

# Are you prepared for 23/5, 24/5 or 24/7 markets?



The financial services industry is evolving toward continuous trading, with the U.S. markets preparing for extended hours. Several exchanges have announced steps toward this major shift, which challenges traditional trading norms and has prompted the broader industry to evaluate how they will adapt. This evolution raises questions about the preparations being made for this transition and its potential to reshape the financial industry. The move toward extended hours will most likely influence investor behavior, liquidity patterns, and operational strategies across the financial ecosystem.

## Expanding Trading Hours: Key Announcements

Exchanges, clearinghouses, and market operators have unveiled plans to extend trading and clearing operations to near 24-hour schedules, transforming market accessibility.



Has preliminary SEC approval to operate as a 23-hour weekday national securities exchange.<sup>1</sup>

Will launch in two phases: Phase 1 on September 29, 2025, with weekday trading 4 a.m. to 8 p.m. ET, and Phase 2 (date TBD) expanding to 23/5 trading, pending SEC approval and readiness.<sup>2</sup>



Announced plans on March 2, 2025, to enable 24-hour trading, five days a week by the second half of 2026.

Began engaging with regulators, market participants, and other key stakeholders to support this initiative.<sup>3</sup>

<sup>1</sup> Osipovich, Alexander. "Startup Stock Exchange Allowed to Offer 23/5 Stock Trading." [www.wsj.com](https://www.wsj.com). 27 November 2024.

<sup>2</sup> Juliano, Michael. "New CT-based, 23-hour equities trading platform set to launch." [www.hartfordbusiness.com](https://www.hartfordbusiness.com). 11 June 2025.

<sup>3</sup> Grothaus, Michael. "Nasdaq could move to 24/5 stock trading with new market hours. Here's why that will be challenging." [www.finance.yahoo.com](https://www.finance.yahoo.com). 7 March 2025.



Announced plans on October 25, 2024, to extend trading hours to 22 hours per day on its exchange Arca.<sup>4</sup>



Announced plans on February 3, 2025, to implement 24/5 trading on its EDGX Equities Exchange.<sup>5</sup>



Will leverage CBOE's global infrastructure and technology to support extended trading hours.<sup>6</sup>



Announced on March 18, 2025, plans to expand clearing services to 24/5 operations.



Extended U.S. equities trading support set to begin in the second quarter of 2026.<sup>7</sup>

## UTP

UNLISTED TRADING PRIVILEGES

## CTA

SIP Operating Committee



Announced on May 6, 2025, its intention to submit a plan to the SEC.



Plans to extend operating hours to 24 hours per day, Monday through Friday, excluding holidays.<sup>8</sup>

## Preparations for Transitioning to Continuous Trading

Infrastructure readiness is essential for extended trading hours, but it must be paired with targeted adaptations for financial institutions, exchanges, and clearing houses. Figure 1: Required Transitions outlines the operational, technological, regulatory, and human resource changes needed for a seamless shift to 23/5, 24/5 or 24/7 trading.

<sup>4</sup> Harring, Alex. "New York Stock Exchange to extend after-hours trading." [www.cnn.com](https://www.cnn.com). 25 October 2024.

