts Referencing Physically Delivered or Storable Energy Commodities (RIN 3038–AF75)

Dear Mr. Kirkpatrick:

The Futures Industry Association (“**FIA**”)¹ appreciates the opportunity to respond to the Request for Comment published by the Commodity Futures Trading Commission (“**Commission**” or “**CFTC**”) concerning the extension of standard futures contracts to 24/7 trading and the potential listing of perpetual contracts that reference physically delivered or storable energy commodities (the “**RFC**”), as supplemented by the Commission’s extension-of-comment-period release published on July 28, 2026 (the “**Supplemental Release**”).²

¹FIA is the leading trade organization for the futures, options, and cleared derivatives markets globally. FIA’s membership includes clearing firms, exchanges, clearinghouses, principal traders, asset managers, execution firms, commodity firms, end users, and those legal, technology and other firms who serve this community. FIA’s mission is to support open, transparent, and competitive markets, protect and enhance the integrity of the financial system and promote high standards of professional conduct.

²Request for Comment on the Extension of Standard Futures Contracts to 24/7 Trading and on Perpetual Contracts Referencing Physically Delivered or Storable Energy Commodities, 91 Fed. Reg. 38,334 (June 25, 2026) (RIN 3038-AF75), available [here](#); see also Extension of Comment Period, 91 Fed. Reg. 47,158 (July 28, 2026) (RIN 3038-AF75) (extending the comment period through August 26, 2026 and requesting comment on additional topics), available [here](#).

Executive Summary

FIA's key views and recommendations are summarized below and discussed in detail in the body of this letter.

- The Commission should evaluate 24/7 trading through a risk-management lens. The risks of 24/7 trading extend beyond those who opt in to trade during extended hours and are borne across the market, including by participants who never trade during those hours.
- Expanding trading hours for energy and other traditional commodity futures can create under-collateralized exposure for the financial system when clearing, margin, collateral, and payment infrastructures are not available.
- Weekend and holiday price formation in benchmark energy contracts raises distinct price-reliability, liquidity, and manipulation concerns. Continuous trading is not synonymous with continuous liquidity, and thin-market prices should not be treated as robust reference prices.
- Extended-hours futures prices flow into related markets, commercial contracts, benchmarks, options, and other investment products. The Commission should require impact assessments before permitting 24/7 trading in benchmark energy contracts.
- The Commission should evaluate effects on market access, fair and equitable trading, and the potential exclusion of smaller commercial users.
- The above considerations regarding 24/7 trading implicate compliance with certain designated contract markets ("DCM") statutory core principles identified herein and related Commission rules, as well as the protection of commercial end users and other traders. The Commission has tools at its disposal to address any contract that it believes fails to comply with the core principles or inadequately protects market participants.
- Perpetual contracts on physically delivered or storable energy commodities require a separate, careful analysis.
- The Commission should convene a public roundtable, coordinate with other federal agencies where appropriate, and ensure that DCMs, in consultation with market participants, provide an appropriate minimum implementation period in the event the Commission determines that it is appropriate for any 24/7 standard energy futures contract or energy perpetual to trade.

Introduction

FIA's member firms include clearing firms, exchanges, clearinghouses, trading firms, commercial firms, and other participants that operate in the cleared derivatives markets. Many FIA members are CFTC-registered futures commission merchants ("FCMs") that facilitate and support trading by commercial hedgers, institutional investors, asset managers, proprietary trading firms, and other derivatives market participants. FIA's membership also includes commercial end users that rely on these markets for hedging and risk management. FIA's membership is therefore uniquely positioned to address the RFC's clearing, risk-management, market-integrity, operational, and commercial implications. FIA members are directly affected by any change to trading hours and the associated changes required to support active risk management during this period.

FIA supports open, transparent, competitive, and resilient markets, and recognizes the Commission's longstanding role in fostering responsible innovation, consistent with its statutory purposes. FIA supports the expansion of 24/7 trading and clearing for appropriate products where the necessary risk-management, clearing, and collateral infrastructure is in place to safeguard customers and the marketplace. FIA believes 24/7 trading and clearing may already be suitable for some products, may be premature for others where the market and its infrastructure require continued evolution, and may never be appropriate for certain physically settled and agricultural contracts. Appropriateness depends on whether the underlying market is natively 24/7 and/or deep, active, and continuously traded and readiness depends on the status of the evolution of payment, collateral, clearing, settlement, surveillance, and operational infrastructure.

FIA has written extensively about the work that remains before the market is properly safeguarded for this expansion of trading hours, and remains committed to working alongside the Commission and market participants toward that goal for appropriate products. In particular, for markets whose primary objective is to serve as a hedging function for commercial end users, additional analysis is needed before such an expansion occurs, both to resolve the operational and infrastructure gaps described in this letter and to confirm that extending price formation into hours when the underlying physical market is closed would not undermine the price discovery on which a reliable hedge depends.

Standard energy futures contracts present additional unique concerns. It would be premature to permit broad expansion of 24/7 trading in standard energy futures contracts, particularly benchmark contracts, as well as certain other traditional physically delivered or deliverable-commodity markets, before the industry and the Commission have identified, tested, and resolved material risk-management gaps. Such risk-management gaps arise when trading continues but clearing, settlement, collateral mobility, payment systems, staffing, and related markets do not. Expansion to 24/7 trading in energy futures at a minimum requires further product-specific analysis, stakeholder engagement, and a clear demonstration that the product can satisfy the applicable DCM and derivatives clearing organizations ("DCO") Core Principles and risk-

management requirements. As discussed in greater detail below, FIA believes the DCM Core Principles implicated include 3 (contracts not readily susceptible to manipulation), 4 (prevention of market disruption), 11 (financial integrity of transactions), and 12 (protection of markets and market participants, including by ensuring fair and equitable trading). Approval of perpetual derivatives referencing standard energy contracts, or the underlying energy commodity, require similarly rigorous analysis.

FIA notes that the RFC solicits comments on proposed market structure changes in two different areas: (1) readiness; and (2) appropriateness. First, the RFC asks questions related to market infrastructure readiness to support 24/7 trading and clearing and perpetuals. Assessing readiness requires a whole-of-market analysis, and FIA urges the Commission to consider whether and how potential changes to infrastructure are available to, and can be adapted for use by, all users of the relevant markets. A second, separate issue raised by the RFC is the appropriateness of certain products for trading on a 24/7 basis and as perpetuals, which requires product-by-product inquiries regarding the contract specifications, the collective needs of hedgers, the extent to which the market is a benchmark for other contracts, and other cash-market relationships. Given the wide breadth of questions and markets, FIA urges the Commission to assess readiness and appropriateness separately before implementing each change. For any given product the analysis may vary and for any product to be successfully supported in our markets the Commission must first confirm both infrastructure readiness and whether the product is appropriately suited for 24/7 standard futures or perpetuals markets.

FIA appreciates that the RFC invites a data-driven record and asks commenters to provide empirical analysis, transaction- or market-level statistics, and supporting documents where available. FIA agrees that data should guide the Commission's analysis, including not only trading volume but also participant composition, displayed and executable liquidity, depth through the order book, margin-call performance, collateral-transfer capability, weekend, after-hours, and holiday staffing, concentration, surveillance coverage, effects on commercial hedgers, and effects on contracts and instruments that reference benchmark prices.

That said, FIA believes that the absence of certain counterfactual data points regarding the risks of broad 24/7 trading in standard or perpetual energy products should not be treated as a reason to default to approval or self-certification of 24/7 standard futures or perpetuals referencing energy products before the record is adequately developed and potential consequences have been adequately considered. Because 24/7 energy trading at scale has not yet been tested on a regulated U.S. exchange, the data needed to evaluate weekend liquidity, margin-call performance, default-management outcomes, and effects on commercial hedgers and related markets do not yet exist in a form that permits confident assessment. The Commission should treat this evidentiary gap as a reason for caution, rather than as an absence of evidence of harm supporting immediate action.

I. The Commission should evaluate 24/7³ trading through a risk-management lens.

The RFC appropriately frames 24/7 trading and perpetual energy contracts as implicating many facets of market structure. FIA urges the Commission to independently evaluate whether an expansion of trading would compromise reference-price reliability, impair continuous liquidity and market-making capacity, and increase susceptibility to manipulation. These considerations bear directly on whether commercial market participants can continue to rely on these markets as effective risk-management tools for underlying physical markets. FIA further urges the Commission to evaluate the implications of such expansion for market surveillance, position limits, margin, clearing, settlement, and customer protection.

