FALCONX BRAVO

Submitted Electronically

May 21, 2025

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

Re: Request for Comment on 24/7 Trading and Clearing in CFTC-Regulated Markets

Dear Mr. Kirkpatrick:

We thank you for the opportunity to provide comments in response to the Commodity Futures Trading Commission's ("CFTC" or "Commission") Request for Comment on 24/7 trading and clearing in CFTC-regulated markets ("24/7 trading"). As the first CFTC-registered swap dealer exclusively focused on digital assets, FalconX Bravo, Inc.'s views reflect both our company's practical experience operating in global digital asset markets and our commitment to having efficient and effective US markets.

We note that we also filed a response to the Commission's Request for Comment on the Trading and Clearing of "Perpetual" Style Derivatives and our responses to this Request for Comment should be read in tandem with that response. The advent of perpetual style digital asset derivatives and related 24/7 trading are a function of best practices in the new, global financial markets for digital assets. While it may also be the direction of travel of financial markets more broadly, we do not know or comment on other asset classes here.

24/7 trading is essential for the digital asset market due to the global and continuously tradable nature of cryptocurrencies, which operate beyond traditional financial market hours. Unlike with traditional financial assets, cryptocurrencies can be settled relatively instantaneously and throughout the trading day. Additionally, the cryptocurrency markets developed natively as a global market. This continuous, global trading environment allows investors to respond promptly to market developments, news, and price fluctuations at any time, ensuring they can manage risk and capitalize on opportunities without delay. Perpetual futures enable this continuous market by resetting funding costs every 8 hours, enabling market participants to manage their funding risks in a flexible manner.

We also note that, as a general matter, we are broadly supportive of the comments filed by The Digital Chamber (the "Chamber"). We share the Chamber's views that the technological maturity of the digital asset markets makes 24/7 trading viable and that 24/7 trading would help establish the US as a leader in digital finance by aligning our markets with existing global digital asset markets. We also agree that appropriate regulation should support innovation while maintaining the standards for risk management, customer protection, and operational resilience that the U.S. markets are known for. However, we recognize that some commodities may not be suitable for 24/7 trading and our comments are limited to the digital asset markets.

In addition to the points raised by the Chamber, one important consideration in 24/7 trading is the constant movement of assets and an additional need to move assets during hours in which major U.S. banking institutions are closed. This has several important implications for how to make 24/7 trading work in a safe and efficient manner.

First, Stablecoins play a crucial role in 24/7 trading markets by providing a reliable and efficient medium of exchange that does not have the same limitations as historical payment systems. Further, the stability and fungibility of stablecoins is essential for participants who operate in a 24/7 model, as it allows them to move assets quickly without the risk of significant value fluctuations. Additionally, stablecoins facilitate transactions across different exchanges and platforms, enhancing liquidity and enabling faster settlement times. Their integration into the trading ecosystem also supports real time, 24/7 collateral management, making them indispensable for maintaining the fluidity and efficiency of global markets operating continuously.

Second, 24/7 trading and the implementation of new settlement and clearing mechanisms raise challenges for some traditional market participants, whose roles may need to be redefined. For example, the role of the FCM and the technology FCMs rely on will need to evolve. Given the different risk profile of digital asset markets that trade 24/7, the FCM may play a greater role in customer identification and customer protection, particularly as retail participation rises.

Third, FCMs and other traditional market participants may need to rethink their staffing models. While some FCMs already have a "follow the sun" model for execution, this will need to be expanded to cover additional operational and compliance processes. New technology will play a big role in supervision, but it cannot be relied on to the exclusion of additional human resources. To facilitate this, U.S. requirements should not differ significantly from other global requirements and harmonization with other regimes becomes an important goal.

Finally, there are several operational updates needed to facilitate 24/7 trading that the Commission should work with industry to identify and address. In addition, the Commission should modernize acceptable collateral types (e.g., to include digital assets and appropriate tokenized real world assets) and make them medium neutral.

We appreciate the Commission's efforts to gather a wide range of perspectives on this critical topic. The advent of 24/7 trading in the U.S. is an important milestone in the evolution of the digital asset ecosystem in the U.S.

We look forward to continued dialogue with the Commission and stand ready to provide any additional information or clarification as needed.

Respectfully submitted,

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Cc:
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