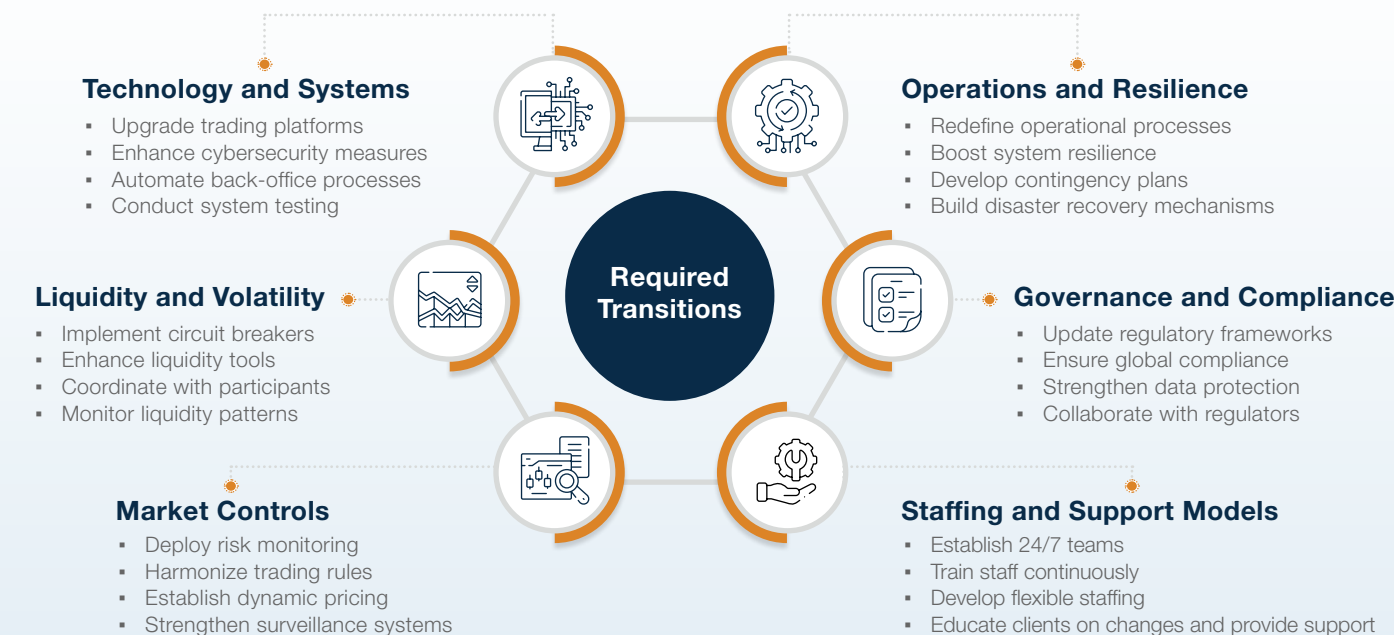
<sup>5</sup> Osipovich, Alexander. "Startup Stock Exchange Allowed to Offer 23/5 Stock Trading." [www.wsj.com](https://www.wsj.com). 27 November 2024.

<sup>6</sup> "Cboe Announces Plans to Launch 24x5 U.S. Equities Trading." [www.ir.cboe.com](https://www.ir.cboe.com). 3 February 2025.

<sup>7</sup> "DTCC plans to offer 24-hour equities clearing in Q2 2026." [www.reuters.com](https://www.reuters.com). 18 March 2025.

<sup>8</sup> "SIPs to Propose Extended Operating Hours." [www.prnewswire.com](https://www.prnewswire.com). 6 May 2025.

Figure 1. Required Transitions



Specifically, different types of institutions must address distinct challenges and threats:

### Banks (Internal Operations)



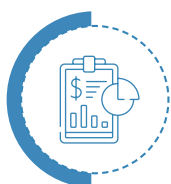
- Redefine end-of-day processes for near-continuous trading, splitting tasks between open and closed market hours based on the allotted break time.
- Enhance risk management systems to monitor and address counterparty and credit risks, including actions like margin calls, on a 24/7 basis.
- Upgrade treasury operations to manage liquidity needs during extended hours.

### Banks (Client-Facing Support)



- Facilitate corporate client trading during extended hours, provide liquidity solutions tailored to large and small corporate clients.
- Refine tools to monitor and mitigate risks for corporate clients in near-continuous trading environments.
- Establish dedicated teams to assist corporate clients with trading and operational needs during extended hours

### Liquidity Providers



- Maintain continuous market liquidity by providing sufficient buy and sell quotes during extended trading hours.
- Adapt algorithms for off-peak trading, optimizing pricing and quoting strategies to address after-hours liquidity challenges and volatility.
- Collaborate with exchanges to align on extended trading hours and robust market-making infrastructure.

## Hedge Funds



- Optimize trading algorithms for on/off-peak hours, focusing on liquidity and volatility management, and deploy real-time portfolio risk monitoring to adjust strategies dynamically.
- Leverage alternative data sources for after-hours trading insights.
- Adapt automated trade execution to capitalize on 24/7 market opportunities.

## Asset Managers



- Adjust portfolio rebalancing processes to accommodate continuous trading cycles.
- Develop strategies for managing client funds during non-traditional hours, including enhanced reporting systems to provide real-time updates to clients.
- Coordinate with custodians for seamless settlement and asset transfers.

## Broker-Dealers



- Upgrade trading platforms to support client orders during extended hours and implement robust client risk management tools for 24/7 trading.
- Provide real-time market data and analytics to clients.
- Comply with global trading regulations across time zones

## Custodians



- Redefine settlement cycles to align with continuous trading and enhance systems for real-time asset tracking and reporting.
- Strengthen cybersecurity to protect client assets during extended hours.
- Collaborate with exchanges and clearing houses to streamline processes.

## Exchanges



- Upgrade systems to support uninterrupted trading and real-time data dissemination.
- Enhance market controls to manage risks associated with extended trading hours.
- Ensure robust infrastructure to manage increased trading volumes and maintain system resilience.