FIA believes that the Commission's analysis should begin with risk management. Clearing, margining, payments and collateral mobility, risk management frameworks, stress test models, default management, market surveillance, customer protection, operational staffing, and related-market conventions must be capable of supporting the extended trading environment. Daily cut-offs currently allow exchanges, clearing brokers, and back offices to safely execute margin calls, run mark-to-market valuations, perform accounting reconciliations, and conduct limits monitoring, and any 24/7 proposal should explain how these functions would be performed when markets are open on a continuous basis.

This market-structure change has wide-reaching impact that the Commission must consider. Critically, the risks of 24/7 trading are not confined to those who opt in; they are borne across the market, including by participants who never trade during the extended hours. A price formed while clearing, payment, and physical markets are closed does not stay with the weekend / after-hours trader. It flows through every open position, the FCMs risk-managing those positions, all clearing members exposed through mutualized default resources, and the wide range of options, OTC derivatives, ETPs, physical supply contracts, and benchmark indices that reference the futures price (*see* Section IV). That risk is heightened because weekend, holiday, and overnight sessions are when transient, market-moving events—geopolitical developments, official announcements, and other episodic news—can occur while liquidity is thinnest, so a single headline, even one later reversed, can move prices disproportionately before liquidity returns to correct it (*see* Section III). For benchmark contracts such as WTI futures, that price reaches across the economy, driving margin calls, contractual triggers, and valuations in markets far removed from the exchange.

³ FIA uses “24/7” in this letter to refer broadly to trading outside traditional business and trading hours, particularly weekend and holiday trading, consistent with the definition FIA adopted in its May 2025 comment letter (trading and associated clearing that is “active for the vast majority of weekend and holiday hours”). *See* FIA, Comment Letter re: Request for Comment on Trading and Clearing Derivatives on a 24/7 Basis (May 21, 2025), available [here](#). The issues discussed here therefore apply not only to a literal every-minute-of-every-day schedule, but also to materially extended schedules that introduce meaningful weekend, holiday, or overnight price formation while traditional payment systems and related markets are closed.

FIA commends the CFTC for undertaking a product-by-product analysis and agrees that such an approach is essential. Digital commodity markets may present a different profile because the underlying spot markets may themselves trade continuously and because some market structures and payment rails have developed around 24/7, often automated collateral movement and 24/7 liquidation and other risk-management processes. Moreover, a majority of participants in digital asset markets generally are not using such markets to hedge commercial risk such that an unexpected series of auto-liquidations would leave commercial businesses with large risk exposures. By contrast, crude oil and other energy markets have physical delivery points, storage and transportation constraints, defined cash-market assessment windows, term-structure dynamics, and commercial-user populations that were not built around continuous weekend (or after hours) trading and require reliable hedging tools. Many agricultural products raise similar concerns (discussed in Section VIII). Some products trade for shorter hours today because the underlying commercial community benefits from concentrated liquidity and predictable windows for price formation, staffing, and hedging, allowing participants to focus on core commercial business activities outside those windows. For such products, extending trading hours can dilute liquidity across a longer day, widen spreads, and raise hedging costs for commercial users—particularly smaller end users—without any offsetting gain in liquidity or commercial utility.

Certain members active in deliverable-commodity markets more broadly have indicated that they see no present commercial need for 24/7 trading in those markets, citing concerns about price distortion in the underlying cash market. Consistent with those concerns, the Commission should treat demonstrated commercial need as the threshold question, considering whether there is data supporting a need for continuous trading in the relevant market, and only then seeking a demonstration that the market can support continuous trading *and* continuous risk management, as discussed below, without undermining market integrity or commercial utility.

Demonstrated need, however, is necessary but not sufficient. FIA recognizes that some commenters may argue that broad demand for continuous trading, standing alone, should lead the Commission to allow the market to determine through trial and error whether sufficient interest exists to sustain a given 24/7 product or energy perpetual. FIA respectfully disagrees that demand alone should be dispositive. Even where demonstrated need exists, the Commission should still confirm that clearing, margin, collateral, and surveillance infrastructure can support the resulting risk before launch, precisely because, as noted above, that risk is borne market-wide rather than only by those who choose to trade the product, with ramifications for the broader financial system, as described throughout this letter.

II. The current disconnect between trading hours and clearing, margin, collateral, and payment infrastructure creates a bottleneck risk.

The most immediate risk in extending standard energy and other traditional commodity futures contracts to 24/7 trading is the disconnect between continuous trading and non-continuous clearing, payment, settlement, and collateral infrastructure (*see RFC Questions 4 and 7–13*). The ability of FCMs and DCOs to calculate, call, collect, and move margin on a timely basis is fundamental to the safe operation of the derivatives markets. Current market and payments infrastructure used by market participants does not support seamless, universal, 24/7 movement of cash and non-cash collateral given traditional fiat payment systems do not operate continuously, and many commercial participants do not maintain staff, funding sources, and treasury processes designed to satisfy margin calls during weekends, after-hours and holidays. A market structure that permits price formation and risk creation without equally reliable collateral movement and settlement throughout those periods creates under-collateralized exposure for FCMs, DCOs, and ultimately the financial system as a whole.

A simple weekend example illustrates the point. A customer may execute or carry a standard futures position late on Friday. If market conditions move against that position on Saturday or Sunday, the relevant FCM may need to call for additional margin to protect itself, the DCO, and the customer account. Yet the corresponding cash or collateral transfer may not be operationally possible until Monday because the customer's treasury function, bank and other payment rails, or collateral custodian is not available. During that period, the FCM bears exposure that may not be collateralized in real time.

Moreover, the margin period of risk (“**MPOR**”) used in existing margin frameworks is calibrated to a one-day close-out assumption, though weekends and holidays present a multi-day period during which market liquidity and payment flows supporting a close-out are unavailable or constrained.

Extending trading into weekends and holidays also raises unresolved questions about how existing customer-protection computations, including segregation of customer funds and residual-interest calculations, would apply if Saturdays and Sundays are treated as active trading and clearing days rather than as the holidays and weekends those computations currently assume.

This risk bottleneck is not a theoretical objection to innovation. It is a concrete mismatch between the time at which market risk is created and the time at which that risk can be collateralized and settled.

Consider a commercial participant carrying a September/October WTI calendar spread into a weekend as part of a hedging strategy related to anticipated crude purchases, holding a long position in the September contract and a short position in the October contract. If a geopolitical event over the weekend raises concerns about near-term supply disruptions, market participants

may bid up the value of prompt-month crude relative to deferred months, significantly changing spread values and producing a substantial increase in the participant's margin requirement even though its underlying commercial exposure has not changed; because treasury personnel and traditional payment systems may not be fully available until Monday, a timing mismatch can arise between the accumulating risk exposure and the participant's ability to post collateral against it. A comparable dynamic can arise for a refiner carrying a WTI put option position into a weekend as part of its risk-management program: a significant weekend geopolitical development can move futures prices and implied volatility sharply, causing clearing systems to recalculate and increase margin requirements for the options portfolio, while the refiner has limited ability to move collateral or adjust its position until normal business operations resume. In both examples, the participant's primary challenge is the ability to meet rapid collateral and operational demands outside traditional business hours. This mismatch can produce both credit risk for FCMs and DCOs and market-access risk for market participants.

FIA recognizes that market-moving events can occur whether or not trading is open, and that risk to an open position therefore accumulates regardless of the venue's trading hours. A distinguishing risk this letter identifies is not the occurrence of price-moving events during closed hours, but rather the consequence of extending price formation into hours when responsive margin calls and collateral movement are not equally available: if a market is open and prices move against a position but no corresponding margin call can be made and satisfied until Monday, the FCM is left bearing that exposure on an uncollateralized basis in the interim. Should the exposure grow beyond the FCM's resources—as it can on a benchmark contract during a weekend shock—the resulting loss does not remain with the FCM but is transmitted to the DCO and mutualized across clearing members, converting a timing mismatch into a source of systemic risk.

If a DCO or FCM requires participants to pre-fund in advance of the weekend, participants that have not pre-margined may be effectively unable to trade or hedge during weekend hours. If pre-funding is not required or not perfectly calibrated, FCMs may be asked to carry uncompensated or insufficiently collateralized credit exposure until payment systems reopen. Neither outcome is satisfactory. Commercial hedgers should not be forced out of positions or denied access to risk-reducing trades merely because they lack weekend payment access. FCMs should not be required to absorb uncollateralized risk because trading hours have been expanded before payment and collateral infrastructure can support the resulting obligations. FIA is particularly concerned that a weekend market could become available primarily to participants that are willing and able to pre-fund large buffers or use alternative payment assets if available, while commercial hedgers and other users of benchmark energy contracts face reduced access or forced liquidation.

