May 22, 2025

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

Re: Trading and Clearing Derivatives on a 24/7 Basis

Dear Secretary Kirkpatrick,

ForecastEx LLC appreciates the opportunity to respond to the Commission's Request for Comment on trading and clearing derivatives on a 24/7 basis. ForecastEx operates a Designated Contract Market (DCM) and Derivatives Clearing Organization (DCO), with all contracts traded and cleared on a continuous 24/6 basis.

We support the Commission's effort to examine the implications of continuous trading and clearing and urge the Commission to adopt a risk-based, product-sensitive approach to regulation in this area. Below we offer our perspectives, structured around key themes raised in the request for comment.

1. Fully Collateralized Products Have Reduced 24/7 Risk

The Commission should clearly distinguish between the operational and financial risks of fully collateralized products and those traded on margin. Products that are fully collateralized do not carry intraday credit exposure or the need for mid-cycle variation margin. As such, the operational and liquidity challenges often cited with 24/7 trading—such as the inability to collect additional margin during banking holidays—are simply not present.

ForecastEx contracts are cash-settled and fully collateralized at the time of bid entry. This eliminates any risk to the clearing system associated with 24/7 trading. Members are required to pre-fund accounts during banking hours, and can supplement those funds in real time via instant payment systems, such as Real-time Payments ("RTP"). These precautions ensure that Members will have sufficient capital to continue trading even over weekends and holidays.

The Commission has previously acknowledged that fully collateralized trading presents reduced systemic and counterparty risk.[1] We believe this is a critical distinction. Products like Forecast Contracts—where

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[1] 88 FR 53664, 53677. Fully collateralized positions do not expose DCOs to many of the risks that traditionally margined products do. Full collateralization prevents a DCO from being exposed to credit or default risk stemming

collateral is posted before bid entry—should not be held to the same operational burdens as high-leverage, margin-based instruments.

Any guidance or regulations promulgated by the Commission on 24/7 trading should account separately for fully-collateralized products with no intra-period credit exposure. A risk-based framework that accounts for this distinction will support innovation while preserving market integrity.

2. High-Availability System Architecture

From an infrastructure standpoint, continuous trading is not only achievable—it is already common in other global markets. The crypto asset market, for example, has demonstrated for years that resilient 24/7 trading platforms can operate at global scale. ForecastEx has adopted many of the same architectural principles.

Our systems run in multiple availability zones with active load balancing and a hot-hot configuration—ensuring that if one environment fails, another immediately assumes control without data loss or downtime. We perform rolling deployments by shifting live traffic to one region while the other is updated. This enables zero-downtime releases, critical in a 24/7 environment. In the event of a bug or system error, rollback procedures allow us to revert to a prior version with minimal disruption. ForecastEx believes that the Commission should look for these architecture features when evaluating whether a DCM, DCO, or SEF can perform its obligations under the Core Principles.

The Commission also requests comment on how maintenance windows can be handled in a 24/7 environment. While 24/7 trading does remove traditional weekend maintenance windows, most maintenance can be conducted via a rolling deployment structure. ForecastEx also builds in a 15 minute break each day from 4:00-4:15pm CT to run end of day processes and maintenance. Even in the case of larger updates which require a larger maintenance window, so long as maintanence windows are effectively noticed to market participants in advance, this should not cause significant disruption. 24/7 trading does not eliminate the ability to perform upgrades safely and effectively—provided that firms follow best practices for fault-tolerant deployment.

3. Staffing and Surveillance in a 24/7 Environment

The Commission's concern around staffing during off-hours is understandable, but the solution need not be rigid. On-call rotations are a well-established industry practice across many sectors that require 24/7 uptime — finance, healthcare, IT operations, and emergency services among them. With well-defined escalation protocols, on-call staffing ensures coverage of any events at all hours. ForecastEx currently uses on-call schedules across technology and compliance teams during overnight hours, ensuring that

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from the inability of a clearing member or customer of a clearing member to meet a margin call or a call for additional capital.

technical and regulatory issues can be addressed in real time.

Moreover, automated surveillance systems now provide real-time monitoring and alerting, capable of detecting most forms of market abuse without constant human oversight. While CFTC regulations currently require human oversight during active trading, we believe the Commission should begin to re-evaluate this standard. The trend in surveillance is toward smart automation, and firms should be encouraged to adopt modern tooling that enhances coverage while reducing error and delay. These tools can be combined with an on-call approach to eliminate the need for having on-shift surveillance staff at all hours of the day. Automated systems can identify circumstances that require human judgment or intervention and then notify on-call staff to handle those situations.

Currently, the CFTC still requires that DCMs have surveillance staff on duty during all market hours. While ForecastEx does not believe this is necessary as explained above, this too can be easily handled via overnight staffing—again, a model that exists in many other sectors. The principles-based approach of CFTC regulations suggests that the Commission should remain flexible on the staffing model, so long as the exchange can demonstrate real-time responsiveness and effective surveillance coverage.

4. Responses to CFTC Questions

In addition to the above, please see the below responses to specific questions from the CFTC:

Is auto-liquidation of customer positions an acceptable and prudent risk mitigant for FCMs that hold open positions for customers during weekends and other periods of time when customers cannot make margin deposits? Does auto-liquidation present other risks to the market or market participants?

ForecastEx does not view auto-liquidation as a good option for the default risk mitigation tool. Auto-liquidation is not risk-free and will impose significant costs on FCMs and DCOs. If auto-liquidation is occurring on weekends and in overnight sessions, when volumes and liquidity are likely to be lower, auto-liquidating larger positions may not be possible without introducing significant market disruption. They will also be more costly to perform for that reason. While sometimes necessary, relying on auto-liquidation as the go-to method for dealing with overnight credit risk would introduce significant amounts of systemic risk into the financial system.

Does 24/7 trading introduce any new or different considerations with respect to DCM and SEF self-regulatory practices, including in the areas of trade practice surveillance and market surveillance?

ForecastEx does not believe that 24/7 trading introduces materially new forms of abusive trading. The same manipulative practices—spoofing, wash trades, pre-arranged trading—can occur at any hour. DCMs already manage differential liquidity conditions across time zones and products, and are well equipped to monitor less active periods.

5. **Conclusion**

ForecastEx believes that 24/7 trading and clearing is not only feasible, but in many cases operationally simpler than often assumed—especially for fully collateralized products with no intraday credit risk. The Commission should focus its attention on where the actual risks lie: in leverage, credit exposure, and liquidity stress—not in the clock itself.

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ForecastEx appreciates the opportunity to comment on the CFTC's request, and is available to provide further input as the Commission may request. If the Commission has any questions or comments regarding this letter, please feel free to contact me through email at gdeese@forecastex.com.

Respectfully,

Graham Deese

Graham Deese
ForecastEx Chief Regulatory Officer