



May 21, 2025

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

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

Dear Mr. Kirkpatrick:

NFA welcomes the opportunity to submit comments in response to the CFTC Divisions of Market Oversight, Clearing and Risk and Market Participants request for public comment to inform the CFTC's understanding of potential issues related to a designated contract market's (DCM) or swap execution facility's (SEF) offering of trading on a 24/7 basis. The release further requests comments about any related issues associated with this trading for derivatives clearing organizations (DCOs) and futures commission merchants (FCMs). We commend Commission staff for taking the opportunity to seek comments from the public and industry experts on potential issues that may arise from around-the-clock daily trading. We believe these comments will aid the Commission in exploring the operational and regulatory risks that arise from 24/7 trading, as well as any necessary changes that may have to be made to the current regulatory framework to address these risks and allow for this trading.

At the outset, we recognize that at least one DCM and DCO already offer 24/7 trading today. We believe that change and innovation arising from new products, market structures and technology have been vital to the derivatives industry's tremendous success. The regulatory framework, however, must keep pace with any advancements to provide an adequate level of customer protection and market oversight, which are key elements of the industry's continued success.

NFA expects that the Commission will receive input on 24/7 trading from a diverse group of commenters, including DCMs, SEFs, DCOs, market intermediaries and customers and counterparties. We encourage the Commission to carefully consider the issues raised by these comments, including those related to market liquidity and integrity, operational resilience and customer protection. As a designated self-regulatory organization (DSRO) for a number of CFTC registered FCMs, as well as an organization whose stated mission includes protecting investors and ensuring that our

Members meet their regulatory responsibilities, we will focus our comments on issues that we believe impact FCMs and their customers.

Specifically, Part 1 of the Commission's Regulations contains numerous requirements imposed on FCMs regarding their dealings with customers. While many of these requirements apply no matter how an FCM's business is conducted, we encourage the Commission to fully review Part 1 to ensure that the requirements are fit for purpose to properly oversee 24/7 trading. The Commission may have to address and adapt several of these regulations to 24/7 trading. A few examples include:

Use of the Term "Business Day". Several customer protections provided by Part 1 are currently based on the term "business day," which is defined as "any day other than a Saturday, Sunday or holiday." NFA believes that the Commission should consider how this definition impacts an FCM's compliance with Part 1 and the relevant customer protection safeguards over weekends in a 24/7 trading environment. Neither the Commission nor an FCM's DSRO should have a lack of transparency relating to critical issues involving an FCM's business (e.g., the firm's financial condition) if risks build-up over a weekend. Further, while FCMs may provide customers with daily trade confirmations via their front-end systems over a weekend, at least under the CFTC's current requirements, they are not required to do so because of the next "business day" terminology within CFTC Regulation 1.33.

Segregation Computations. Part 1 requires an FCM to prepare and submit daily to the CFTC and SROs computations for segregated funds, secured amount funds and cleared swaps customer collateral, as applicable by noon each business day. If the Commission does not adapt these requirements to account for weekend trading, and thus no computation is required for Saturday and Sunday, then an FCM will include all activity in the computation for the next business day, in most cases Monday, that will be due by noon on Tuesday. Therefore, the FCM will not demonstrate segregation compliance for three calendar days after the close of business the prior week. Given CFTC Regulations 1.20's, 30.7's and 22.2's requirement that FCMs "must at all times" maintain sufficient funds to cover its total obligation to customers and counterparties, we believe the Commission should consider whether it is practical and important to require these key customer protection calculations and reporting over the weekend or implement other requirements to address the risks associated with the lack of reporting.

Residual Interest Calculations. The term "business day" also impacts an FCM's residual interest calculation, which is critical to ensuring that an FCM has sufficient funds to cover certain outstanding customer deficiencies from the prior business day.

Capital Computations. The term "business day" is also critical to an FCM's capital computation, which requires an FCM to compute various charges and deductions, some of which are based on the number of business days since the occurrence of a particular event.

NFA also encourages the Commission to consider whether any changes are needed to its FCM Risk Management requirements to ensure that they adequately address all relevant risks, including credit, market, liquidity (e.g., collateral movement), technological (e.g., system maintenance) and operational that may be heightened due to 24/7 trading.

Finally, NFA believes the Commission should also consider if its current risk disclosures are appropriate for customers, particularly retail, for 24/7 trading. Certainly, there may be unique risks associated with 24/7 trading for customers both trading and not trading around-the-clock. For example, although some customers may not trade 24/7, their positions may be negatively impacted, including liquidated, due to market movements over the weekend. While some market participants' interest may drive the advent of 24/7 trading, all market participants must understand any unique risks arising therefrom and how they may be potentially impacted.

In closing, we commend Commission staff for raising these important questions and seeking input on the issues associated with 24/7 trading. We firmly believe that this type of collaboration will inform the Commission about benefits and risks that 24/7 trading poses and help ensure that its requirements are appropriately designed and implemented to meet the important regulatory and operational issues and risks associated with this activity.

We appreciate the opportunity to comment on this important topic. Please do not hesitate to contact Kathleen Clapper, Head of Compliance (kclapper@nfa.futures.org) or Dale Spoljaric, Vice President, Capital and Exams (dspoljaric@nfa.futures.org) if we can provide any further information or other assistance.

Respectfully submitted,



Carol A. Wooding
Senior Vice President
and General Counsel

Nancy Paschen

From: NoReply@cftc.gov
Sent: Wednesday, May 21, 2025 9:48 AM
To: Carol Wooding
Subject: [EXTERNAL] CFTC Public Comment Receipt

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Thank you for submitting your comment to the Commodity Futures Trading Commission through our Comments Online service. Please do not submit this comment by any other method. Your comment has been received and, as provided during the Comments Online process, will be posted on the Commission's website without removal of any personal identifying or other sensitive information.

The Commission reserves the right, but shall have no obligation, to review, pre-screen, filter, redact, refuse or remove any or all of your submission from www.cftc.gov that it may deem to be inappropriate for publication, such as obscene language. Notwithstanding, all submissions that have been withdrawn because they are inappropriate for publication that contain comments on the merits of a rulemaking or another official Commission action will be retained in the public comment file and will be considered as required under the Administrative Procedure Act and other applicable laws, and may be accessible under the Freedom of Information Act.

If you have questions concerning your comment, please contact questions@cftc.gov. If your questions relate to information privacy matters, please contact privacy@cftc.gov.

View your comment: [View your comment.](#)

Your name: Carol Wooding

Your comment number: 74873

Your pin number: f46d

Your comment: N/A

Nancy Paschen

From: Nancy Paschen
Sent: Wednesday, May 21, 2025 9:52 AM
To: Christie von Ohlen; Denise Brown; Frank Standley; Joel Giamalva; Joseph McCarthy; Matas Blekys; Matthew Rosamilia
Subject: CFTC Comment Letter
Attachments: May 21_2025_Trading and Clearing Derivatives on a 24.7 Basis.pdf

Good morning,

The attached Comment Letter was submitted to the CFTC today.

Nancy

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