FIA members have identified a concrete illustration of this dynamic in the refined fuels value chain: a refiner hedges input and output price risk using near-term and deferred futures and options, a wholesale distributor uses the same instruments to manage acquisition and forward sale of

refined products, and convenience stores and other end users further down the chain rely on the same markets to manage their own price risk. Extending trading to a 24/7 basis would increase hedging costs at each link in that chain (for example, through additional margin required to guard against weekend price movement). While a refiner may be able to absorb such costs, convenience stores and farmers operate on much thinner margins and may be unable to do so. An analogous dynamic exists in agricultural value chains, where farmers, elevators, biofuels processors, feed mills, flour mills, livestock operators, cotton gins, dairy processors, and consumer packaged goods companies all rely on nearby and deferred futures and options to manage price risk.

The Commission asks whether real-time payments, tokenized settlement assets, tokenized Treasury securities, stablecoins, or other collateral arrangements could support weekend margin and settlement (*see RFC Questions 8, 9, and 11*). FIA agrees that development in collateral mobility may eventually help address some of these challenges. Tokenization and real-time payment infrastructure may play a meaningful role in a future 24/7 clearing ecosystem. But those arrangements are not yet sufficiently broadly adopted and operationally integrated to support an immediate, wide-scale move to 24/7 trading in energy futures or futures on certain other traditional commodities.

Any reliance on tokenized settlement assets may raise questions about custody, legal finality, valuation, haircuts, liquidity during stress, treatment in default, compatibility with customer-protection requirements, and fair access for all participants. Indeed, several of these arrangements could introduce new risk precisely when weekend margin is most needed—a stablecoin de-peg, a platform outage, or a settlement-finality failure during a supply shock—such that the proposed solution could itself become a channel of stress rather than a buffer against it. Reliance on such rails also raises a market-structure concern: if weekend collateral mobility is available in practice only to participants with the scale and digital-asset sophistication to use it, commercial hedgers could face reduced access or forced liquidation while participants with the resources to make use of tokenized collateral trade freely. FIA appreciates prior Commission staff guidance on these matters and the stated intention to provide future additional rule-based clarity.⁴ But even with greater certainty in this area, many commercial energy market participants are unlikely to have the internal digital asset-related expertise and other internal resources needed to adopt such technologies in the foreseeable future. Accordingly, the Commission should not treat tokenized or real-time collateral capability as an assumed feature of the market; before permitting a wide-scale move to 24/7 energy trading, it should require any proponent to demonstrate that its proposed collateral and settlement rails are broadly available, legally robust, and resilient under stress.

⁴ *See, e.g.*, CFTC Staff Letter 25-39 (Dec. 8, 2025); CFTC Staff Letter 25-40 (Dec. 8, 2025); Michael S. Selig, Chairman, CFTC, Remarks: The Next Phase of Project Crypto: Unleashing Innovation for the New Frontier of Finance (Jan. 29, 2026) (“ . . . [T]o help unleash American innovation, I have directed CFTC staff to develop rules to enable the responsible deployment of additional forms of eligible tokenized collateral”).

Additional initial-margin buffers and restrictions on weekend trading absent excess margin, pre-trade risk limits, delayed recognition of unrealized gains, or temporary liquidity facilities may be useful interim risk mitigants in some cases (*see RFC Questions 10, 12, and 13*). But they are not complete substitutes for continuous settlement and collateral mobility, because none provides the ability to move collateral when a call is made. A margin buffer calibrated from historical volatility may prove inadequate during geopolitical events, severe weather, infrastructure outages, or supply shocks occurring over the weekend when market reaction can build over several days while traditional margining rails are closed. This presents a dilemma: a buffer large enough to cover extreme weekend moves may impose prohibitive costs on commercial users and reduce market liquidity, while a smaller buffer may fail precisely when it is most needed.

The Commission should require any DCM and DCO proposing 24/7 trading in energy products to propose, with supporting data and operational testing, how margin calls will be made, satisfied, settled, aged, defaulted, and treated in determinations of financial resource adequacy, and how required calculations under customer-protection rules should be made, during overnight, weekend, and holiday periods. The Commission should separately require these proponents to demonstrate how required calculations under customer-protection rules would be performed during those same periods, as noted.

These concerns implicate Core Principle 11, which requires a DCM to establish rules and procedures for ensuring the financial integrity of transactions entered on or through its facilities, including clearance and settlement. A market structure that permits continuous price formation and position creation while the infrastructure for margining, settling, and clearing those transactions does not operate with equal continuity raises questions about whether the financial integrity of weekend and holiday trading can be assured consistent with Core Principle 11.

Auto-liquidation is not an adequate answer for benchmark energy markets or most commercial-user contexts. Automated liquidation tools can also cause market disruptions, particularly when triggered in illiquid markets or during illiquid trading periods, and although such tools are used in certain digital commodity markets, they do not map cleanly onto physically delivered futures markets.⁵ Asset managers and commercial users generally have not supported extending automated liquidation approaches to their positions in energy and other traditional markets, given the risk of losing necessary hedges with little or no warning and procyclicality risk. Liquidation requires willing counterparties providing executable liquidity and may require default-management judgment. In a thin weekend market, automated liquidation of a large or concentrated position can become procyclical, drive prices further from fundamental value, trigger additional margin calls, and produce cascading liquidations. FCMs and DCOs have obligations to consider

⁵ See, e.g., CME Group, CBOT Disciplinary Notice 15-0158-BC, Saxo Bank A/S (Mar. 2017), available [here](#).

market conditions and default-management strategy, including hedging and portfolio splitting where appropriate, before liquidation.

Moreover, 24/7 trading in certain energy contracts may pose risk-management issues whether or not the DCM and DCO rely on auto-liquidation. FIA understands that CME's 24/7 10-Barrel WTI Crude Oil futures contract does not rely on automated liquidation.⁶ But it may not always be possible to liquidate a defaulting or materially under-margined position manually over the weekend or on a holiday, when the full complement of DCM and DCO staff and exchange members who would participate in default-management and porting processes may not be immediately available and natural market liquidity is at a low ebb. Thus, the manual-liquidation approach may avoid the cascading procyclicality risks of automated liquidation in a thin weekend market, but it substitutes a different risk: the relevant FCM, DCO, and other clearing members exposed through the mutualized default fund may be required to carry an open and potentially deteriorating exposure over a weekend with no realistic ability to reduce or transfer that exposure until ordinary business hours resume and typical market liquidity returns. Alternatively, a clearing member may be able to liquidate the position manually only at a price substantially off-market; FIA members have indicated that such a trade may need to be priced as much as 100 "ticks" off-market to attract a willing counterparty during weekend hours. That risk can be acute in instances of volatility over a weekend during a geopolitical or other energy supply-shock event of the kind discussed in Section III below.

A 24/7 market structure that depends on immediate automated liquidation during low-liquidity weekend hours would risk amplifying precisely the stresses that margin and clearing frameworks are designed to manage (*see RFC Questions 4, 22, and 62*). A 24/7 market structure that instead forgoes automated liquidation, but lacks a dependable default-management or porting mechanism before Monday, raises a comparable risk-management gap that the Commission should also require a DCM and DCO to address before launch of a given 24/7 energy product.

III. Weekend price formation in energy markets raises distinct price-reliability, liquidity, and manipulation concerns.

The Commission asks whether extending standard futures contracts to 24/7 trading materially changes the availability or reliability of prices formed during overnight, weekend, and holiday periods, and what volume, open-interest, and participant-composition data support those prices (*see RFC Questions 1–3*). FIA believes that the answer depends on the product, but that benchmark energy futures present significant concerns, including with respect to compliance with DCM Core

⁶ NYMEX Submission No. 26-186, CFTC Regulation 40.2(a) Certification, Initial Listing of the 10-Barrel WTI Crude Oil Futures Contract (July 8, 2026), available [here](#).

Principle 3 (contracts not readily susceptible to manipulation) and Core Principle 4 (prevention of market disruption).

The relevant underlying physical markets do not operate continuously in the same way as certain digital asset markets. The cash market for crude oil and many other energy commodities is generally traded or assessed during defined windows. Physical flows, storage, transportation, delivery capacity, refinery demand, pipeline nominations, and other commercial inputs do not update in the same manner as a continuously traded screen. A futures price formed during a period when there is no contemporaneous physical trading may be less representative of physical supply and demand and more vulnerable to distortion and disruption resulting from thin trading, concentrated participation, event-driven order flow, and the absence of spot-futures arbitrage to close any gaps in physical and futures supply and demand.⁷

Liquidity is central to this analysis. Continuous trading is not synonymous with continuous liquidity. Weekend trading that produces only small volumes and shallow depth may not support reliable price formation even if prices are observable. It is not sufficient that a trading venue remains open if market-making capacity, hedging activity, executable depth, and two-sided liquidity are materially reduced during extended hours. Where liquidity becomes fragmented or episodic, price formation may become less reliable, bid-ask spreads may widen, relatively small orders may produce disproportionate price movements, and forced liquidations may amplify market stress rather than facilitate orderly risk transfer.

