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To:
Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

May 21, 2025

Request for Comment on Trading and Clearing Derivatives on a 24/7 Basis

Coinbase Global, Inc. (together with its subsidiaries Coinbase Derivatives, LLC (**CDE**) and Coinbase Financial Markets, Inc. (**CFM**), **Coinbase**) appreciates the opportunity to respond to the Request for Comment on 24/7 Trading (**the RFC**)[1] published by the Commodity Futures Trading Commission (**CFTC**) Divisions of Clearing and Risk and Market Oversight.

Coinbase is committed to building an open financial system and reimagining the future of finance through new technologies and innovative products. Coinbase, Inc. is one of the United States' leading spot market exchanges for crypto assets.

CDE has been a designated contract market (**DCM**) since 2020 and offers a mix of digital asset and traditional futures contracts sized to meet both institutional and retail trading needs. CDE's most liquid contracts – Bitcoin (**BTC**) and Ether (**ETH**) futures – started trading on a 24/7 basis earlier this month. CFM registered with the NFA as a Futures Commission Merchant (**FCM**) in 2023.

We commend the staff for its thoughtful approach to the RFC and note that it reflects our engagement with staff on this same topic prior to our launch. We share our thoughts on the RFC below and remain available to discuss these matters with staff going forward.

Yours sincerely,

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[1] *Request for Comment on Trading and Clearing Derivatives on a 24/7 Basis*, Release Number 9068-25 (April 21, 2025).

Introduction

CDE launched 24/7 trading for its most liquid markets – BTC and ETH futures – on May 9. The launch was supported by three FCMs, including CFM, and we are pleased to report a very successful start. CDE had continuous and consistent liquidity from Friday evening to Sunday evening with approximately 300,000 contracts traded and excellent retail participation.

It is no surprise that the shift to 24/7 futures markets has started with crypto futures. Crypto spot markets are truly global and already trade on a 24/7 basis. To effectively hedge crypto spot positions, futures customers are best served by a futures market that trades on the same hours. Retail crypto traders, in particular, are highly active in both spot and futures markets during evenings and weekends – underscoring the demand for futures infrastructure that matches the trading patterns of the underlying markets.

When evaluating the potential issues associated with futures contracts trading on a 24/7 basis, the CFTC should consider whether the underlying spot market also trades on a 24/7 basis. Although this and other features make 24/7 trading a natural evolution for crypto futures, extended hours may not be desirable in all markets, including if the underlying spot market does not also trade 24/7. Today futures and equities markets have a variety of trading hours which reflect each market's unique characteristics.[2]

Even if other DCMs seek to implement extended trading hours, it is worth remembering that each market is unique, and that prescriptive, one-size-fits-all measures are not an appropriate tool in most cases. DCMs and derivatives clearing organizations (**DCOs**) may take different – yet still appropriate and compliant – approaches to the issues raised by the RFC.

Based on our recent experience launching 24/7 trading, we firmly believe that the CFTC is equipped to address issues associated with 24/7 trading under its existing statutory authority and rules. We know first hand that the CFTC registrants that participated in the historic launch of 24/7 futures trading did so only after more than a year of extensive regulatory engagement to appropriately consider and mitigate risks. We launched because we were ready to do so in a manner that complied with the Commodity Exchange Act (**CEA**) and CFTC regulations.

[2] For example: *CME Group (U.S. Futures)* – Nearly 24/6: CME Globex operates from Sunday 6:00 p.m. to Friday 5:00 p.m. ET, with daily maintenance break from 5:00 - 6:00 p.m. ET; *NYSE & NASDAQ (U.S. Equities)* – Open Monday to Friday, 9:30 a.m. to 4:00 p.m. ET, with limited pre-market (4:00 - 9:30 a.m.) and after-hours (4:00 - 8:00 p.m.) trading; *Coinbase Inc., (Spot Crypto)* – 24/7 trading, including weekends and holidays; *Intercontinental Exchange (ICE) – U.S. Treasury Futures:* Sunday 8:00p.m. - Friday 6:00 p.m. ET, with daily maintenance periods; *Cboe Options Exchange (CBOE)* – Core trading session: 9:30 a.m. - 4:15 p.m. ET, Monday through Friday.

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The engagement that led to CDE's rule filing and CFM's participation is reflective of the best features of the CFTC's principles-based regulatory framework. This model allows market participants to work collaboratively with staff to launch new and innovative products and services that meet market demand, all while ensuring that customers are protected and risks are mitigated.

