May 21, 2025

U.S. Commodity Futures Trading Commission
Divisions of Market Oversight, Clearing and Risk, and Market Participants
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581
Submitted via electronic submission at comments.cftc.gov

RE: Crypto Council for Innovation Comment on CFTC Request for Comment on Trading and Clearing of Derivatives on a 24/7 Basis

The Crypto Council for Innovation (CCI) appreciates the opportunity to respond to the Commodity Futures Trading Commission's (CFTC or Commission) Request for Comment on Trading and Clearing of Derivatives on a 24/7 Basis ("Request for Comment").

CCI is a global alliance of industry leaders within the digital assets industry and is committed to promoting the advantages of digital assets while showcasing their potential for transformation. CCI's members represent various sectors within the digital asset ecosystem and share a common objective: advocating for responsible global regulation of digital assets to unlock economic opportunities, enhancing quality of life, promoting financial inclusivity, safeguarding national security, and countering illicit activities. CCI firmly believes that achieving these objectives necessitates well-informed, evidence-driven policy choices achieved through collaborative participation.

We commend the Commission for examining the evolution toward real-time, continuous market activity. Based on over a decade of experience operating and observing 24/7 digital asset markets, we believe that such a shift—when implemented with appropriate safeguards—can reduce risk, improve market access, and modernize market infrastructure. We respectfully submit that many of the potential risks identified in the Request for Comment—related to operational resilience, collateral access, and market integrity—can be effectively mitigated through modern technology, well-established practices in the digital asset sector, evolving financial infrastructure, and updated CFTC operations.

Against this backdrop, CCI urges the Commission to approach the development of 24/7 trading and clearing frameworks in a manner that maximizes opportunity, recognizes inevitable digital innovation, ensures appropriate risk management, and promotes forward-looking market structures and design. This approach will:

1. Recognize the proven role of continuous trading infrastructure as a risk mitigant, particularly in reducing counterparty exposure, enhancing market stability, and enabling real-time price discovery and risk management;

2. Parallel the broader shift in U.S. financial infrastructure toward always-on operations, as demonstrated by the FedNow Service's real-time settlement capabilities and planned modernization of other Fed payments services;
3. Benefit from understanding over a decade of successful 24/7 market activity in digital asset ecosystems, which provide concrete precedent for continuous trading, surveillance, and margin management at scale; and
4. Promote the competitiveness of U.S. derivatives markets relative to global peers already advancing continuous clearing and trading capabilities.

I. Real-Time Infrastructure is a Risk Mitigant—Not a Risk Creator

While continuous trading may present certain novel operational and risk management considerations, the opportunities to reduce overall risk outweigh challenges. In fact, time-limited market structures introduce well-known vulnerabilities—particularly during off-hours—when participants are unable to respond to market-moving events, inform price discovery, or rebalance positions. These artificial gaps in access elevate exposure and increase reliance on complex hedging strategies, particularly in volatile environments.[1]

By contrast, a 24/7 trading and clearing model enables real-time action and reduces the length of time between trade execution and final settlement. This can mitigate counterparty risk and enhance price discovery, especially in global, digital markets where information flows and participant activity occur across time zones.[2] Continuous operations also reduce settlement frictions and eliminate the weekend "blackout" periods that have historically contributed to liquidity gaps and price discontinuities.[3]

Moreover, the infrastructure that underpins continuous trading is, by design, more resilient. For over a decade, leading digital asset trading venues have operated on a continuous basis while successfully implementing tools such as real-time margin monitoring, automated liquidation triggers, and 24/7 surveillance. These mechanisms, embedded in platform architecture rather than dependent on manual intervention, enable constant enforcement of risk protocols regardless of hour or market conditions.