## Clearing Houses



- Adapt settlement cycles and enhance collateral management systems to ensure real-time margin coverage and mitigate risks from increased trading volumes and after-hours volatility.
- Strengthen risk management frameworks and cybersecurity measures to address the complexities of near-continuous operations.
- Ensure operational resilience to support extended trading schedules and maintain market stability during off-peak hours.
- Review and enhance default waterfall mechanisms to address liquidity challenges and operational constraints during extended trading hours.

The path to 23/5, 24/5 or 24/7 trading will require collaboration across the industry, extensive testing, and the development and alignment of new protocols to address the unique challenges of continuous trading. Unlike current protocols, which are designed for shorter trading hours and plenty of down time, extended trading schedules demand rethinking key processes. For instance:

- Collateral management must be adapted to operate in real-time, ensuring sufficient margin coverage throughout the trading cycle.
- The pricing of mutual funds, traditionally calculated at the end of the trading day, may need to account for near-continuous market activity.
- Similarly, corporate announcements, which often occur outside of trading hours, will require new timing strategies to ensure fair and efficient dissemination of information.

While these challenges are significant, they also present an opportunity to modernize operations, enhance market transparency, and better serve clients in a globalized market.

## Here's What to Consider When Contemplating a Strategy Forward

As the financial services industry moves toward extended trading hours, organizations must carefully evaluate their readiness and develop a comprehensive strategy to adapt. This transformation is not just about extending trading hours—it is about rethinking how your organization operates in a near-continuous market environment. If you are considering this transformation, here are the critical areas to focus on and the steps to take:

### Assess Operational Readiness



- Evaluate your current systems and processes to identify gaps in speed, resilience, and scalability.
- Determine whether your infrastructure can support near-continuous trading, including real-time data processing and uninterrupted system uptime.

### Adapt Technology



- Upgrade trading platforms to handle increased volumes and extended hours.
- Migrate to cloud-based solutions for enhanced flexibility and scalability.
- Integrate AI and machine learning to optimize trading algorithms and improve decision-making during off-peak hours.

### Reimagine Key Processes



- Redefine end-of-day processes to align with extended trading schedules, with some of them needing to take place while markets are in session.
- Adapt collateral management systems to operate in real-time, ensuring sufficient margin coverage throughout the trading cycle.
- Align market data ingestion and dissemination processes with extended trading schedules to ensure transparency and accessibility.

### Address Market-Specific Challenges



- Develop strategies for pricing mutual funds and other financial products in a near-continuous trading environment.
- Establish protocols for corporate announcements to ensure fair and efficient dissemination of information.
- Prepare for after-hours liquidity and pricing volatility by enhancing risk management frameworks.

By addressing these areas, your organization can position itself to thrive in the evolving landscape of extended trading hours. Taking proactive steps now will ensure you are ready to meet the demands of a globalized, real-time market.

## When You are Ready, We are Here to Help

At A&M, we have been at the forefront of 24/7 trading and traditional equities operations. Our team has built and upgraded trading systems, designed processes, and implemented technology to support 24/7 operations. We understand the complexities of this transformation and are ready to partner with you to navigate these challenges. Whether it is modernizing your infrastructure, optimizing your processes, or aligning with industry protocols, we will prepare your organization to thrive in the new era of continuous trading.

### About A&M

Alvarez & Marsal's Financial Services Financial Markets Infrastructure practice delivers operational and technology-driven solutions to address the evolving needs of financial markets participants. We specialize in optimizing business models, driving digital transformation, and navigating complex regulatory landscapes to enhance performance and enable growth. Our core services include the following:

#### Technology Enablement

Modernize operations with AI, blockchain, and digital platforms to enhance efficiency, transparency, and customer service through tailored digital transformation.

#### AI and Advanced Analytics

Leverage AI and advanced analytics to improve decision-making, operational performance, and unlock new revenue opportunities.

#### Digital Assets and DLT

Adopt blockchain and digital assets to streamline operations, with expertise in regulatory and operational standup, tokenization, DeFi strategies, and regulatory compliance.

#### Regulatory Compliance

Provide tailored compliance frameworks and solutions to meet evolving global and regional regulatory standards.

#### Risk Management

Assess and mitigate risks across credit, market, liquidity, and operations with strategies to enhance resilience and performance.

#### Target Operating Model Design and Execution

Develop and implement scalable operating models to optimize performance and align with strategic goals.

#### M&A Support and Inorganic Growth Strategies

Support mergers, acquisitions, and partnerships with diligence, integration, and value creation planning to drive growth.

#### Customer Experience and Service Enhancement

Redesign customer journeys and enhance service delivery with digital tools to improve satisfaction and retention.

#### Revenue Generation and Go-to-Market

Identify growth opportunities and execute go-to-market strategies to drive revenue and long-term success.

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