A nominally observable price is not the same as a robust, manipulation-resistant reference price. Thin markets magnify the price impact of individual trades and may create opportunities for abusive or manipulative strategies. This risk may be heightened for reduced-size contracts, such as the 10-barrel WTI futures contract referenced above, whose smaller size relative to the standard 1,000-barrel WTI contract may present lower barriers to manipulation. This small size may also be more attractive to retail speculative activity than to commercial hedging; the Commission should consider whether such a contract serves a meaningful commercial hedging purpose or would instead risk producing a lightly traded reference price driven primarily by retail activity. The Supplemental Release's specific question regarding smaller-scaled 24/7 crude-oil contracts underscores the same concern: a smaller contract that references, or is heavily correlated with, the same underlying crude-oil market could create incentives to establish benchmark futures before the weekly market close, trade over the weekend in the smaller contract in a manner that moves prices, and influence benchmark price formation when the benchmark market reopens, including

⁷ FIA members have identified a specific mechanism by which this distortion could affect commercial transactions. Physical or cash prices typically consist of a futures price, a basis price adjustment reflecting regional supply and demand conditions, and a logistics charge, and industry participants conventionally update basis prices and bids Monday through Friday. Weekend volatility in the futures price alone, without a corresponding adjustment to the basis price, could therefore produce a transaction mismatch between the two components, resulting in mispricing and a loss of margin opportunity for either the buyer or seller of the physical commodity.

under stressed conditions such as those in which crude-oil prices reached negative levels in April 2020 (discussed below).

FIA also believes a DCM proposing to list an energy product for 24/7 trading should understand the underlying demand for extended energy product trading hours. The relevant inquiry is not only whether participants seek the ability to trade during extended hours, but also whether sufficient market-making, hedging, and risk-transfer activity exists to support reliable two-sided liquidity during those hours. Continuous trading requires continuous liquidity infrastructure. A market that remains open but lacks sufficient market makers, hedging activity, or executable depth may produce observable prices without producing reliable price discovery.

Careful consideration of demand from and impact on market participants is consistent with Commission guidance on ensuring manipulation resistance in Appendix C to Part 38 of the Commission's Rules. Appendix C contemplates that a DCM will conduct "market research so that the contract design meets the risk management needs of prospective users and promotes price discovery of the underlying commodity." It requires the DCM to "consult with market users to obtain their views and opinions during the contract design process to ensure the contract's terms and conditions reflect the underlying cash market and that the futures contract will perform the intended risk management and/or price discovery functions." FIA believes this consultation obligation should encompass the full range of affected intermediaries and market participants, whose feedback should be taken into account and who should be given sufficient lead time to prepare operationally before any novel 24/7 product is listed or any material change to trading hours takes effect. The consultation should specifically include FCMs, given the central role they play in supporting and risk-managing trading in such products.

Physical crude oil and distillates markets illustrate this point. Argus defines the physical crude and distillate trading day as the hours during which the market can be said to contain a fair number of willing buyers and sellers, and for U.S. crude oil markets, Argus identifies that trading day as running from 7:00 a.m. to 3:00 p.m. Central Time for the U.S. Gulf Coast and midcontinent pipeline markets, and from 7:00 a.m. to 4:00 p.m. Pacific Time for the U.S. West Coast pipeline and waterborne markets. Traders at physical trading firms do not typically transact outside these hours absent unusual circumstances, and physical crude and distillate brokers do not show tanker, barge, or pipeline space markets on weekends.⁸

These concerns are particularly acute where a comparatively small weekend market has the potential to influence pricing in a significantly larger benchmark futures contract, related trade-at-settlement ("TAS") positions, over-the-counter ("OTC") derivatives, options, exchange-traded products ("ETP"), physical contracts, benchmark indices, or Monday opening prices. A DCM

⁸ See Argus Media, US Physical Trade Month for Crude Markets, available [here](#) (defining the trading day for US crude oil markets as 7:00 a.m.–3:00 p.m. CT for the US Gulf Coast and midcontinent pipeline markets, and 7:00 a.m.–4:00 p.m. PT for the US West Coast pipeline and waterborne markets).

proposing 24/7 trading should therefore demonstrate reasons for confidence that weekend prices not only can be observed, but are formed in a market with sufficient liquidity, depth, participant diversity, and market-making support to justify their influence on the broader benchmark ecosystem.

FIA has reviewed some preliminary data for oil-referenced contracts traded on a decentralized platform over the weekend during the onset of military conflict with Iran. Observed weekend volumes were consistently low relative to weekday volumes. FIA does not present that observation as an incontrovertible predictor of how trading on a DCM would function for a 24/7 energy contract; however, it is indicative of the expectations one might reasonably have for such contracts and is directionally consistent with the concern that natural weekend liquidity in energy-referenced products may be limited, even during newsworthy periods. The broader 2026 conflict between the U.S., Israel, and Iran illustrates the scale of volatility a benchmark energy contract can experience around a geopolitical shock, and why weekend timing matters to that analysis.

Brent crude traded in roughly the \$70 to \$72 range before the conflict began in late February 2026. It rose sharply (peaking at roughly \$120 to \$126 a barrel by late April) over the following months as the conflict escalated. It then substantially retreated toward pre-war levels by late June as a memorandum of understanding to end hostilities took hold. Prices spiked again in early July after renewed strikes underscored that the de-escalation remained fragile.⁹ Several of the conflict's price-moving developments, including missile exchanges, occurred over weekends, and benchmark futures opened materially higher the following Monday to reflect news that accumulated while trading and payment systems were closed.¹⁰

FIA offers this episode not merely as an illustration of elevated weekend volatility and the limitations of margin buffers calibrated to historical experience, but also as an example of the risks associated with weekend price formation during periods of reduced liquidity. Again, the relevant concern is not that geopolitical events occur while markets are closed; as noted, such events occur regardless of trading hours. Rather, the concern is that significant price discovery may occur in a comparatively small trading environment while many commercial participants, physical markets, payment systems, and risk-management functions are not fully available, even though the resulting prices may influence a much larger benchmark ecosystem when broader markets reopen.

The above data are also relevant to the generalized concern that offshore 24/7 venues may be drawing volume and price discovery away from U.S.-regulated markets. FIA wants U.S.-regulated

⁹ See, e.g., *Oil Prices Pick Up on Strait of Hormuz Concerns*, Wall St. J., June 25, 2026; *Oil Prices Fall to Levels Not Seen Since Start of US-Israel War on Iran*, Al Jazeera, July 2, 2026 (noting Brent's post-war peak exceeded \$126 a barrel on April 30, 2026); *Oil Prices Jump as Middle East Tensions Build*, N.Y. Times, June 1, 2026.

¹⁰ See *Oil Prices Rise as U.S., Iranian Strikes Threaten Strait of Hormuz Reopening*, Al Jazeera, June 29, 2026 (describing a roughly 0.9% Monday opening rise following weekend US-Iran strikes); *Oil Prices Set for More Volatility After Latest Iranian Attack on Ship in Gulf*, N.Y. Times, July 11, 2026 (reporting that a weekend attack on a vessel in the Strait of Hormuz was expected to produce volatile trading when markets reopened Sunday night).

markets to remain innovative and competitive. FIA also agrees that migration of material liquidity in energy contracts to less-regulated offshore venues could raise policy concerns. But the premise that this would be the result in the absence of 24/7 DCM trading should be tested with data rather than assumed. If offshore energy-referenced 24/7 trading volume is small relative to trading in the benchmark futures contract and the underlying deliverable market, then the case for immediate 24/7 listing in the United States is weaker. The better approach would be to take time to measure in a robust fashion whether meaningful price discovery is actually occurring offshore, whether commercial users are migrating, whether U.S. benchmark contracts are losing liquidity, and whether the proposed U.S. listing would improve or impair market integrity.

Surveillance and operational controls must also be evaluated. A DCM must be able to monitor trading in its contracts, the underlying commodity, and related derivatives, and prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process. Weekend and holiday trading requires staff, systems, escalation procedures, market-supervision coverage, trade-reconstruction capability, and cross-market surveillance arrangements that are as effective during off-hours as they are during core hours (*see RFC Question 6*). The Commission should require any proposed 24/7 energy contract to demonstrate not only that the exchange's matching engine can remain open, but also that its market regulation, compliance, emergency-action, and risk-control functions can operate continuously and can access relevant physical-market and related-derivatives information when needed.¹¹

IV. Extended-hours futures prices can have significant effects on related markets, contracts, benchmarks, options, ETPs, and valuation frameworks.

