S&P Global Commodity Insights

May 21, 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: Request for Comment on 24/7 Trading and Clearing in CFTC-Regulated Markets

Dear Mr. Kirkpatrick,

S&P Global Commodity Insights (Commodity Insights) welcomes the opportunity to provide comments on the Commodity Futures Trading Commission's (CFTC's or the Commission's) proposed guidance regarding 24/7 Trading and Clearing of Derivatives in CFTC-Regulated Markets.

S&P Global is the world's foremost provider of credit ratings, benchmarks, analytics, and workflow solutions in the global capital and commodity markets. With every one of our offerings, we help many of the world's leading organizations navigate the economic landscape so they can plan for tomorrow, today.

About S&P Global Commodity Insights

Commodity Insights employs over 4,600 people in more than 30 offices worldwide located in global business and energy centers on five continents. Each day, Platts, our price reporting agency (PRA), publishes thousands of daily price assessments, with over 250 used by exchanges as the basis for futures contracts. Alongside our price assessments, we publish news, commentary, fundamental market data and analytics across a number of commodity sectors, including oil, natural gas, LNG, generating fuels, power, shipping, metals, chemicals biofuels, fertilizers, food and grains, hydrogen, ammonia, renewables and carbon.

Platts is an independent benchmark provider and supports efficiency, transparency, and integrity in commodity markets. We are independent and separate from market participants, product providers, and government entities. We do not participate in the markets we measure and have no vested interest in the value of any commodity included in our price assessments or indices. Instead, Platts relies upon business model where it licenses the use of its price assessments for various purposes including to exchanges to facilitate risk management.

Platts has a long history of publishing price assessments and bringing transparency across markets. Our portfolio of price assessments includes some notable benchmarks such as Dated Brent, JKM for LNG, Iron Ore and Ethanol. Our coverage in both mature and nascent markets has been a catalyst for the evolution of commodity markets. In addition, our attention to rigorous methodologies and guidelines contributes to markets functioning with greater transparency and efficiency.

General Feedback

While other respondents to the CFTC Request for Comment on 24/7 trading will likely raise important issues related to operational and financial resilience of exchanges, Platts wishes to expound on the market impacts of the potential change related to the interplay of derivatives and physical markets. Platts believes that in addition to any direct stress on the commodity futures exchange system, there could be a destabilizing effect on the related physical markets including unnecessary price volatility and distortions, as well as increased operating costs for market participants and service providers due to the increased staffing requirements needed to operate price assessment processes on a 24/7 basis.

Physical-Financial Convergence

The concept of financial to physical market convergence and the role of futures contracts in price formation is core to the concern Platts has with this Request for Comment on 24/7 trading and clearing of derivatives. Exchange-traded commodity futures achieve convergence with the spot price of the commodity through either physical delivery at expiry or cash settlement based on an assessment/index (usually provided by a PRA). In either case, the physical settlement or index linkage means physical market participants consider futures prices in spot trading. This interdependence could lead to significant, negative impacts on physical markets if financial markets are allowed to operate without a critical mass of liquidity.

Impact on Differentials

In addition to this physical/financial linkage, the application of differentials in the pricing mechanism for physical commodities could prove problematic under extended hours for commodity futures trading.

First, the potential for excess volatility in futures markets could have a secondary effect on differentials. Differentials represent the difference in the price of a physical commodity to the price of a futures contract. Depending on market dynamics, differentials will sometimes adjust to reflect the changing value of a futures contract relative to the value of a physical commodity. Higher volatility in futures markets, particularly when driven by exogenous factors like lack of liquidity, increases the challenge for differential markets to arrive at a reasonable value for that particular physical commodity.

Second, as it relates to differentials, 24/7 trading would create an operational challenge for the Exchange/PRA/market participant ecosystem, particularly if exchanges introduced weekend settlements. PRAs typically provide differential price assessments within the same time window that exchanges provide settlements. For every trading day, the market receives an exchange settlement, a PRA-provided differential, and the resulting calculated “all-in price”. With the introduction of weekend settlements, a PRA would have two alternatives—both bad for different reasons.

PRAs could apply the last business day’s differential assessment to the weekend settlement value. However, this would mean applying a stale differential that would not have had the opportunity to adjust to the new settlement value. Alternatively, PRAs could introduce weekend physical differential assessments to match the weekend settlement. These physical differentials would be less robust given the reduced trading activity on the weekend. The net effect of these factors would less reliable weekend differentials and all-in prices, both of which would not be beneficial to market participants.

Staffing Issues Across the Physical Commodity Ecosystem

The issues noted above among others could also have implications for weekend staffing needs across the commodity trading ecosystem, including companies involved primarily or only in physical markets.

One such example could be the need for physical trading desks (front, middle and back office) to have weekend staffing if commodity futures markets are open. Price changes in commodity futures, particularly large swings driven by news flow (and limited liquidity), could be deemed enough of a source of risk for physical desks to provide weekend trading capability. This expansion of trading hours could lead to difficulty finding appropriate personnel and increased operating costs with no clear benefit.

PRAs would undoubtedly be among the service providers that could have to follow suit. Market reporting jobs take significant training and come with expectations of a more traditional work schedule with weekends usually off. The need to cover markets and publish price assessments on the weekend would introduce a number of operational challenges and new costs for these service providers. PRAs would face the decision of absorbing these higher costs, or passing them on to customers, who in turn would face the same dilemma. The ultimate result could be higher costs for end users.

Concluding Remarks

Platts believes that commodity markets play an important role in the broader economy which has implications for end users and society more broadly, in a way that other financial markets do not. The complex physical and financial markets that—in most cases—support efficient delivery of commodities to end users rely on orderly price formation and coordination of service providers and market participants.

There has been a guiding principle to this decades-long evolution: markets work best when there are finite, dedicated trading times when market participants coalesce to provide liquidity and transparency in the pricing process. It is unclear what the benefit of spreading trading activity and liquidity over more hours would be, and it is certain end users could suffer from increased commodity price volatility and overall costs, in Platts view undermining the objective of markets.

S&P Global Commodity Insights appreciates the Commission's engagement on this topic and the opportunity to respond. Given the reasons listed above, we believe that permitting the 24/7 trading of derivatives for physical commodities introduces unnecessary complexity and uncertainty into the market without real, discernable benefits for market participants and the

American public. For these reasons, S&P Global Commodity Insights respectfully does not support this proposal.

Sincerely,

Pierre Davis
General Counsel
S&P Global Commodity Insights