May 21, 2025

Via Electronic Submission

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

RE: ***CFTC Request for Comment on Trading and Clearing Derivatives on a 24/7 Basis***

Dear Mr. Kirkpatrick:

Intercontinental Exchange Inc., on behalf of itself and its subsidiaries (collectively "ICE"), appreciates the opportunity to comment on the Commodity Futures Trading Commission's ("CFTC" or "Commission") request for comments relating to trading and clearing on a 24/7 basis (the "RFC").[1] ICE operates regulated marketplaces for the listing, trading and clearing of a broad array of derivatives contracts and financial instruments, such as commodities, interest rates, foreign exchange and equities as well as corporate and exchange-traded funds, or ETFs. We operate multiple trading venues, including 13 regulated exchanges and six clearing houses, which are strategically positioned in major market centers around the world, including the U.S., U.K., European Union, or EU, Canada, Asia Pacific and the Middle East.

ICE supports product innovation in the futures markets and clearing services. America's financial markets have thrived through innovation and ICE recognizes the CFTC's history of supporting innovation in the derivatives markets. The Commodity Exchange Act ("CEA") directs the Commission with "promoting responsible innovation and fair competition" among market participants and establishes core regulatory principles to provide for robust and flexible regulation of trading facilities and clearing organizations. In establishing the CFTC's mission, Congress was careful to ensure that innovation is advanced responsibly and does not jeopardize the integrity or financial stability of the markets or customer protections.

To that end, continuous trading could offer benefits such as improved market access and increased price discovery. However, continuous trading introduces significant challenges to markets and market participants that need to be addressed, including increased market and liquidity risk during off-peak periods and the need for enhanced market surveillance, margining and collateral practices. Extending trading beyond traditional hours, but short of continuous trading, presents most of the same challenges. The CFTC must ensure that new innovation does not compromise market integrity, operational robustness, or customer protection.

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

Overall, in considering expanded trading hours, ICE believes the CFTC should apply the "same risk, same standards" approach to regulation for all financial markets, including markets in digital assets. Subject to this concept, Designated Contract Markets ("DCM") should have flexibility for compliance with the core principles when expanding trading hours consistent with the design of the CEA.

Product Considerations

ICE determines trading hours on a product by product basis taking into consideration a variety of factors including market participants' commercial practices, risk management needs and the liquidity and trading profile of the underlying commodity. ICE's markets with the longest trading hours operate six days a week, 22 hours a day with markets opening on Sunday afternoon and closing end of day Friday. Our shortest markets are open on weekdays with trading sessions less than 9 hours. Trading hours are set to meet our customers' needs, the needs of the individual market and the characteristics of the product; there is not a one-size fits all approach.

If there is a demand to move to 24/7 trading, ICE's exchanges are technologically equipped to adapt to a continuous trading environment and implement any necessary system changes. We have world class infrastructure and technology which supports resilient markets. ICE is not, however, currently contemplating expanding trading or clearing hours for our existing products and we do not see a commercial benefit to trading and settling our current suite of products over the weekend. ICE's markets are well functioning and resilient with robust liquidity, broad participation and strong convergence between the cash and futures markets. Any benefits from expanded hours must be weighed against the risks that expanded hours could dilute liquidity and market depth, distort price discovery and increase market, liquidity and default risks, for the exchange, clearing house and market participants during extended periods of low liquidity. In particular, we note that agricultural and energy products have unique attributes and customer bases. Expanding trading hours in these and other established products could de-stabilize well-functioning markets and impact market liquidity, price transparency, operations and technology. The current system and trading hours work well and we do not see a demand for 24/7 trading in these markets.

If a DCM expands trading hours, the DCM must consider the risk of large price movements in an illiquid market, the impact on overall liquidity and market depth and the effectiveness of its liquidation process in the case of a market participant default at any time its market is open. Large selloffs during times of thinly traded volumes can drastically move the market or lead to a disorderly market. Furthermore, the DCM and CFTC should consider impacts to similar, related or linked markets, as highly correlated products will impact one another. An aggressive expansion of trading hours by a DCM with little to no share of trading could disrupt highly liquid well-established markets.

DCMs also need to carefully consider the costs to themselves and their participants of expanded trading hours. DCMs may need additional staff and operational resources. These costs must be weighed against the purported benefits of expanded trading hours. As noted below, market participants may be subject to additional financial requirements, including pre-funding positions before the weekend, due to trading outside of normal banking hours. The potential use of auto-liquidation or similar techniques for exchanges and clearing organizations to manage risks of default overnight or outside of banking hours injects additional risks for market participants. Even those who do not trade in the expanded hours could wake up to their positions impacted by an overnight liquidity crunch. Such costs and risks may be significant and should be considered against the benefits of expanded trading. For many products, ICE does not believe the benefits of expanded trading hours would justify such costs.