The RFC's questions concerning the effects of 24/7 pricing on related markets, contracts, and benchmarks are especially important and require further development building on prior industry discussions (*see RFC Questions 14–30*). Energy futures prices are embedded throughout the commercial and financial system and do not merely reflect or affect price discovery on an exchange. Energy futures prices are used in listed options on futures, OTC derivatives, structured products, collateral agreements, commercial supply and procurement contracts, transportation and financing agreements, benchmark and index calculations, investment funds, ETPs, and commercial risk-management and supply-chain systems, which may in turn dictate the price of goods throughout the economy. Extending price formation into weekends and holidays can change legal rights, collateral obligations, valuation determinations, and risk transfers in contracts in all of these areas that were drafted against the background of a five-day trading week and defined settlement conventions.

The impact on physical commercial contracts is of particular concern. Energy supply, procurement, transportation, storage, tolling, and financing agreements often incorporate futures

¹¹ See CFTC Staff Letter No. 26-16 (advisory on 24/7 trading, clearing, and settlement).

prices or futures-linked indices through averaging mechanisms, settlement formulas, escalation clauses, and benchmark references (*see RFC Question 16*). If weekend prices are included in an averaging period or used to determine a floating price, commercial parties may face price outcomes that were not contemplated when the contract was negotiated. If existing contract language on such inclusion is ambiguous, disputes may follow. Before 24/7 trading is expanded into benchmark energy contracts, the Commission should encourage exchanges, benchmark administrators, commercial users, and other market participants to identify which physical contracts and benchmark methodologies would include weekend prices, which would not, and what transition or fallback language may be necessary.

Benchmarks, official settlement prices, closing prices, and index calculations require particular care (*see RFC Questions 17, 18, and 23*). ETPs, mutual funds, pension funds, insurance companies, asset managers, and other fiduciaries rely on periodic valuation determinations for portfolio management, investor reporting, performance measurement, risk limits, financing arrangements, redemption provisions, investment mandates, and fees. A futures market that continues to form prices while related cash markets, securities markets, and fund-administration processes are closed may create inconsistent valuations and governance challenges. Weekend moves in the commodity itself could affect Monday margin, collateral, and reporting even if, for example, shares of a fund holding the commodity were not tradable during the weekend. These effects should be studied before weekend futures prices are treated as reliable inputs into broader valuation frameworks.

Listed and OTC options also require recalibration (*see RFC Questions 24 and 27*). Options pricing and margin models for many energy products have historically assumed a five-day price-formation week, with weekend risk reflected through gaps, time decay, and volatility assumptions rather than continuous tradable price formation. Introducing weekend futures trading may alter the value of options by adding additional periods during which prices can move and contractual triggers can be activated. The economic cost of any increased option value must be allocated among option buyers, option writers, market makers, clearing members, and end users. That allocation should not occur inadvertently because trading hours changed before options models, margin models, and contract terms were evaluated.

ETPs that are commodity pools trading energy futures and options on those ETPs present another important example (*see RFC Questions 29 and 30*). Leveraged, inverse, and other futures-linked ETPs may have investment objectives, daily reset mechanisms, portfolio construction, creation and redemption processes, and hedging activities designed around a traditional trading week and securities-market hours. If the underlying futures benchmark trades and moves materially over the weekend while the ETP, its shares, and listed options on the ETP remain closed, market participants may face tracking, hedging, liquidity, and valuation issues when securities markets reopen. The Commission should coordinate with the Securities and Exchange Commission

(“SEC”) and relevant market regulators before permitting futures price formation to move materially ahead of the operational and regulatory framework for related securities products.

For these reasons, FIA recommends that the Commission require impact assessments in the above areas before any 24/7 benchmark energy contract is permitted to trade. At a minimum, those assessments should identify related OTC derivatives, options, commercial contracts, financing arrangements, benchmark methodologies, index products, ETPs, mutual funds, pension-fund valuation processes, and margin models that may be affected by weekend price formation. The assessments should also address whether weekend prices will be included in official settlement prices, closing prices, volume-weighted averages, daily resets, margin calculations, and benchmark methodologies. The answer may differ by product, but it should not be left to post-launch discovery or interpretation.

V. 24/7 trading can affect commercial hedgers, institutional investors, FCMs, and other clearing members even when they do not trade during extended hours.

As discussed above in connection with the weekend risk bottleneck, the Commission should evaluate the effects of 24/7 trading on commercial users and market access, not only on participants that affirmatively seek weekend trading (*see RFC Questions 4, 5, 9, and 21*). Commercial hedgers use benchmark energy futures to manage a variety of real-world price risks. Many are not organized as continuous trading operations. They may have treasury, legal, credit, operations, and risk-management functions designed around business days and known market sessions.

A weekend market in which prices move, margin obligations accrue, and related contracts may be affected can require those firms to staff continuously or accept risk they cannot manage in real time. That burden may be especially significant for smaller commercial users, commodity trading advisors, commodity pool operators, and other asset managers that cannot internalize the cost of 24/7 monitoring. This dynamic may also produce broader competitive distortion: participants able to maintain continuous monitoring, whether through additional staff or algorithmic systems, may gain a structural advantage over smaller firms and individual traders, which could concentrate trading activity, and the risks that accompany it, within a smaller population of well-resourced participants that continues to consolidate over time.

The market-access concern is closely linked to collateral mobility. If weekend trading is permitted only for participants that have pre-margined sufficiently, the market may favor participants with large liquidity resources, continuous treasury functions, or access to alternative collateral systems acceptable to the relevant DCO. If weekend price movement can trigger margin calls or liquidations for participants that cannot move collateral until Monday, then commercial hedgers may be forced to reduce or close positions during illiquid conditions even though the positions serve risk-reducing commercial purposes. FIA does not believe commercial hedgers should be closed out over a weekend because they cannot access liquidity or margin through normal payment

channels. Nor should FCMs be placed in the position of choosing between carrying uncollateralized exposure and restricting customers' access to risk-reducing trades.

These market-access disparities also raise concerns under Core Principle 12, which requires a DCM to establish and enforce rules to protect markets and market participants from abusive practices and to promote fair and equitable trading. A market structure that effectively limits weekend trading access to participants that have the financial, technological, and other operational resources to pre-fund margin, maintain continuous treasury operations, or access alternative collateral systems available during those hours—while commercial hedgers that lack such resources may face forced liquidation or exclusion—could be inconsistent with the standard of fair and equitable trading that Core Principle 12 is designed to ensure.¹²

These issues also affect FCMs and clearing members that do not offer weekend trading to customers. Price movements during off-hours can affect open positions carried by all clearing members. Mutualized default funds may expose all clearing members to losses arising from 24/7 trading, including members that chose not to offer the service. FCMs also perform an independent customer-protection function in this analysis: minimum capital requirements, capital charges for late or unmet margin calls, and continuous risk-management obligations are central to how FCMs protect customers and the broader clearing system, and any expansion of trading hours should account for whether these existing FCM safeguards can be sustained on a 24/7 basis without erosion.

Extending trading hours can also affect convergence and liquidity. Even where a standard futures contract retains its fixed expiration and delivery mechanism, weekend and holiday trading that occurs while the underlying cash market is closed can widen, rather than narrow, the gap between the futures price and prevailing physical market fundamentals until cash trading resumes, delaying the price convergence that the delivery process is designed to produce. Extended trading hours may also fragment liquidity by dispersing trading activity across a longer trading day without a corresponding increase in the number of active participants, leaving both core and extended hours less liquid than the current concentrated trading session.

Weekend and holiday trading sessions thus present a materially different risk profile than weekday sessions. Because weekend liquidity is generally thinner, prices are more likely to move sharply against open positions during those hours, which in turn increases the likelihood of a default that may result in drawing on a mutualized default fund. The Commission should therefore consider whether it is permissible and advisable to require separate default fund resources for weekend and holiday trading, product-specific additional stress testing, or other loss-allocation measures designed to avoid imposing uncompensated risk on firms that do not participate in the extended-

¹² Such contract structures potentially excluding certain types of market participants may also raise issues of impartial access under 17 C.F.R. § 38.151.

hours market. This concern is heightened to the extent that reduced-size or perpetual contracts attract predominantly leveraged retail participation, which may increase the likelihood of liquidation events and corresponding draws on mutualized default resources (exposing clearing members that do not offer or participate in weekend trading to losses generated by activity in which they do not engage).

FIA also urges the Commission to consider operational staffing and systems burdens. The Commission should weigh any demonstrated benefits of 24/7 trading against the substantial costs and operational burdens it would impose on FCMs, DCOs, DCMs, and other market participants. A 24/7 market may require FCMs, DCOs, DCMs, end users, market makers, technology vendors, banks, custodians, and regulators to maintain risk, operations, technology, compliance, legal, and senior-management coverage during weekends and holidays. These compliance burdens include, among others, continuous anti-money-laundering and sanctions monitoring, heightened cybersecurity and customer-protection risk, and expanded trade surveillance and market-abuse oversight, each of which requires continuous controls and alert-escalation. Some FIA members have also reported employee concerns that continuous weekend and holiday staffing requirements could interfere with employees' ability to observe their religious beliefs and practices.

