



**TOPICS:**

**Market Risk**

**SOURCE:**

**Futures Industry Association**

## FIA Highlights Challenges, Opportunities of 24/7 Trading and Clearing

- The Futures Industry Association (FIA) examines the regulatory, operational and market-structure implications of introducing **24/7 trading and clearing in exchange-traded derivatives markets**.
- The demand for **around-the-clock market access** has increased due to the convergence of traditional financial markets and digital asset markets, where continuous trading is already common. While many derivatives exchanges already operate up to **23 hours per day during the week**, a full transition to **24/7 trading** has not yet occurred.
- A central concern is that **24/7 trading requires 24/7 clearing and risk management**. In derivatives markets, clearinghouses act as central counterparties (CCPs) that mitigate systemic risk by collecting margin, guaranteeing trades and managing defaults. Extending trading to weekends and holidays would disrupt existing processes for **margin collection, collateral posting and settlement**, many of which depend on payment systems and funding markets that do not currently operate continuously. This could lead to **under-collateralized exposures and increased systemic risk** if risk management processes remain tied to traditional business hours.
- FIA also identifies **liquidity risks** associated with continuous trading. Spreading trading activity across weekends and off-peak hours may reduce market depth and increase volatility. Thin trading conditions could amplify price swings or make markets more vulnerable to manipulation.
- **Operational challenges** represent another major barrier. Many market participants rely on **legacy technology systems designed for daily processing cycles** and transitioning to continuous operations would require significant upgrades. **Additional staffing** for compliance, surveillance and technical operations would also be necessary. Moreover, key regulatory definitions - such as "trading day," settlement processes, and reporting requirements - would need revision to reflect continuous markets.
- To address these issues, FIA recommends aligning **24/7 trading with continuous clearing**, expanding **wholesale payment system operating hours**, exploring **tokenised collateral solutions**, identifying markets suitable for continuous trading and enhancing **regulatory coordination**. A **measured, market-specific approach** is necessary to ensure that expanded trading hours do not compromise market integrity, liquidity or financial stability.