Rather than introduce new risk, continuous trading infrastructure—when properly designed—can serve as a stabilizing force. The Commission should recognize that operational concerns raised in the Request for Comment, including staffing, system safeguards, and surveillance, are being addressed through technology-driven solutions. These solutions are not speculative—they align with and reinforce the Commission's responsibilities under Core Principles 14 and 20 to ensure

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[1] *CFTC Staff Seek Public Comment on 24/7 Trading*, Commodity Futures Trading Commission, Apr. 21, 2025, available at: https://www.cftc.gov/PressRoom/PressReleases/9068-25

[2] *Project Rialto: Improving Instant Cross-Border Payments Using Central Bank Money Settlement,* Bank for International Settlements, Feb. 2025, available at: https://www.bis.org/publ/othp91.pdf

[3] *The day-of-the-week effect on Bitcoin return and volatility*, Research in International Business and Finance, Oct. 2019, available at: https://www.sciencedirect.com/science/article/abs/pii/S0275531918307827?via%3Dihub

robust system safeguards and the ongoing integrity of trading platforms.[4] Dismissing these innovations or defaulting to legacy assumptions would be inconsistent with the Commission's statutory mandate to promote responsible innovation, ensure market integrity, and reduce systemic risk.

II. The U.S. Financial System Is Already Transitioning to 24/7: The FedNow Model

The broader U.S. financial system is already adapting to real-time, 24/7 operations. The most salient example is the Federal Reserve's FedNow Service, which enables real-time gross settlement of instant payments on a 24/7/365 basis—including weekends and federal holidays. This infrastructure change represents a foundational evolution in how U.S. markets move value.

FedNow was explicitly designed to eliminate the limitations of batch-based, business-hour systems. As the Federal Reserve has explained:

> "The FedNow Service operates on a 24-hour funds transfer business day… each day of the week, including weekends and Federal Reserve Bank holidays… [processing begins] at approximately 7:01 p.m. ET on the previous calendar day, with no disruption in message or transaction processing."[5]

This level of operational continuity demonstrates that real-time, always-available systems can function securely and predictably at national scale. Importantly, FedNow does not merely settle retail payments—it also facilitates Liquidity Management Transfers (LMTs) across weekends and holidays, enabling participating institutions to move and manage collateral continuously.[6] The system's legal and operational framework underscores its durability and integration with existing legal regimes.[7]

This transition is not isolated. It reflects a broader modernization imperative across U.S. financial infrastructure. Instant settlement rails are increasingly expected by commercial institutions and integrated across use cases—from interbank transfers to securities settlement. Market participants are actively aligning their internal operations and funding strategies to accommodate these changes.

The relevance for derivatives markets is clear: aligning trading and clearing infrastructure with modern payment systems not only promotes operational coherence, but also enhances resilience. Any framework the Commission develops for 24/7 derivatives markets should reflect this

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4 Code of Federal Regulations § 37.1400 Core Principle 14—System safeguards, available at: https://www.ecfr.gov/current/title-17/chapter-I/part-37/subpart-O/section-37.1400

5 Federal Reserve Banks, FedNow Service Operating Hours and Procedures, 2024, available at: https://www.frbservices.org/financial-services/fednow/

6 FedNow Service, Additional Questions and Answers, available at: https://www.federalreserve.gov/paymentsystems/fednow-additional-questions-and-answers.htm

7 The FedNow Service is governed by Federal Reserve Bank Operating Circular 8, which sets forth the terms and conditions for participation, and by Regulation J (12 CFR Part 210) and Article 4A of the Uniform Commercial Code, which govern the handling of funds transfers by Federal Reserve Banks. *See* Reg. J, 87 FR 34362, June 6, 2022, available at: https://www.ecfr.gov/current/title-12/chapter-II/subchapter-A/part-210/subpart-C

convergence—and avoid introducing artificial constraints that contradict the real-time, digital capabilities now available across the financial system.

III. 24/7 Crypto Markets Offer Proof of Concept

Digital asset markets have operated continuously for over a decade—processing hundreds of billions of dollars in trades each week across globally distributed exchanges. This track record provides strong evidence that 24/7 markets can function reliably, efficiently, and with appropriate safeguards.[8]

Leading digital asset platforms use advanced infrastructure to manage risk in real time, including, among others, the following:

- Continuous margining and collateral monitoring;
- Circuit breakers and position limits;
- Automated liquidation mechanisms; and
- AI-enabled market surveillance tools.[9]

These systems have demonstrated resilience even in periods of extreme volatility, such as the COVID-19 market shock, or during digital-specific events involving digital asset market participants and exchanges. Unlike traditional exchanges, which are closed during crises, digital asset markets remained open and operational—offering transparency, liquidity, and price discovery.