For systemically important financial institutions subject to prudential supervision, this burden is compounded by the fact that enterprise risk management operates through multiple coordinated functions, or lines of defense, and regulators may reasonably expect each of those functions to be separately resourced on weekends and other extended-hours periods, in addition to the risk-system, reporting, and surveillance upgrades discussed throughout this letter. Firms will need maintenance windows, overnight processing, risk-model updates, settlement-date and trade-date conventions, and escalation protocols. Though certain types of markets and market participants, particularly in the digital asset space, have developed this support over years to match the automated, retail-driven features of the underlying commodity, energy market participants do not uniformly have such levels of round-the-clock support, and participants have not reached consensus that the benefits of such additional coverage would be worth the costs, as noted.

Any move to 24/7 trading should also expressly account for scheduled blackout or maintenance periods (scheduled system-availability windows) during which trading, clearing, or risk systems are unavailable for necessary technology updates, patching, and infrastructure maintenance. The Commission should require any DCM proposing 24/7 energy trading to disclose its planned blackout or maintenance schedule, the basis for the timing, frequency, and duration of that schedule, and how open orders, open positions, and pending margin calls will be handled during those blackout periods.

Regulators and self-regulatory organizations will need comparable surveillance and response capacity. These costs may be substantial. They should be weighed against demonstrated market

demand and commercial utility and not assumed to be justified merely because continuous trading is technologically feasible.

VI. Perpetual contracts on physically delivered or storable energy commodities require a separate, cautious analysis and should not be bootstrapped from 24/7 futures prices.

Part 2 of the RFC also raises issues that warrant careful comment (*see RFC Questions 31–67*). Perpetual contracts have no fixed expiration and rely on a periodic funding-rate mechanism designed to maintain price alignment with the underlying asset. That structure may function differently in digital asset markets than in physically delivered or storable energy markets. This Section’s analysis focuses on perpetual contracts referencing physically delivered or storable energy commodities, consistent with the RFC’s framing. FIA notes, however, that many of the same convergence, reference-price, and funding-rate considerations discussed below would apply equally to a cash-settled perpetual contract referencing such commodities or derivatives on such commodities, even though a cash-settled structure would not raise the same physical-delivery and storage-capacity issues discussed in connection with physically delivered contracts.

The Commission’s recent approval of a bitcoin perpetual contract (“**BTCPERP Approval**”) was limited to that contract and similarly structured digital commodity contracts with deep, active, continuous spot-market trading. A Commission policy statement accompanying that approval indicated that perpetual contracts referencing asset classes outside the BTCPERP Approval should be evaluated through a case-by-case review process under Regulation 40.3. The Commission’s approach (limiting perpetual-contract listing to markets that can demonstrate continuous trading, liquidity, and pricing sufficient to support sound risk management) is the appropriate touchstone and should be applied before permitting any energy perpetual to list. The BTCPERP Approval should not be extended by analogy to crude oil, natural gas, refined products, power, or other energy commodities without an independent analysis of the relevant underlying market.

A key threshold question is commercial need (*see RFC Questions 32–34*). FIA members have asked whether a perpetual energy contract would serve identifiable commercial hedging or risk-management needs not already met by existing standard futures, options, and swaps. Commercial users hedge cash-market exposure through instruments designed around delivery, expiration, term structure, and convergence to the physical market. A perpetual contract may be attractive because it has no expiration, allowing a position to be held continuously without the costs and logistical burden of rolling the contract, and because it may concentrate liquidity in a single contract rather than dispersing it across multiple expiration dates. But these features alone do not necessarily establish whether there is commercial utility for this product in the energy space sufficient to outweigh the burdens it may place on commercial users. The Commission should require any proponent of an energy perpetual to identify the specific hedging or price-discovery need, the

classes of commercial participants that would use the product, and why the need could not be met through futures, options, or swaps with an expiry date, again consistent with the market research expectations in Appendix C to Part 38, discussed above.

Reference-price reliability is a second threshold issue (*see RFC Questions 31 and 38–41*). In addition to requiring consideration of utility, Appendix C to Part 38 requires attention to whether a settlement price or index is reliable, acceptable, publicly available, timely, reflective of the underlying cash market, and not readily susceptible to manipulation.¹³ A perpetual contract heightens those issues because the reference price must be reliable at every funding interval, not merely at a daily settlement or final settlement point.¹⁴ In the absence of expiration, the reference-price mechanism effectively becomes the contract: it determines funding obligations, margin requirements, liquidation triggers, and profit-and-loss outcomes on a continuous basis. For energy commodities, this means that reference-price governance, outage and fallback procedures, sampling frequency, venue selection, and stale-price treatment are all economically critical design parameters that the Commission should evaluate with the same rigor traditionally applied to settlement and delivery terms.

As noted, a 24/7 futures price should not be treated as sufficient merely because it is continuously observable. The Commission should assess actual liquidity during overnight and weekend sessions, concentration, transaction frequency, and susceptibility to manipulation. FIA does not take the position that any particular funding-rate methodology currently in use is necessarily insufficient. Funding-rate designs vary, and FIA understands that some designs are calculated using data sampled continuously throughout the relevant trading window (rather than at a single point in time) specifically to reduce susceptibility to manipulation at any one moment. FIA's members' central request is transparency: before a funding-rate mechanism is used to determine periodic payment obligations in an energy perpetual contract, market participants should be able to review and understand the calculation methodology, the underlying data inputs, the sampling frequency and window, and the manipulation-resistance testing that supports it.

If the reference price is an assessed physical price, a surveyed price, a composite index, the DCM's own futures price, or a third-party futures price, the Commission should evaluate cross-market manipulation incentives, governance, data transparency, and whether the reference can be monitored continuously. In a perpetual contract, deficiencies in the reference price or mark-price methodology do not merely affect valuation—they may directly determine margin calls, liquidation events, and transfers of economic value between participants, making the integrity of the reference mechanism an immediate customer-protection concern. The Commission should also

¹³ 7 U.S.C. § 7(d)(3)–(4) (DCM Core Principles 3-4); 17 C.F.R. § 38.250 , App. C (“Demonstration of Compliance That a Contract Is Not Readily Susceptible to Manipulation”), available [here](#).

¹⁴ See Order Approving BTCPERP Futures Contract (May 29, 2026), available [here](#) (“**BTCPERP Approval**”); Policy Statement Concerning the Listing of Perpetual Contracts, 91 Fed. Reg. 33,160 (June 3, 2026), available [here](#) (“**Policy Statement**”).

require a proponent to explain how the funding-rate mechanism would operate if the reference price fails, becomes unavailable, or is not reasonably observable, including during weekend and holiday periods when the underlying physical or futures market may be closed or illiquid, and how disputes over the calculation or a suspected manipulation of the reference price would be identified, escalated, and resolved.

Convergence is a fundamental issue for physically delivered and storable commodities (*see RFC Questions 42–44 and 47–49*). Standard futures contracts achieve convergence through fixed expiration and, for physically settled contracts, the delivery process. That design ties futures prices to deliverable supply, storage capacity, transportation constraints, and physical-market fundamentals. A perpetual contract has no expiration and no delivery. It therefore lacks the traditional convergence mechanism that is central to standard futures markets and instead uses funding-rate mechanisms to achieve convergence. However, funding-rate mechanisms that work well for digital assets markets and other markets in intangible commodities may not accurately capture storage costs, convenience yield, seasonality, contango, backwardation, basis, delivery logistics, or sudden physical-market dislocations.

In the context of certain energy products in particular, because the underlying commodity trades only during certain windows, a perpetual contract may reference a separate futures instrument's price rather than the underlying commodity's cash-market price, and thus become a “derivative of a derivative.” The contract may become untethered from the physical market if funding rate mechanics do not accurately reflect commercial fundamentals. FIA members have also raised concern that trading activity in an energy perpetual could migrate away from, and thereby reduce the liquidity of, the referenced benchmark futures contract itself, which could undermine the very price-discovery function the perpetual is designed to track.¹⁵

The April 2020 negative WTI settlement illustrates why physical-market mechanics matter. The expiring WTI futures contract that settled at a negative price did so amid constrained storage at the delivery point, and the dislocation was ultimately resolved through expiration and delivery while later-dated contracts traded differently.¹⁶ A perpetual contract would not have the same terminal event. The Commission should consider whether any proponent of a crude oil or other energy

¹⁵ A related concern is that a liquid, continuously traded perpetual contract could become the first venue where new information is reflected in price. If news breaks during hours when the underlying physical and standard futures markets are closed, the perpetual price may move immediately, and when those other markets reopen, participants may be required to treat the perpetual price as a reference point to which physical cash prices and standard derivatives prices must then adjust. The same dynamic would arise if standard futures markets themselves extend to 24/7 trading, since physical market participants would then need to manage price risk across all hours in which the market is open and liquid enough to affect the underlying price, with no ability to opt out of weekend or holiday trading.

