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May 20, 2025

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

Via Electronic Submission

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

Dear Mr. Kirkpatrick:

Bloomberg L.P.[1] ("Bloomberg") appreciates the opportunity to respond to the Staff of the Commodity Futures Trading Commission ("CFTC" or the "Commission") Request for Comment on Trading and Clearing Derivatives on a 24/7 Basis ("RFC").[2] Bloomberg appreciates the Commission Staff leading on this issue, particularly the open and transparent approach to engaging the public with a broad set of thoughtful questions to assess the structural, operational, and regulatory implications of continuous trading in exchange-listed futures.

Bloomberg believes that a daily pause, with at least a one (weekend) day break in trading ("23/6") is an optimal market structure for exchange-listed futures.

The assertion that futures should trade continuously (24/7) because some spot commodity markets (including crypto) trade continuously at a minimum overlooks the coordination that is required at the end of each futures trading session to prepare for the next. Unlike spot markets, which typically involve full and immediate cash settlement, futures are inherently leveraged and

[1] Bloomberg L.P. – the global business, financial information, and news leader – increases access to market data by connecting market participants of all stripes to a dynamic network of information, people, and ideas. The company's strength – quickly and accurately delivering data, news, and analytics through innovative technology – is at the core of the Bloomberg Terminal. The Terminal provides financial market information, data, news, and analytics to banks, broker-dealers, institutional investors, government bodies, and other business and financial professional worldwide. Bloomberg's enterprise solutions empower clients to access, integrate, distribute, and manage data seamlessly across their organizations.

[2] See Staff of the Commodity Futures Trading Commission, Request for Comment on Trading and Clearing Derivatives on a 24/7 Basis (April 21, 2025), *available at* https://www.cftc.gov/media/12036/24_7_RFC042125/download.

carry greater risk. Designated Contract Market ("DCM" or "exchanges") and their members also have a regulatory obligation to maintain orderly markets, which makes structured pauses particularly important.

"24" and "7" are Two Mutually Exclusive Issues.

Bloomberg observes that the current trading session for many liquid futures products is on a 23-hour / 5.5-day basis.[3]

Continuous, or "24/7" trading represents a significant change in policy, market structure, operations, and risk management. For the liquid futures markets that already trade at night, the questions before the Commission are: (1) the "24" issue: what are the benefits of the current 1-hour pause between trading sessions? and (2) the "7-day" issue: what is the impact of (and associated issues that arise from) eliminating the current "down day." Another critical concern raised by the "7-day" issue is how to define trading sessions if trading is extended to 7 days?

For futures that currently do not trade at night, two key questions for the Commission to consider carefully are: how to determine when night trading can be safely introduced, and whether the futures market should then be eligible for extended weekend trading. The Commission should consider such an evolution in a holistic manner and ensure the transitions to night trading, and then to extended weekend trading, are orderly and efficient. On a product-by-product basis, futures may trade (efficiently) in one of three scenarios: (1) only during the traditional day trading session; (2) at night but not during the weekend; or (3) at night and during the weekend.[4]

Moving to "24" – Continuous Hourly Trading.

A Pause Between Trading Sessions. If continuous trading were to be adopted, a starting point and an end point would still need to be defined to delineate a session and allow for the calculation of the "daily market data statistics" such as open/high/low/close, as well as the volume-weighted average price (VWAP), and trading volume. A defined end of trading session would be required to snapshot positions and open interest for regulatory reporting and P&L attribution.

Moving to continuous 24-hour trading would eliminate a critical end-of-day pause that futures market participants (FCMs, ISVs, third-party service providers, market makers, speculators, etc.) generally use to carry out a number of vital tasks, including: properly memorializing the daily statistics, calculating night-trading (excessive) volatility / price-based

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[3] See Charles Schwab, "Overnight Trading in Futures Markets" (May 7, 2025), *available at* https://www.schwab.com/learn/story/overnight-trading-futures-markets.

[4] If a futures product is not appropriate to trade in a night session, then it most likely is not appropriate to be eligible for extended day trading either.

trading session circuit breaker limits, implementing previously noticed initial and maintenance margin schedules, implementing the occasional noticed tick sizes and fee adjustments, and checking and updating systems to ensure the smooth transition between the regular trading day and the night session.