Critically, these markets did so without triggering widespread failures or cascading defaults. This real-world evidence challenges the assumption that continuous trading increases systemic risk. On the contrary, it suggests that well-designed 24/7 systems can absorb shocks more effectively than time-limited markets.

IV. Clearing Innovations Are Already Underway in Traditional Finance

The movement toward 24/7 infrastructure is not limited to digital assets or retail payments. Leading financial market infrastructure providers are actively exploring and implementing clearing models that shorten settlement cycles, enable tokenized asset flows, and reduce systemic risk. These initiatives further reinforce the viability—and inevitability—of continuous market operations.[10]

For example, the Depository Trust & Clearing Corporation's (DTCC's) Project Ion is piloting same-day and T+0 settlement of U.S. equities through distributed ledger technology, with

[8] *24/7 Futures Trading Has Arrived*, Coinbase, May 9, 2025, available at: https://www.coinbase.com/blog/24-7-futures-trading-has-arrived

[9] *See, e.g., Solidus Labs,* available at: https://www.soliduslabs.com/; *Nasdaq Trade Surveillance,* available at: https://www.nasdaq.com/solutions/fintech/nasdaq-trade-surveillance

[10] Continuity Of Access To Financial Market Infrastructure (FMI) Services For Firms In Resolution, Financial Stability Board, Jul. 26, 2023, available at: https://www.fsb.org/uploads/P260723-2.pdf

millions of trades already processed in parallel to legacy systems.[11] Project Ion demonstrates that real-time clearing is not only technically feasible, but also compatible with existing regulatory structures and market participant workflows.

Similarly, even global central banks and institutions—including the Bank for International Settlements (BIS)—have launched cross-border settlement pilots that rely on tokenized cash and atomic settlement principles.[12] These efforts aim to reduce counterparty risk, improve liquidity, and support real-time asset mobility across jurisdictions—and at all times of the day and week.

Market infrastructure operators in Singapore[13], the UK[14], and the EU[15] are also integrating 24/7 payments into national financial systems and exploring interoperable, around-the-clock clearing models. These developments underscore a critical point: innovation in post-trade infrastructure is accelerating globally, and U.S. leadership depends on enabling a similar evolution in derivatives markets.

The Commission should ensure that its framework for 24/7 trading and clearing not only accounts for this momentum—but actively facilitates it. Failing to do so risks creating misalignment between derivatives infrastructure and the broader direction of global financial modernization.

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The transition to real-time, 24/7 market infrastructure is already well underway across payments, digital assets, and traditional markets and trading systems. The Commission's leadership in shaping a fit-for-purpose framework for continuous trading and clearing will be critical to ensuring U.S. market resilience, competitiveness, and innovation. We applaud the Commission in engaging on these issues and identifying granular operational and risk management considerations—both for market participants and the CFTC itself—to ensure this natural evolution proceeds safely and soundly.

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[11] *DTCC's Project Ion Platform now Live in Parallel Production Environment, Processing Over 100,000 Transactions per Day on DLT*, Depository Trust & Clearing Corporation, Aug. 22, 2022, available at: https://www.dtcc.com/news/2022/july/27/project-ion
[12] The Tokenisation Continuum, Bank for International Settlements, Apr. 11, 2023, available at: https://www.bis.org/publ/bisbull72.pdf
[13] *PayNow Singapore*, The Association of Banks in Singapore, available at: https://www.abs.org.sg/consumer-banking/pay-now
[14] Faster Payments Service Principles, Pay.UK, Aug. 29, 2023, available at: Pay.UK-Faster-Payments-Service-Principles-Aug-2023-v-7.7-Final.pdf
[15] *EU instant payments: Challenges and compliance by 2025*, EY, Jan. 6, 2025, available at: https://www.ey.com/en_uk/insights/financial-services/emeia/eu-instant-payments-regulation-five-key-hurdles-for-banks-to-clear

CCI appreciates the opportunity to provide these comments. CCI would welcome the opportunity to engage further with the Commission and its staff on the implementation of these forward-looking reforms.

Respectfully submitted,

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