¹⁶ CFTC Divisions of Market Oversight & Office of the Chief Economist, Interim Staff Report on Trading in NYMEX WTI Crude Oil Futures Contract Leading up to, on, and around April 20, 2020 (Nov. 23, 2020), available [here](#).

perpetual ought to address how the contract would perform if the reference price becomes zero or negative, if storage or transportation for the underlying commodity becomes constrained, if a funding rate becomes extreme, or if automatic liquidation processes are triggered during a physical-market stress. The proponent should also address how the contract would behave during geopolitical disruptions, severe weather, infrastructure outages, supply decisions by major producers, or other episodic shocks characteristic of energy markets.

Position limits and accountability require special attention (*see RFC Questions 54–59*). NYMEX WTI is a core referenced futures contract subject to federal speculative position limits.¹⁷ Spot-month limits are tied to estimated deliverable supply and are designed to reduce the potential for manipulation or congestion, particularly as a contract approaches expiration and delivery. A perpetual contract has no expiration or delivery obligation and thus does not raise concerns about congestion or other delivery issues, yet it may create economic exposure to the referenced contract or reference price. If a perpetual position is not subject to the same limits as positions in the referenced futures contract or not aggregated appropriately with positions in such contracts, it may create incentives to participate in the perpetual position to circumvent limits in the referenced standard futures contract, and may also create incentives to accumulate large perpetual positions capable of influencing the spot-month reference futures price without the corresponding risk of taking or making physical delivery that constrains positions in the referenced futures contract. If it is treated as continuously spot-month-equivalent, the product may be difficult to use and administer. If it is never treated as spot-month-equivalent, it may undermine the position-limits regime. Because perpetuals do not qualify as economically equivalent swaps under the current Part 150 framework, applying federal position limits would require affirmative rulemaking rather than application of existing rules. The Commission should not permit a perpetual energy contract to list until these issues have been thoroughly considered and resolved through clear rules or product-specific conditions as needed.

Clearing, margin, default management, customer protection, and access issues for perpetual energy contracts are arguably as significant as for 24/7 standard futures (*see RFC Questions 60–65*). The Commission should evaluate whether any proposed expansion of trading hours or perpetual futures offering could produce risk contagion across DCO clearing segments or to non-participating clearing members, and should require appropriate safeguards to limit that risk. Continuous funding rate obligations create additional margin and settlement questions. Different perpetual products may use different funding intervals, creating potential complexity for customers, FCMs, and DCOs. A funding-rate disruption could itself generate losses or trigger liquidation. Given the above-noted issues with 24/7 trading of energy contracts, which would apply to perpetual as well as to standard contracts, the Commission should consider whether it is appropriate to align funding rate cycles and maintenance margin with margining of standard futures products offered by DCMs

¹⁷ See 17 C.F.R. pt. 150 (Federal speculative position limits); CEA § 4a, 7 U.S.C. § 6a.

and DCOs today unless and until a continuous trading, clearing, and margining framework becomes workable for energy contracts.

A DCM and DCO seeking to list an energy perpetual should clarify whether a funding-rate calculation error, delay, or dispute (standing alone and separate from any movement in the underlying reference price) could trigger a margin call or automatic liquidation of customer positions, and, if so, how such an event would be distinguished from a genuine market-driven liquidation for purposes of default management and customer disclosure. Retail access to a leveraged perpetual contract on a geopolitically sensitive physical commodity also raises suitability, disclosure, and rapid-loss concerns.

FIA members have also questioned whether commercial and retail energy market participants are fully aware of and fully understand how convergence and funding-rate mechanics operate in a perpetual product, particularly by comparison with the fixed expiration, delivery, and convergence mechanics that define standard futures contracts. The Commission should consider whether additional investor-education or disclosure requirements are warranted before a perpetual on a physically delivered or storable commodity is made available to such participants. The Commission should address access, leverage, disclosure, and customer-protection requirements before any such product is permitted to trade.

VII. The process FIA recommends is well supported by the Commodity Exchange Act, DCM Core Principles, Appendix C, and Part 40.

FIA offers the following observations regarding the legal and regulatory basis for the recommendations in this letter. FIA believes the Commodity Exchange Act (“CEA”)’s DCM Core Principles 3, 4, 5, 11 and 12, Appendix C to Part 38, and Part 40 of the Commission’s regulations fully support the process for data-collection, analysis, safeguards, public engagement, and Commission review that FIA recommends before 24/7 or perpetual energy products are listed.

As discussed above, Core Principle 3 requires a DCM to list only contracts that are not readily susceptible to manipulation.¹⁸ In the 24/7 context, susceptibility to manipulation depends on the hours during which the contract trades and the liquidity available during those hours, the ability to prevent thin-market price distortion, the participant composition, the reference-price methodology, the relationship to the underlying physical market, and the effect on related markets, among other things. Appendix C reinforces this analysis, as noted, by directing DCMs to provide data and information supporting contract terms, to conduct market research, to consult with market users, to show that the contract reflects the underlying cash market, and to support the usefulness and manipulation resistance of the contract. Those standards allow the

¹⁸ 7 U.S.C. § 7(d)(3); 17 C.F.R. § 38.200.

Commission to require a DCM proposing 24/7 energy trading or an energy perpetual to produce evidence that weekend and off-hours prices are reliable, liquid, representative, and not readily susceptible to manipulation.

Core Principle 4 independently supports Commission scrutiny of operational readiness and surveillance. A DCM must have the capacity and responsibility to prevent manipulation, price distortion, and disruptions of delivery or cash settlement through surveillance, compliance, and enforcement practices, including real-time monitoring and accurate trade reconstruction. A DCM that trades a benchmark energy contract during weekends and holidays must be able to monitor that trading, respond to disruptions, reconstruct activity, coordinate with related markets, and understand physical-market developments during those same periods.

FIA further believes that market-research and consultation processes, like those contemplated under Appendix C to Part 38, should also be applied to ensure compliance with Core Principles 3 and 4. A DCM proposing 24/7 trading should be required, where necessary, to solicit and balance input from FCMs and other affected market participants with other relevant facts and circumstances (e.g., similarity to contracts already listed, availability of historical pricing information) when seeking to list a new product.¹⁹

Core Principle 5 and the federal position-limits framework also require additional analysis for benchmark energy contracts and perpetual energy contracts. For standard futures, 24/7 trading may affect how position limits, accountability levels, exemptions, and surveillance operate during overnight and weekend periods. Please see Section VI above for discussion of position limits considerations for perpetual contracts.

As explained above, the mismatch between trading hours and clearing, margin calls, collateral movement, and settlement hours currently associated with a 24/7 energy contract raises important concerns about compliance with the requirements supporting the financial integrity of transactions under Core Principle 11. And the potential exclusion of commercial end users and other market participants that lack the financial, operational, or technological resources needed to pre-fund margin or otherwise bear the costs and technological difficulties of positions entered into or carried over weekends and holidays raises concerns regarding the protection of markets and market participants, particularly the requirement for a DCM to promote fair and equitable trading on its market (as well as potential impartial access concerns).

Part 40 supports the Commission's ability to delay, alter, or reject an energy contract self-certified by a DCM that fails to comply with the CEA and CFTC regulations, including the Core Principles and other requirements discussed above, or to protect commercial end users and other market participants.

¹⁹ See, e.g., CFTC Staff Letter No. 26-16, at 3-4 (May 29, 2026).

Regulation 40.2 requires a DCM or SEF listing a new product by certification to submit a complete explanation and analysis of the product's terms, underlying commodity, and compliance with applicable law, including core principles.²⁰ Commission staff may request additional evidence, information, or data showing that the contract meets the CEA and Commission regulations initially or on a continuing basis. Regulation 40.3 provides a voluntary Commission review and approval process for new products.²¹

For novel 24/7 benchmark energy trading and perpetual energy contracts, FIA believes it may be appropriate for the Commission to exercise its Regulation 40.2(c) authority to stay a self-certification that does not adequately address the considerations raised in this letter regarding compliance with the DCM Core Principles and other CEA requirements, to address through Commission proceedings whether the self-certification of compliance is accurate. A stay under Regulation 40.2(c) during the pendency of these proceedings may be appropriate to preserve the status quo and protect market integrity, commercial hedgers, and other derivatives market users from a product that may not comply with the CEA and CFTC regulations.

