



24x5 trading

Market opportunities and trends

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As global markets become increasingly interconnected and demand for around-the-clock trading access intensifies, broker-dealers are extending trading sessions to stay competitive and better serve their clients. Major national securities exchanges like the New York Stock Exchange, Nasdaq, and Cboe have revealed plans to enhance their trading capabilities, with preliminary Securities and Exchange Commission (SEC) approval granted for 23x5 trading (23 hours a day, five days a week). Complementing this, the Operating Committees of the Securities Information Processors (SIPs) are planning to expand their operating hours to nearly 24 hours a day, pending SEC approval. Several alternative trading systems (ATS) are already offering extended trading hours for US equities, and the Depository Trust and Clearing Corporation's National Securities Clearing Corporation is set to extend clearing hours by mid-2026. These strategic developments reflect the industry's shift toward nearly continuous trading access in the US markets, drawing parallels with the 24x7 operations already established by cryptocurrency markets.

The move toward 24x5 trading offers several benefits to market participants and broker-dealers:



Benefits for market participants

- Ability to react promptly to events, earnings releases, and macroeconomic developments outside traditional US trading hours.
- Longer trading hours enhance opportunities for cross-market evaluation and asset analysis, helping traders to better identify and address pricing inefficiencies.



Benefits for broker-dealers

- Increased trading volume and order flow from accommodating activity across different time zones, enhancing revenue potential.
- New business opportunities with premium services tailored to around-the-clock activity, boosting client satisfaction and engagement.
- Enhanced risk management is achieved by centrally managing risk, without the need to transfer the trading book between different money centers.



Market trends and opportunities

- Major trading and exchange platforms have started offering extended capabilities, indicating a shift towards a more globally aligned and responsive market structure.
- The expansion enhances market efficiency and necessitates developing improved trade processing infrastructure, providing broker-dealers with opportunities to grow their business.

Although 24x5 trading is in its early stages, these developments signal a significant change in the market landscape.



People

- **Firms** will need to assess their respective **coverage, supervision, and staffing models** as markets move.
- **Regulators** will expect **compliance, operational, and risk management personnel** to have the necessary skills and knowledge to have complete and adequate coverage across all hours of trading operations.



Process

- **Clearing and settlement** should shift to near-instant processing to reduce risk and unlock capital.
- **User interfaces** must be seamless and globally accessible, while real-time data processing is essential for fast, informed decisions.
- Maintaining **continuous availability** requires highly resilient systems with built-in redundancy.
- **Advanced risk and liquidity management** must operate in real-time to protect both brokers and clients in a continuous trading environment.



Technology

- Brokers will need to upgrade their technology across several fronts.
- Scalable **investment infrastructure** is needed to support volatility in trading volume.
- **Middle- and back-office systems** need to be upgraded from batch to real-time processing.
- **Systems** need to have the ability to introduce new features/fixes without any downtime.
- **Global market synchronization** ensures accurate pricing and compliance across time zones.



Market-related considerations

- Lower liquidity, higher volatility, and wider bid-ask spreads:** Develop strategies to manage liquidity effectively during off-peak times by partnering with market makers or liquidity providers, while also providing clients with risk management tools and pre-trade risk analytics to navigate volatility and mitigate the impact on bid-ask spreads.
- Inefficient price discovery:** Improve pricing transparency with real-time data access and increased information symmetry between market makers.
- Global market synchronization and alignment:** Invest in infrastructure to support continuous trading and comply with global standards across exchanges and ATS. Coordinate market efforts to synchronize trading hours, ensuring seamless 24x5 operations and enhanced liquidity.
- Availability of updated index values:** Collaborate with index providers for required updates to market data and index infrastructure to support informed trading during extended hours.
- Risk of unlinked markets:** Continuously monitor global market conditions and build logistical support to address best execution and pricing-related complexity due to multiple extended hour venues.
- Enhanced market surveillance:** Develop real-time monitoring systems to detect complex patterns and respond to transaction anomalies rapidly.
- Understanding the “trading day”:** Coordinate with regulatory bodies to evaluate the implications of start and end times for 24x5 trading days, ensuring consistency in trade processing and compliance reporting.
- Infrastructure investment:** Invest in redundant systems and robust information technology infrastructure, including cloud services, disaster recovery, and business continuity plans.



Regulatory considerations

1

Investor protection

Deploy comprehensive investor education programs to proactively educate clients about the specific risks associated with 24x5 trading.

2

Ensure fair and orderly markets

Establish comprehensive incident response plans and continuously monitor market conditions to ensure the stability and orderliness of trading activities.

3

Regulatory arbitrage

Ensure there is no regulatory arbitrage related to extended trading hours.



Operational considerations

1

Staffing challenges

Implement shift systems and global teams in different time zones for effective coverage.

2

System resilience and cybersecurity assessment

Deploy advanced cybersecurity measures such as multifactor authentication, encryption, regular security audits, vulnerability assessments, and penetration testing.

3

Scaling market infrastructure

Upgrade market infrastructure (market data, trading, clearing, settlement/payments, and reporting) to address extended trading hours.

4

Process changes

Implement process changes to effectively accommodate 24x5 trading, such as adjusting trading day cutoffs, establishing break resolution windows, and managing margin calls.

5

Clearing and settlement complexities

Automate as many manual processes as possible using artificial intelligence and machine learning to reduce human errors.

6

Corporate actions timeliness

Firms must develop robust, automated systems for real-time processing of corporate actions data, collaborating with data providers to ensure timely updates and prevent trading disruptions.

Contact us

Contact our team to discuss these topics in more detail.



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