Operational and Technological Considerations

Expanded trading could require changes in how systems are built and maintained. Expanding trading to 22/5 or 22/7 would permit an exchange to have a regular maintenance window. In a 24/7 environment, which by definition could not have a scheduled maintenance window, trading platforms may need to rely on additional system architectures that support live deployments, rapid rollbacks, and the replacement of critical components. DCMs may also operate two servers in parallel which fail over to the other when a system needs to go offline; this system design is currently employed at certain crypto exchanges today. Such arrangements will need to be evaluated within the existing CEA requirements under DCM core principle 20 and regulations relating to system safeguards. It is also important that market participants have sufficient information to evaluate the use of 24/7 trading systems and the operational and other risks from such arrangements that differ from traditional markets. The CFTC's approach to expanded trading should thus focus on appropriate transparency into system architecture.

Regulatory Framework

The current DCM regulatory framework based on the CEA core principles should be sufficient to support an extended trading environment without the need for new regulations. In particular, the core principles relating to system safeguards, prevention of disruption, financial integrity of transaction and protection of markets and market participants apply regardless of the duration of trading hours and set the overall standards with which any DCM must comply. DCMs may need to take additional compliance steps to meet these standards in an extended or continuous trading environment which may include adding more staff to cover the expanded hours, updating policies and procedures and implementing other protocols. The CFTC will have the opportunity to review any additional steps as part of the existing DCM rule submission process and its ongoing DCM oversight. Accordingly, ICE does not believe the DCM core principles and associated regulatory frameworks need to be amended at this time to support expanded trading hours.

Clearing

In a continuous or expanded trading environment, Derivative Clearing Organizations ("DCO") and Futures Commission Merchants ("FCM") would face new operational challenges. The current clearing infrastructure does not support the 24/7 movement of collateral and there may be very limited access to financial liquidity overnight, on weekends and outside of normal banking hours. Exchange-traded derivatives require the DCO and FCMs to facilitate the settlement of trades, transfer of margin and collateral, and other funding obligations. Currently, DCOs run regular settlement cycles to remove risk from the system by ensuring counterparties transfer the proper funds and collateral to back their positions in the markets. If DCMs expand their trading hours, the need to run settlement cycles to remove risk from the system becomes even more critical. Clearing houses would need to be able to transfer cash and securities more frequently, and potentially continuously throughout the clearing period. However, the traditional banking system does not readily support the movement of collateral after hours and on weekends. In order to support 24/7 trading, DCOs and FCMs may require that market participants pre-fund their positions, which imposes additional financing costs on liquidity providers and requires the re-allocation of capital. DCMs and DCOs will need to consider the implications of such costs for their participants.

It should also be noted that during overnight and thinly traded time periods, liquidity and market depth decreases. Those circumstances may reduce the reliability of market prices and inhibit price discovery. Markets can also become highly volatile during periods of low volume. This volatility, combined with limited mobility of collateral and the potential absence of 24/7 staffing for all market participants, could result in severe price movements where clearing members or their clients lack sufficient margin to cover their positions, which in turn may increase the risk of default. A default by a market participant may create financial stress for other clearing members particularly if there is an issue outside of banking hours, and they or another clearing member cannot call for or move collateral. In an extreme case, an FCM default could lead to a rushed auction or other liquidation. Liquidating positions during off-hours with reduced trading activity could lead to larger losses than during regular trading hours, making default management more difficult and costly.

Suggestions have been made that auto-liquidation may address some of these concerns. In the case of crypto-related contracts, auto-liquidation is commonplace. Rather than a call for additional margin, default management procedures provide for an automated close-out of a user's positions once a margin trigger is reached. For traditional futures markets, ICE does not believe auto-liquidation is a desirable option for market participants. In the case of an FCM default, it would most likely lead to a rushed auction, potentially generating larger losses that could force the DCO to tap into mutualized resources. In addition, end users in these markets value the dependability that clearing provides and do not want to lose their positions due to an operational issue or the inability to satisfy margin calls over a weekend. Auto-liquidation in the context of traditional derivatives would likely increase market volatility and potentially create market instability. Accordingly, ICE does not believe it is a good solution to the risk management problems caused by extended trading during hours when the banking system is closed.

Conclusion

ICE appreciates the opportunity to comment on the Proposal. ICE shares the Commission's goals of promoting transparency, accountability, and predictability and facilitating effective oversight. ICE respectfully requests that the Commission consider its comments in light of those goals.

Sincerely,

Kara Dutta
VP, Head of Legal, US Futures Exchanges & Clearing
Intercontinental Exchange Inc.

cc: Honorable Chairman Caroline D. Pham
Honorable Commissioner Christy Goldsmith Romero
Honorable Commissioner Kristen N. Johnson
Honorable Commissioner Summer Mersinger