Although we and our clearing partners have already answered CFTC staff's questions during our pre-launch engagement, and introduced additional risk mitigants as a result, we recognize that this is an ongoing conversation for markets that are considering moving to extended trading hours. For those markets and their members, the RFC may help delineate the core issues that must be addressed. We are therefore happy to offer some of our observations and responses to the RFC below.

What we've learned since launching 24/7

Since our launch of 24/7 trading on May 9, CDE has had continuous and consistent liquidity throughout, including over the Friday evening to Sunday evening periods and with excellent participation. Over the first two weekend sessions—from Friday evening to Sunday evening—we've seen approximately 300,000 contracts traded each weekend, totaling around 600,000 contracts overall. In notional terms, this represents roughly $240 million in activity.

In order to facilitate the successful launch of 24/7 trading, and support such trading going forward, CDE increased staffing (both personnel count and working hours) and collaborated with its FCM partners to ensure they too can support our 24/7 offering. Nodal Clear, CDE's DCO partner, introduced enhanced risk requirements and additional mitigants to support weekend trading.[3]

[3] *See* Nodal Clear's Notification to the Commission that it is self-certifying amendments to the Nodal Clear Rulebook (April 24, 2025) *available at* https://www.nodalclear.com/wp-content/uploads/Self-Certification-Letter-4-24-2025.pdf; *see also* Rule Amendments (May 9, 2025) *available at* https://www.nodalclear.com/wp-content/uploads/Rule-Amendments-redline.pdf.

CDE also engaged with CFTC staff and CFM engaged with both CFTC and NFA staff prior to launching 24/7 trading to ensure that staff were comfortable in advance of launch and that both CDE and CFM were fulfilling their regulatory obligations. Finally, CDE took steps to update our platform architecture and other operational elements to ensure our technological systems could support 24/7 trading.

This positive engagement reaffirmed our views that the CFTC's current process for DCM rule filings works to support innovative products and meet regulatory goals.

The CFTC should not depart from its statutory process for rule filings

The existing principles-based rule filing and certification process has proven to be effective. Registrants have the ability to engage with staff in advance of submitting a filing to address any questions or concerns. Furthermore, staff have the discretion to pause or stay a rule filing if it raises novel or complex issues or fails to comply with the CEA or CFTC rules.[4]

For instance, in the context of 24/7 trading, there have been extensive discussions with staff prior to our rule filing, including a public CFTC staff roundtable in the fall of 2024. While we acknowledge that additional discussions may be necessary if other markets consider the move to extended trading hours, it is important to reinforce the value of the established statutory pathways for rule approval. Departing from these proven methods is unnecessary and could lead to inefficiencies. We caution that the RFC, while informative, should not result in a process that is not contemplated by the CEA.

A recent example is the staff guidance issued after the launch of the first BTC futures contract in 2018.[5] This launch followed an exhaustive engagement with staff pursuant to established CFTC processes. Nonetheless, because of the novelty of digital asset futures, staff introduced guidance for DCMs, SEFs and DCOs seeking to list virtual currency derivatives.[6] While the guidance committed to future review and revision, that never happened.

This well-intentioned staff guidance persisted until 2025, long after it was necessary to address the novelty of digital asset futures. Instead, it led to the application of a vague standard of heightened scrutiny for crypto futures. Such a standard was unwarranted since the CEA and existing core principles already offer a robust framework for ensuring

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[4] 17 C.F.R. §§ 40.5(c)(2), 40.6(c)(1).
[5] CFTC Staff Advisory No. 18-14 (May 21, 2018).
[6] *See id.* ("This advisory is not a compliance checklist; rather, it clarifies the Commission staff's priorities and expectations in its review of new virtual currency derivatives to be listed on a [DCM] . . .or swap execution facility ("SEF"), or to be cleared by a derivatives clearing organization ("DCO")."

appropriate scrutiny of new products and rule changes, and we applaud the staff's recent withdrawal of the guidance.[7]

While we recognize the unique questions raised by extended hour trading, we caution against creating a second, onerous standard for innovative rule filings similar to the approach taken in Staff Advisory 18-14.

The risks of 24/7 trading can be managed under existing CFTC rules

As the RFC notes, 24/7 trading raises risks related to market liquidity, collateral access, and operational resiliency because trading hours extend beyond business hours. However, these risks are ones that are already present in markets that do not trade on a 24/7 basis. For example, futures markets are already open on days and times when banks are closed and cannot facilitate margin payments, including overnight and on holidays. Certain market participants may not be able to trade during those hours, impacting liquidity and creating liquidation slippage, and adequate staffing is needed for all participants to ensure that the markets continue to function and are not manipulated in the early hours of the morning.