Establishing a daily pause requirement is critical in futures markets to ensure systems can be updated and synchronized accurately for implementing changes to contract terms, coordination among the ecosystem, daily margining, price reporting, and risk control. Bloomberg believes that an initial minimum pause of 60 minutes is appropriate to start.[5]

A Daily Pause is Especially Important for Equity-Related Futures Products. The Commission's consideration of 24-hour continuous trading should reflect the structural interdependencies between the listed equities markets and equity-related futures contracts, such as broad-based index and ETF futures. Equity markets operate within unique operational, regulatory, and corporate governance frameworks that naturally limit continuous hourly trading. These factors affect the futures products that reference equity instruments.

A pause is necessary to allow systems across the equity and futures market ecosystems to calculate new values and recalibrate in response to corporate actions in equities.[6] For example, mergers and acquisitions, spin-offs, and index reconstitutions change the definition of a security and actions like dividends, stock splits, etc. change the attributes of a security – all of which may materially affect the price (valuation), position sizing, pricing inputs and/or the calculated fair value of equity-related futures.

These corporate action events occur on an ad hoc, non-standardized, periodic basis. The CME issues a Special Executive Report ("SER") to communicate important information to the

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[5] A pause duration of 60-minutes is consistent with the May 6, 2025 press release by the (U.S. equity) Security Information Processors. A proposal subject to public comment to confirm that 60-minutes is appropriate would need to be filed for the SEC to approve of the plan. The press release contemplates an initial 23/5 trading schedule and stresses the need for a daily market pause: "The Operating Committees of the Securities Information Processors ("Processors" or "SIPs") today announced that they will soon submit a Plan Amendment to the Securities and Exchange Commission ("SEC") to extend their operating hours…. The proposed Hours of Operation are to be set as close as technically feasible to 24 hours per day—from 8:00 pm Sundays to 8:00 pm (ET) Fridays, excluding holidays—with the incorporation of one technical pause during each 24-hour period. This technical pause will allow the Processors, Plan Participants, and other market participants to refresh their systems. The pause will begin at 8:00 pm (ET), Monday through Thursday, and the new trade date will commence immediately thereafter. It will be as brief as technically feasible, but not greater than one hour. The Processors anticipate being able to eventually shorten the length of the pause." See UTP Vendor Alert #2025 – 9, "SIPs to Propose Extended Operating Hours" (May 6, 2025), Press Release, *available at* https://www.nasdaqtrader.com/TraderNews.aspx?id=UTP2025-09.

[6] See Joseph Adinolfi and Gordon Gottsegen, "One of the Last Obstacles to 24-Hour Stock Trading Is About to Fall," *MarketWatch* (May 9, 2025), *available at* https://www.morningstar.com/news/marketwatch/20250509185/one-of-the-last-obstacles-to-24-hour-stock-trading-is-about-to-fall. "Under the new regime, trading would run from 8 p.m. Eastern time on Sunday through 8 p.m. Eastern time on Friday, with only a single one-hour technical pause each day to process things like corporate actions - for example, dividend-related housekeeping and any changes arising from mergers and acquisitions - and other housekeeping issues."

market such as futures contract changes. Leveraging the CME Notice Search,[7] Bloomberg found that from January 2, 2024, to December 31, 2024, CME issued at least one SER impacting a listed futures product on 36% of business days – often with multiple notices impacting the same day. The volume of SERs was particularly notable in Equity Index Futures. During 2024, SERs were issued in 11 of the 12 months of the year, with SERs in four of the months (33%) impacting multiple days. This pattern continued into 2025, where at least one SER impacted 31% of business days through May 8, and in Equity Index Futures four of the five months were impacted.

In a continuous 24-hour trading environment, the frequency of ad hoc changes highlights the operational burden of dynamically implementing and communicating end-of-day pauses to process SERs. Rather than relying on reactive, case-by-case adjustments, the Commission should adopt a standardized daily pause to promote consistency, reduce operational risk, and support a predictable trading environment for FCMs, ISVs, traders, and other third-party service providers. Eliminating the current daily structured break – or failing to allocate adequate time for market participants to resynchronize systems – risks misalignment between the underlying cash market and its related futures products. This could lead to pricing discrepancies, increased basis volatility, and diminished hedge effectiveness.

For any futures market with enough liquidity to support a night session, the preferred structure is the current one where the market structure includes a consistent daily break between the day and night trading sessions.

Moving to "7" – Weekend Trading.

Weekend Down-Time is Needed for Resiliency and Market Continuity. It is standard practice for market participants across the ecosystem, especially in centralized market structures like futures markets, to move new hardware, upgrade software, and conduct testing and self-maintenance on production systems on Saturdays. The institutional spot FX markets are typically closed on Saturday for many of these same reasons.

