SIFMA Roundtable: Building the Roadmap to 24/7 Trading

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Recently, SIFMA convened an all-day Roundtable on the evolution of equity trading, examining the operational, technological, and regulatory changes necessary as exchanges and other trading venues move beyond extended hours trading toward a 24/7 trading model. Panelists emphasized that a shift to 24/7 trading would represent a significant change to U.S. equity market structure, requiring coordinated decisions across trading venues, with a focus on market data, clearing and settlement infrastructure and supervisory frameworks. We note that this report represents SIFMA Research's summation of the Roundtable. SIFMA committees are continuing their work to review the aspects of 24/7 trading discussed at the Roundtable, which will result in a set of recommendations for regulators and market participants to consider as the expansion takes shape.

Discussions brought together regulators, market makers, buy-side and sell-side participants, exchanges, and Alternative Trading Systems (ATSs), and surfaced several key themes:

- Overnight equity trading in the U.S.—currently offered only through ATSs—is growing, but activity remains highly concentrated and exhibits materially different liquidity and volatility characteristics than core trading hours. Demand for overnight trading is strongest among retail investors, while institutional investor participation remains limited; nonetheless, panelists generally agreed that the question is not whether 24/7 trading will emerge, but when.
- Discussions are ongoing as the industry moves to align on issues such as collateral and margin posting, volatility management, corporate actions processing, and trade reporting. Panelists stressed that harmonization of trading hours and other foundational protocols are a prerequisite for scaling extended trading hours, with consensus around key questions viewed as critical to preserving market integrity and ensuring investor protections.

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Introduction

The U.S. equity market is at an inflection point as the path to 24/7 trading (with a first phase of 23/5 trading) progresses from three[1] ATSs to include exchanges. This expansion will necessitate coordination across the trading venues alongside broker-dealers, market makers and post-trade infrastructure providers, whose risk management and regulatory obligations will require a far higher degree of operational standardization and regulatory clarity than exists today.

[1] Interactive Brokers operates an ATS overnight, but it is open only to Interactive Brokers clients.

Overnight Equity Trading: The Current Landscape

Overnight equity trading in the United States remains a small but rapidly evolving segment of the broader market, concentrated primarily within a limited number of ATSs rather than national securities exchanges. As of late 2025, approximately 0.6% of total U.S. average daily equity volume trades overnight, even after a meaningful acceleration in activity following the reopening of access by South Korean investors in November 2025. While ATSs account for roughly 16% of total U.S. equity trading volume, the vast majority of that activity occurs during regular trading hours, with only 3.7% of ATS volume taking place overnight, underscoring how nascent the overnight market remains relative to the core session.

Despite its modest size, overnight trading has demonstrated significant growth momentum, particularly in response to international participation. Panelists highlighted that the four- to five-fold increase in overnight volumes within a single month following the reopening of the Korean market suggests that access aligned with local daylight hours is a key driver of demand. Executed notional values reinforce this point: Following Korea's suspension in August 2024, while share volumes initially declined from 26.5 million to 10 million shares per day, executed notional actually increased to $500 million per day, indicating continued adoption from other regions. In early 2025—prior to Korea's reopening in November 2025—average executed volume continued to rise, rebounding to 25 million shares per day with $1.3 billion in executed notional volume, demonstrating sustained growth from domestic and non-Korean international participants as well. Growth in volumes—significant in percentage terms—still reflects a very low base, however, and points toward the responsiveness of retail and international participants to expanded access aligned with local time zones rather than a wholesale uptake of extended hours by the U.S. institutional community.

Liquidity in overnight sessions is highly concentrated across a narrow set of securities. Academic and market data presented during the Roundtable showed that roughly 90% of overnight volume is concentrated in about 100 securities, and only 174 stocks traded consistently every night over a five-month period. Outside of this narrow universe, liquidity drops off sharply, contributing to wider spreads and more pronounced price impact. For securities that trade consistently overnight, quoted spreads are approximately three times wider than during regular trading hours, while less active stocks can exhibit spreads 10 to 20 times wider, reflecting thinner books and limited depth. Several panelists emphasized that this concentration materially limits the usefulness of overnight trading for portfolio-level execution strategies.

Another notable finding was that liquidity provision overnight often results in negative realized spreads within seconds, particularly for retail participants, in contrast to regular and extended trading hours where realized spreads typically remain positive for longer periods. (Realized spreads measure whether a liquidity provider profits from posting quotes, with positive spreads indicating successful market-making and negative spreads showing a market that moved against their position.) Data show that overnight, retail liquidity providers' realized spreads turn negative within 10 seconds, meaning they consistently lose money as prices quickly move against them after execution. This finding suggests that retail participants are being adversely selected by more informed traders, with overnight price impacts running 2-10 times higher than during regular trading hours.