The industry is able to manage this risk today and we have leveraged these practices to inform our approach to risk management and mitigation in 24/7 futures markets. We set out below some examples of how CDE and CFM have chosen to address regulatory compliance and mitigate potential risks introduced by 24/7 trading. While these practices work best for CDE's markets and CFM's client base, respectively, these are not one size fits all "best practices." Other entities may choose to take a different approach to ensuring compliant and safe operations.

For example, existing CFTC regulations already establish standards and best practices for how a DCM must operate to ensure reliability, security, and scalability in its systems. Entities offering expanded trading hours will adhere to these standards. At the same time, technological advancements are already driving continuous improvements across these areas, making expanded trading hours more achievable today than in any other point in history. Of course, manual intervention and personnel will be needed to support extended hours, and any entity seeking to expand its trading would naturally have to take that into consideration. CDE has also increased staffing to support 24/7 hours and we hope that other responsible registrants would do the same.

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[7] We also note that the recent amendments to Part 40 support the withdrawal of this heightened standard as such amendments did not adopt the additional requirements contained in the advisory that were applicable to digital asset futures. E.g., the information sharing agreement requirement with any underlying spot markets for any DCM or SEF that listed crypto futures. *See* CFTC Staff Advisory No. 18-14 (May 21, 2018).

Technological advancements also reduce the need for system downtimes. “Hot deploys” allow an exchange to perform changes to its software without interrupting normal operations. This is crucial for 24/7 systems that require high availability and continuous operation. CDE has also chosen to maintain a one-hour maintenance window after close of business on Fridays, allowing certain deployments to take place during this window.

For clearing firms, the introduction of 24/7 trading raises questions about margin sufficiency outside of banking hours and ability to manage risk during times of thin liquidity. Here again, many mitigants are available within the existing regulatory framework and practices. DCOs and FCMs may choose to require prefunding of margin, change position limits or, in the case of DCOs, require an additional guarantee fund contribution. CFM does not extend margin credit for retail clients, imposes dynamic limits, which change going into a weekend, and has liquidation thresholds that it uses to manage risks. Like other FCMs, CFM knows how to manage times of thin liquidity, as those can occur during normal trading hours today.

Importantly, 24/7 trading also unlocks risk-reducing measures that FCMs do not have access to when futures markets close for the weekend, particularly if the underlying spot market also trades 24/7. The ability to close out positions over the weekend presents another opportunity to manage and mitigate risks. In markets with traditional trading hours, losses and risk can build up over the weekend when markets are closed. This is especially true in crypto markets where the spot markets trade 24/7.

For an FCM that supports trading in futures with an underlying spot market that trades 24/7, the FCM bears the risk that the spot market moves significantly over the weekend while the futures market is closed. Instead of having significant liquidations on Monday open in response to such market moves, 24/7 trading allows traders to manage risk over the weekend, reducing the concentration of potential liquidations. Weekend trading also helps maintain the basis between futures and spot and can reduce the price gaps that may occur in response to significant events that occur over the weekend.

In the near future, the tokenization of collateral including stablecoins can significantly reduce the risks associated with trading futures contracts on a 24/7 basis. Tokenized versions of money market funds and other eligible collateral exist today, and introducing tokenized collateral into the cleared ecosystem would allow for instant transfer of assets, ensuring that traders maintain adequate margins in real-time, even as markets operate without interruption.[8] This reduces the risk of delays or disputes that might occur with

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[8] Bitbond, *Tokenization Megatrends: Key Insights from Bitbond's 2024 Report,* October 2024, https://www.bitbond.com/resources/tokenization-megatrends-key-insights-from-bitbonds-2024-report/. Major institutions, like BlackRock, Siemens, and the World bank have initiated tokenized

traditional collateral systems, especially during off-hours. But even without tokenization, the risks of 24/7 trading can be effectively mitigated and managed as discussed above.

Conclusion

We are excited to have launched 24/7 markets for BTC and ETH futures contracts. We did so with the right mitigants in place and after extensive consultation with staff and our commercial partners. We look forward to offering our customers more effective options to hedge their spot crypto exposure.

Should other markets seek to do the same, we expect that they too would engage with staff and address the issues raised by the RFC working within the CFTC's existing principles-based framework. Additional process that is not contemplated by the CEA is not necessary to address this or other novel developments.

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offerings, contributing to a total issuance volume of $12.7 billion in 2024. Platforms such as Figure have issued over $8.5 billion in tokenized assets, while Maple Finance focuses on tokenizing private credit.