DCMs and DCOs also frequently conduct production parallel testing on Saturdays ahead of new product launches, system upgrades, or major operational changes. These sessions are designed to ensure that market participants can verify connectivity, system readiness, and operational workflows in a controlled environment before going live.

To illustrate the importance of weekend downtime, at least one Saturday each year is used to conduct the industry-wide Disaster Recovery Test, coordinated by the Futures Industry Association. In traditional centralized liquidity markets and some other markets, like FX that are

[7] See CME Group, Notice Archive Search, *available at* https://www.cmegroup.com/notices.html.

decentralized, there are important and substantive reasons that "6" trading days, designating Saturday for live-market closures, has developed into a best practice.

Transparency Considerations of Treating Weekend Trading Comparable to Bank Holidays. DCM Coinbase Derivatives and its DCO Nodal Clear filed on April 24, 2025 proposals to extend trading in their Bitcoin and Ether-related future products to "24/7."[8] The Coinbase modification to trading hours included aggregating all weekend trade date activity (Friday 5pm–Sunday 8pm ET) into the next business day (settlement date) trading session.[9] A single Monday session would collapse approximately 72 hours of market behavior into one bucket.

While the proposals were ultimately certified, the Commission may wish to revisit the issue because of the cascading market data representation issues that the aggregation creates. Ticks and trades executed on Saturday or Sunday would carry time-stamps inconsistent with the declared session date (e.g., Sunday trade shown as Monday), breaking intra-day analysis, volume profiles, and execution algorithms. This may distort time-based analytics like VWAP, volatility estimates, and momentum signals. Aggregation could also distort regulatory views of what occurred "on which day," potentially hindering transaction cost analysis ("TCA"), best execution metrics, and market surveillance (for potentially abusive trading patterns).

Bloomberg advocates for the Commission to consider a roundtable to discuss this highly technical and operational issue that has significant policy and regulatory reporting implications. The roundtable may want, as a practical alternative, to focus on the term "daily" and perhaps treat each weekend day as its own session rather than aggregation.[10] In this way, Saturday (if applicable) and Sunday would be treated as distinct session days with trade dates. This would maintain calendar (time series) clarity and preserve accuracy for market data, liquidity analysis, back testing, compliance and regulatory reporting.

Coordination with the Securities and Exchange Commission.

The SEC began examining "24/7" trading market structure issues in the equity markets following 24X Exchange's Form 1 exchange application on March 25, 2022.[11] The public

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[8] Coinbase Derivatives, Designated Contract Market Rules 55900 (April 24, 2025), *available at* https://www.cftc.gov/IndustryOversight/IndustryFilings/TradingOrganizationRules/55900 and Nodal Clear, Clearing Organization Rules 55898 (April 24, 2025), *available at* https://www.cftc.gov/IndustryOversight/IndustryFilings/ClearingOrganizationRules/55898.

[9] See Coinbase Derivatives, "2025-22 Modifications to Trading Hours" (April 24, 2025), at 1, *available at* https://www.cftc.gov/sites/default/files/filings/orgrules/25/04/rules04242519667.pdf.

[10] The Commission may also want to embark on a discussion of weekend trading and Core Principle 8: Daily Publication of Trading Information.

[11] See Securities and Exchange Commission, Release No. 34-96218, File No. 10-239, "24X National Exchange LLC; Notice of Filing of Amendment No. 1 to an Application for Registration as a National Securities Exchange

provided comments on 24X Exchange's original proposal (application).[12] Many commenters at that time expressed concerns on market surveillance, orderly dissemination of company disclosures, risks associated with the inability to clear and settle trades, and the elimination of natural trading pauses that currently exist in the U.S. markets, periods of pause.[13] On February 27, 2024, 24X Exchange submitted additional amendments,[14] and the public provided more comments.[15]

The SEC, in its 24X Exchange application approval order, recognized that a 23-hour market structure trading model – featuring a daily pause – strikes a reasonable balance between accessibility and operational feasibility. Specifically, the SEC said that the trading pauses were deemed sufficient to permit "24X to address the technical implications of a 23-hour trading day and will facilitate industry-wide testing, and internal market testing and systems updates and improvements."[16] On the "7" or weekend-trading issue, the initial 24X Exchange proposal included weekend trading but this aspect was removed in the final plan that was approved by the SEC.