The composition of liquidity providers overnight differs materially from that of the regular session. Panelists and researchers noted that retail investors currently supply a significant share of liquidity overnight, often interacting directly with other retail participants rather than institutional market makers. In some ATSs, retail traders accounted for approximately 40% of liquidity provision and 70% of liquidity taking, a reversal of typical daytime dynamics. This

retail-driven liquidity has been associated with higher short-term price impact, indicating that overnight markets are still in an early stage of maturation from a market quality perspective.

Notwithstanding these limitations, panelists emphasized that overnight trading already plays a meaningful role in price discovery, particularly for internationally exposed securities. Estimates presented during the discussion suggest that approximately 10% of overall price discovery occurs overnight, rising to nearly 20% for international firms, ADRs, and macro-sensitive instruments, compared with only about 4% for purely U.S.-focused issuers. This reflects the growing influence of global macroeconomic events, international market hours, and non-U.S. investor participation on U.S. equity prices outside traditional trading windows.

Taken together, the current overnight trading environment is best characterized as functionally operational but structurally immature. Activity is growing, price discovery is real, and global participation is increasing, yet liquidity remains thin, concentrated, and uneven across securities. Panelists consistently framed the overnight market as an evolving ecosystem that will require greater harmonization, infrastructure readiness, and broader participation before it can function as a true extension of the U.S. equity trading day.

Market Quality and Price Formation

Panelists emphasized that overnight equity trading exhibits distinct market quality characteristics relative to core trading hours, shaped not only by thinner liquidity and participant mix, but also by differences in information transparency.

A central focus of the discussion was the role of the Securities Information Processors (SIPs) and Trade Reporting Facilities (TRFs). SIPs, which are centralized systems that disseminate consolidated quote and trade data from all U.S. exchanges (and TRFs, which publish OTC equity trades) currently do not operate fully overnight.

Several buy-side participants expressed the view that although SIPs are central to price transparency and investor protection through the display of the NBBO to measure best execution, a consolidated tape also allows traders to gauge real-time supply and demand dynamics. Real-time information during overnight sessions was seen as critical for trading at scale without amplifying market-impact risk. Difficulty in judging whether liquidity is "real or fleeting" increases the risk of causing overnight volatility that "trails through to the next morning" one panelist noted.

All agreed that the planned expansion of SIP and TRF operating hours will support the transition toward extended trading. Transparent and timely market data is a prerequisite for institutional confidence and broader participation, but until there's full alignment across settlement, clearing and price reporting venues, panel participants generally said they would remain on the sidelines.

Operational and Infrastructure Constraints in a Near-Continuous Market

While market quality frames the economic case for extended trading, panelists repeatedly stressed that operational and infrastructure readiness is the gating factor for broader adoption. Trading venues, broker-dealers, and infrastructure providers all emphasized that overnight trading cannot scale without corresponding changes to market data dissemination, trade reporting, clearing, settlement, and supervision.

Clearing and settlement considerations featured equally prominently. Panelists discussed the role that the National Securities Clearing Corporation (NSCC) plays and the need to ensure that clearing infrastructure can support near-continuous trading activity without increasing systemic or operational risk. To this end, panelists noted the importance of the NSCC's move to operate 24x5, from Sunday at 8:00 p.m. Eastern Time to Friday at 8:00 p.m. Eastern Time beginning at the end of June 2026. Consensus was that this expansion, which will allow the NSCC to apply its central counterparty guarantee immediately to overnight transactions, should reduce counterparty risk across time zones and enhance market resiliency, although some cautioned that any changes must be carefully coordinated with trading hours, trade-date definitions, and margining processes to ensure alignment across the clearing and settlement lifecycle.

The importance of preserving a single U.S. trade date boundary was repeatedly emphasized. Panelists all agree that the U.S. trade date would continue to end at 8:00 p.m. Eastern Time, even in a 23/5 trading model--a proposal that was first introduced by SIFMA and later announced by the SIPs. Panelists broadly supported this approach as essential for maintaining consistency across clearing, settlement and reporting. Closely related was the proposal for a daily one-hour exchange pause from 8:00 p.m. - 9:00 p.m. Eastern Time, viewed as necessary to allow firms to perform reconciliation, resolve exceptions, and maintain system resiliency in a near-continuous environment.

Harmonization and the Design Choices That Will Shape Extended Trading

Across the roundtable, panelists drew a clear distinction between areas where competition should thrive and areas where harmonization is essential. While venue innovation and liquidity provision were viewed as appropriate dimensions for competition, foundational safeguards were not.