CEA Section 8a(7) provides a separate but complementary tool for the Commission to alter or supplement a DCM's rules, as well as contract terms and conditions, where necessary or appropriate to protect commercial producers and consumers of a contract's underlying commodity or traders in the contract, or to ensure fair dealing. FIA believes this authority provides a basis for the Commission to revise the terms of an energy product listing to reverse an expansion to 24/7 trading hours where the Commission determines that clearing, margin, payment, staffing, or surveillance infrastructure and market liquidity are not yet adequate to support compliance with the Core Principles and other DCM requirements discussed in this letter and to protect commercial end users and other market participants. For the reasons set forth in this letter, FIA believes that at this point in time a 24/7 energy futures contract may not provide adequate protection for these stakeholders, depending on the facts and circumstances of the particular contract. Again, a stay of a self-certification of such a contract under Regulation 40.2(c) pending the resolution of a Commission petition to alter or amend the contract terms may be appropriate to preserve the status quo for the protection of market participants.

Of note, the Commission has exercised its Section 8a(7) authority to protect market participants in the past. In 1981, the Commission used this authority to issue a rule altering a CBOT rule to require members to arbitrate customer claims. There, the Commission explained that the "appropriate notice and opportunity for a hearing" required by Section 8a(7) is not a formal adjudication, but rather can take the form of an informal notice-and-comment process.²² FIA agrees that such process is appropriate for action under Section 8a(7), particularly as such

²⁰ 17 C.F.R. § 40.2.

²¹ 17 C.F.R. § 40.3; *see also* CFTC, Listing Procedures, available [here](#).

²² 46 Fed. Reg. 57457, 57458-59 (Nov. 24, 1981).

process would invite feedback from market participants whose protection is the ultimate aim of this statutory provision.

VIII. Energy markets are the primary example, but similar considerations apply to other deliverable commodities.

The RFC focuses on energy markets, and FIA has used energy (particularly benchmark crude oil contracts) as the primary example in this letter. Energy markets are a useful lens because they are commercially important, globally referenced, physically constrained, and deeply embedded in related derivatives, physical contracts, financing arrangements, and investment products. But the issues identified here are not limited to energy. Agricultural products, among others, may also involve deliverable supply, storage, transportation, inspection, quality, seasonal production, localized cash markets, and concentrated commercial-user communities.

In some agricultural markets, FIA members have raised serious concerns about products that may not serve the risk-management needs of producers, merchandisers, processors, or end users. Agricultural futures markets, like energy markets, generally settle against cash markets that operate on a defined schedule—for agriculture products, a harvest, delivery, and inspection calendar. Extending trading to weekends and holidays, or introducing agricultural perpetual contracts, could produce the same disconnect between continuous price formation and non-continuous physical-market activity described above for energy, with the additional complication that many agricultural cash markets are thinner and more regionally concentrated than benchmark energy markets. Analogous dynamics exist in agricultural value chains as with the refined fuels example above. Increased hedging costs at each link in the chain as a result of extending trading hours may detrimentally impact participants operating on thinner margins and who rely on nearby and deferred futures and options to manage price risk (farmers, elevators, biofuels processors, feed mills, flour mills, livestock operators, cotton gins, dairy processors, and consumer packaged goods companies).

Metals markets raise comparable but distinct considerations, including physical delivery and warehousing logistics, exchange-approved brand and location systems, and cash-market trading conventions that differ from both energy and agricultural markets, and FIA recommends that the Commission treat metals as a separate category warranting its own dedicated analysis rather than folding it into the energy or agricultural discussion.

The Commission should therefore avoid any general conclusion that 24/7 trading is appropriate or inappropriate across all asset classes. A product-by-product analysis is required. Some products may be appropriate for expanded hours now. Some may become appropriate after payment rails, margin mobility, clearing operations, and surveillance capabilities evolve. Some may remain inappropriate because continuous trading would impair price formation, undermine commercial hedging, increase manipulation risk, or impose costs that exceed any demonstrated benefit. FIA

encourages the Commission to develop objective criteria for this analysis, based on data, where observable, that includes actual off-hours liquidity, continuous reference-price reliability, relation to the underlying physical market, commercial-user demand, operational readiness, clearing and collateral capability, market-surveillance coverage, and effects on related markets and contracts.

IX. Follow-Up Matters.

FIA reiterates that significant operational, infrastructure, risk, compliance, legal, and regulatory issues require careful consideration and appropriate resolution before the Commission permits broad expansion of 24/7 trading in standard futures contracts or listing of perpetual contracts on physically delivered or storable energy commodities.

FIA respectfully recommends that the Commission convene a public roundtable with DCMs, DCOs, FCMs, commercial hedgers, asset managers, market makers, benchmark administrators, payment-system providers, banks, custodians, ETP sponsors, and other affected stakeholders before the Commission takes further action on this RFC, including before any DCM proposal to list a 24/7 benchmark energy contract or an energy perpetual is permitted to become effective. The roundtable should focus on concrete data and operational issues, including weekend liquidity, collateral mobility, payment rails, margin-call processes, default management, surveillance coverage, benchmark effects, and related-market impacts. The roundtable could be conducted in parallel with the SEC roundtable on preparations for 24/7 securities markets scheduled for September 17, 2026.²³

Consistent with the approach FIA has previously recommended for novel market-structure questions, FIA also encourages the Commission to draw on its advisory committees, and to solicit input from industry participants and academics with relevant expertise, before proposing any rules governing 24/7 energy trading or energy perpetual contracts.

FIA also recommends that the Commission coordinate closely with the SEC and the Federal Reserve Board. SEC coordination is necessary because futures price formation affects energy-related ETPs, mutual funds, listed options on ETPs, portfolio valuation, investor reporting, securities-market trading hours, and related disclosure and governance frameworks. Federal Reserve coordination is necessary because payment, settlement, collateral mobility, Fedwire, the National Settlement Service, the discount window, standing repo facilities, and banking-hour conventions are central to the risk-management issues raised in the RFC. FIA has previously advocated for all central counterparties, not only those currently eligible, to have access to Federal Reserve deposit accounts, and FIA continues to believe this is a market-integrity and equity issue

²³ SEC Release No. 2026-69, SEC Announces Roundtable on Preparations for 24-Hour Trading (July 23, 2026), available [here](#).

that warrants renewed attention if 24/7 clearing is to be supported safely.²⁴ The Commission should not evaluate 24/7 futures trading in isolation from the infrastructure on which DCOs, clearing members, and customers depend.

A phased implementation approach may be appropriate for products that ultimately satisfy the relevant standards. Such an approach could begin with limited extensions of trading hours, product-specific pilots with pre-launch industry testing and stated readiness milestones, heightened reporting, additional margin or liquidity safeguards, clearly defined benchmark treatment, and post-launch data review before any move to full 24/7 trading. The Commission should require robust pre-launch testing and should reserve authority to pause, narrow, or condition expanded trading if liquidity, margin performance, payment functionality, surveillance coverage, or related-market effects do not perform as expected.

If the Commission determines to allow one or more of the types of energy contracts discussed herein to list and trade, it should ensure that DCMs, in consultation with market participants, provide an appropriate minimum implementation period between the approval or effectiveness of any 24/7 benchmark energy product and the date on which it may begin trading. It is essential that there be lead time to allow FCMs to update risk-management systems, staffing models, treasury processes, customer disclosures, and capital planning; to allow DCOs to finalize margin, settlement, and default-management protocols; and to allow commercial hedgers to evaluate the impact on their existing positions and contracts. An implementation period of this kind would support innovation by ensuring that the operational infrastructure supporting the product is tested and functioning before market risk is created.

FIA and its members stand ready to work with the Commission, its staff, DCMs, DCOs, other regulators, and market participants to support responsible innovation. Market structure need not remain static, but the protections against manipulation, market disruption, customer harm, and systemic risk should not be diminished. FIA's recommendations are anchored in the tenet that innovation and market integrity should advance together, thereby preserving the safeguards on which commercial hedgers and the public rely.

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FIA thanks the Commission for the opportunity to respond to the RFC. Should you have any questions about any of the foregoing, please do not hesitate to contact me at alurton@fia.org.

²⁴ FIA & ISDA, Letter to Rep. Emmanuel Cleaver in Support of Legislative Efforts to Grant Derivatives Clearing Organizations Access to Federal Reserve Deposit Accounts (July 2025), available [here](#).

Mr. Christopher Kirkpatrick
August 26, 2026
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Sincerely,

A handwritten signature in cursive script, appearing to read "Allison Lurton".

Allison Lurton
Futures Industry Association
General Counsel and Chief Legal Officer

cc: Honorable Michael S. Selig, Chairman
Stephen Andrews, Deputy General Counsel for Regulation