The CFTC should consider coordinating closely with the SEC to ensure harmonization and consistency across markets. For example: equity-related futures rely on the pricing, availability, and governance of the underlying equity markets; for ETFs that are based on underlying futures that actively trade, 24/7 could disrupt the ETF creation/redemption process; and the Securities and Exchange Commission's approval of spot Bitcoin and Ethereum ETFs was reliant upon the CFTC and DCO's market integrity surveillance mechanisms.

Cross-agency collaboration is essential to address shared challenges and to develop a unified approach to extended trading hours – one that maintains the integrity of both the cash

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Under Section 6 of the Securities Exchange Act of 1934" (November 9, 2022), *available at* https://www.federalregister.gov/documents/2022/11/09/2022-24380/24x-national-exchange-llc-notice-of-filing-of-amendment-no-1-to-an-application-for-registration-as-a.

[12] See Securities and Exchange Commission, Release No. 34-95007, File No. 10-239, "Comments on Notice of Filing of Application for Registration as a National Securities Exchange under Section 6 of the Securities Exchange Act of 1934", *available at* https://www.sec.gov/comments/10-239/10-239.htm.

[13] See Letters from Eun Ah Choi, The Nasdaq Stock Market LLC, to Ms. Vanessa A. Countryman, Secretary, SEC (July 21, 2022), *available at* https://www.sec.gov/comments/10-239/10239-20134564-304956.pdf and letter from Hope Jarkowski, NYSE Group, Inc. (July 29, 2002), *available at* https://www.sec.gov/comments/10-239/10239-20135250-306135.pdf.

[14] See Securities and Exchange Commission, Release No. 34-99614, File No. 10-242 (February 27, 2024), "Self-Regulatory Organizations; 24X National Exchange LLC; Notice of Filing of Application for Registration as a National Securities Exchange Under Section 6 of the Securities Exchange Act of 1934", *available at* https://www.sec.gov/files/rules/other/2024/34-99614.pdf.

[15] See Securities and Exchange Commission, Release No. 34-99614, File No. 10-242, Comments on "24X National Exchange LLC; Notice of Filing of Application for Registration as a National Securities Exchange Under Section 6 of the Securities Exchange Act of 1934", *available at* https://www.sec.gov/comments/10-242/10-242.htm.

[16] See Securities and Exchange Commission, Release No. 34-101777, File No. 10-242, "In the Matter of the Application of 24X National Exchange LLC for Registration as a National Securities Exchange; Findings, Opinion, and Order of the Commission" (December 6, 2024), at 97110, *available at* https://www.govinfo.gov/content/pkg/FR-2024-12-06/pdf/2024-28551.pdf.

equity and futures markets. If trading schedules or session structures diverge too much between the two, it could distort pricing relationships, reduce arbitrage efficiency, and complicate regulatory oversight.

The Necessity of Continued Commission Leadership Through Rule Making.

Futures markets are centralized market structures – the vertical integration of the DCM and Designated Clearing Organization ("DCO" or "clearinghouse"), and rules that restrict off-exchange trading incentivize liquidity consolidation and deep liquid markets. The RFC recognizes that FCMs and Independent Software Vendors ("ISVs") may compete by offering (or declining to offer) 24 or 7 access and astutely asks for comment whether this form of competition would undermine incentives for efficient liquidity formation.

That is a question best answered by market makers, speculators, FCMs and the exchanges. Bloomberg observes that this "choice" does not exist for clearinghouse members. Risk at the clearinghouse is mutualized, so all members – including clearinghouse members that opt-out of supporting 24/7 trading – remain exposed to potential losses in some capacity if the DCO permits 24/7 trading and a default occurs. Given this shared exposure, the decision to support 24/7 trading should not rest solely with the DCM/DCO through the self-certification process.

The DCO has an inherent conflict of interest. While it may benefit from expanding trading hours, the associated risk is spread across all clearing members. To manage the risks and the interests of clearinghouse members, and those in the broader market, any move toward continuous 24 or 7 trading should be considered through a transparent Commission rulemaking or Commission approval process that includes the opportunity for public engagement – on a product-by-product basis – rather than the self-certification process in which consultations with the Commission are not transparent. The broader the impact of a proposed change, the less appropriate the self-certification process. It is extremely ill-advised for a rule change that not only has significant market-wide impact but also affects other asset classes.

Bloomberg appreciates the opportunity to provide our comments on the RFC and would be pleased to discuss any questions that the Commission may have with respect to this letter.

Very truly yours,

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