Corporate actions processing was identified as the primary area of operational concern and was repeatedly identified as both a risk and an opportunity. Panelists described the current framework as fragmented during core hours, noting a heightened risk of inconsistent handling of splits, dividends, and symbol changes during overnight trading. While ATSs have implemented interim practices such as halts around material events, panelists agreed that standardization and clearer governance would be necessary before extended trading could scale safely, including establishing what constitutes a "material' corporate action event.

Industry participants emphasized that the expansion to extended hours presents an opportunity to modernize corporate actions processing more broadly, including: (1) the elimination of guaranteed delivery and protect periods; (2) a standardized cutoff time of 6:00 PM Eastern Time for voluntary expirations to align with DTCC's election cutoff; (3) trading halts for complex income, mandatory, and voluntary events; (4) a 24-hour minimum notice period before implementing corporate action halts; (5) improving and standardizing notifications to avoid late dissemination; (6) incorporating corporate action information into the SIP feeds; and (7) engaging issuers to educate them about how corporate action processing impacts trading in their securities.

Another area of discussion centered around volatility controls, including reference pricing. Here, the experience of ATSs already operating in overnight hours proved helpful in the discussion. In the absence of an aggregated overnight tape, ATSs rely on venue-specific reference prices, which are often tied to prior closes or consolidated data from earlier sessions. Most ATSs apply static price bands around this reference price and systematically reject limit orders that fall outside those bands. Panelists noted that while these controls are necessary to limit erroneous trades, they can also constrain liquidity formation when reference prices are stale. As one speaker noted, “reference pricing is the anchor for overnight trading; without alignment, price formation becomes fragile.”

The application of Limit Up–Limit Down (LULD) mechanisms was another topic that generated nuanced discussion. Given that they only apply during regular market hours (9:30 a.m. – 4:00 p.m. Eastern Time), panelists questioned whether and how LULD bands—designed for high-liquidity core hours—should function overnight, when liquidity is thinner and price movements may be driven by global news rather than trading flow. Some warned that overly rigid application could suppress legitimate price discovery, while others cautioned that relaxing protections could amplify instability. While no consensus model emerged, there was broad agreement that inconsistent volatility controls across venues would undermine investor protection and confidence. Some questioned the application of a fixed percentage band around all securities independent of share price or liquidity, and whether sliding bands might make more sense as volumes expand.

Elsewhere, several participants emphasized that reliance on overnight batch processing remains a fundamental constraint for some market participants to adopt extended-hours equity trading. Panelists noted that trading downtimes during overnight hours historically have allowed firms to run batch cycles for affirmation and allocation processes, post-trade reconciliations, risk checks, and system maintenance. Because many of these core workflows assume a daily pause in trading—in many cases, for more than one hour—removing the full overnight downtime without redesigning downstream processes could create operational fragility and complicate risk management, particularly for

firms with significant small- and mid-cap or less-liquid exposures. While consolidating allocations and confirmations across the day offers cost efficiencies, this must be balanced against the risk management implications of delayed reconciliations. More broadly, there was agreement that technology infrastructure must evolve to support near-continuous operations. With less downtime, incident management and business continuity planning become more complex. Firms historically have used overnight windows to perform system maintenance, address exceptions, and recover from operational issues before the next trading day. A one-hour maintenance window significantly constrains the time available for issue resolution and system recovery. Panelists emphasized the importance of robust incident escalation procedures, global support, and system resiliency to handle disruptions during extended hours as well as the need for testing across the entire transaction lifecycle, from order entry through settlement and regulatory reporting.

Regulatory clarification may be necessary regarding certain aspects of overnight trading treatment. While most panelists supported maintaining optional participation—analogous to today's pre- and post-market sessions—they noted that regulators will need to closely monitor overnight trading to determine whether to publish additional guidance addressing the application of best execution, supervision, and market abuse standards, particularly as the trading landscape evolves.

What Panelists Agree Matters Most

While overnight trading offers clear benefits for certain participants, the prevailing view is that infrastructure readiness, operational preparedness and risk management must determine the pace and scope of any expansion given the structural differences between overnight trading and core-hours trading in terms of liquidity depth, volatility, transparency, and participant mix.

Panelists emphasized that the transition to near-continuous trading will be shaped less by technology than by coordination across market data, clearing, trading venues, and regulation. The expansion in hours for SIPs and TRFs alongside NSCC enhancements were viewed as necessary but not sufficient steps in that process. The securities industry faces these challenges while simultaneously managing other major infrastructure changes, including evolving regulatory requirements, the potential introduction of tokenized securities, and ongoing market structure reforms. As one panelist summarized, the challenge is not whether continuous trading is possible, but whether it can be implemented “without compromising the integrity and reliability that define U.S. equity markets today.”

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