

FINANCIAL INFORMATION FORUM

August 28, 2025

By electronic mail

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20002
Attn: Jamie Selway, Director of the Division of Trading and Markets

Re: Expansion of exchange trading hours

Dear Mr. Selway,

Financial Information Forum (“FIF”) is submitting this letter in response to the approval by the Securities and Exchange Commission (“Commission”) of rule filings by 24X National Exchange and NYSE Arca for expanded trading hours. These approvals are subject to certain conditions set forth in the Commission’s approval orders. This letter identifies various issues for the Commission to consider in connection with the implementation of expanded exchange trading hours and provides recommendations for addressing certain of these issues.

On November 7, 2024, the Commission approved 24X National Exchange (“24X Exchange”) as a national securities exchange.¹ Upon initial operation, 24X Exchange will operate three trading sessions, on Monday through Friday from 4 a.m. to 7 p.m. E.T.² At a later date, 24X Exchange will operate a fourth trading session, referred to as the “24X Market Session”. The 24X Market Session will operate from 8 p.m. to 4 a.m. starting 8 p.m. Sunday through Thursday evenings and ending 4 a.m. Monday through Friday mornings.³ As a condition to 24X Exchange trading during the 24X Market Session, 24X Exchange must confirm that the Securities Information Processors (“SIPs”) “... are prepared to collect, consolidate, process and disseminate quotation and transaction information at all times during the 24X market Session ...”⁴

¹ Securities Exchange Act Release No. 101777 (Nov. 27, 2024), 89 FR 97092 (Dec. 6, 2024) (“24X Exchange Approval”), at 89 FR 97093.

² Id. at 89 FR 97102. All times in this letter are Eastern Time.

³ Ibid.

⁴ Id. at 89 FR 97105.

On February 11, 2025, the Commission approved the rule filing by NYSE Arca to lengthen the hours of NYSE Arca’s current extended trading sessions.⁵ NYSE Arca currently operates three trading sessions, on Monday through Friday from 4 a.m. through 8 p.m.⁶ The Commission has approved NYSE Arca expanding its trading hours to commence trading on 1:30 a.m. on Monday through Friday and to end trading on Monday through Thursday at 11:30 p.m. and on Friday at 8 p.m.⁷ NYSE Arca will not commence operation of these extended trading hours until the SIPs “... have established a mechanism to collect, consolidate, process and disseminate quotation and transaction information at all times during Extended Hours Trading that is equivalent to the mechanism established for the Core Trading Session”⁸

On May 6, 2025, the SIPs announced that they will soon submit a plan amendment to the Commission to extend their operating hours to operate from Sunday at 8 p.m. to Friday at 8 p.m.⁹ The SIP announcement provides for one technical pause during each 24-hour period to allow the SIPs, exchanges and market participants to update their systems.¹⁰ As proposed by the SIPs, the pause would begin at 8 p.m. Monday through Thursday, and would “... be as brief as technically feasible, but not greater than one hour.”¹¹

In this letter, we refer to the expansion of exchange trading hours to 22 or 23 hours in a day as “expanded exchange trading hours”. The issues discussed in this letter have been identified by the FIF 24x7 Trading Working Group. This letter is not intended to address all issues of concern to FIF members relating to expanded exchange trading hours. The FIF Working Group continues to discuss issues relating to the implementation of this initiative. Given the complexity of the issues raised by the expansion of exchange trading hours, FIF expects that FIF members will have additional comments in the future relating to the issues discussed below and other issues arising from this initiative.

A. Leadership role for the Securities and Exchange Commission to facilitate an efficient transition to expanded exchange trading hours

As discussed in further detail below, FIF members consider it important to implement certain standard market-wide practices to reduce confusion and complexity and facilitate an efficient transition to expanded exchange trading hours, at least for the initial implementation. These market-wide standards include the following:

- The operation of the SIPs
- A standardized daily pause from exchange-trading

⁵ Securities Exchange Act Release No. 102400 (Feb. 11, 2025), 90 FR 9794 (Feb. 18, 2025), at 90 FR 9795.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ SIP Operating Committees, SIPs to Propose Extended Operating Hours (May 6, 2025), available at <https://www.prnewswire.com/news-releases/sips-to-propose-extended-operating-hours-302447700.html> (“May 2025 SIP Announcement”).

¹⁰ Ibid.

¹¹ Ibid.

- A process for establishing erroneous price bands that apply market-wide
- The uniform expanded operation of the TRFs and ORF (as defined below)
- Standard practices for regular-way settlement.

FIF members recommend a standardized one-hour daily pause from exchange trading starting at 8 p.m. Off-exchange trading currently occurs between 8 and 9 p.m. Assuming that off-exchange trading will continue during this time period, FIF members recommend that the Commission designate any trading activity that occurs 8 p.m. or after as having an “effective trade date” of the next trading day. With this approach, trade settlement would be permitted on T+1 relative to the effective trade date (for example, a trade executed on Monday at 8:30 or 9:30 p.m. would have an effective trade date of Tuesday and would be required to settle on Wednesday). While FIF members agree on the concept of an “effective trade date”, FIF members request further discussion as to the appropriate terminology to use to distinguish between the calendar date of a trade and the concept of an “effective trade date.” This letter use the term “effective trade date” for trades that are executed 8 p.m. or after, with the understanding that further discussion is required as to the appropriate terminology to reflect this concept.

The continuation of off-exchange trading during a daily pause in exchange trading raises various operational issues that are important for the Commission and the Financial Industry Regulatory Authority (“FINRA”) to address. These issues are discussed in further detail in this letter.

There are various steps the Commission could take to facilitate the implementation of the standards listed above and discussed in this letter. While Commission rulemaking is one step that the Commission could consider, rulemaking is typically a lengthy process. Accordingly, the Commission should consider other steps short of rulemaking that the Commission could take. These other steps could include issuing interpretive guidance or exemptive relief, where appropriate, and facilitating discussions among market participants through roundtables, comment letters and meetings with individual market participants. FIF members also expect that various self-regulatory organizations (“SROs”), including FINRA, the exchanges, the SIPs and The Depository Trust and Clearing Corporation (“DTCC”), will need to submit rule filings in connection with this initiative. As the Commission reviews these rules filings, FIF members urge the Commission to prioritize simplicity and consistency from the point of view of investors and market practitioners. One important objective should be to promote uniformity in trading hours and settlement practices, where appropriate, as discussed in further detail below.

One challenge with implementing expanded exchange trading hours is that this is a complex project that requires extensive coordination across many market participants, yet, by the nature of how the U.S. markets operate and are regulated, there is no organization or individual charged with the responsibility for implementing this project. The Commission should designate Staff with responsibility for coordinating these efforts. FIF members look forward to working with the Commission’s Staff and other market participants to achieve our shared goals.

B. Exchange trading hours

It is important to ensure that there is a uniform pause from exchange trading during every 24-hour cycle. This is necessary for various reasons, including to allow for market participants to perform daily

batch processing. Many industry members today use extensive end-of-day batch processes, especially for clearing and settlement, but also for resetting trading systems for the following day. If forced to move immediately to continuous processing, the scope of the project will be significantly larger and more risky.

FIF members support a pause in exchange trading from 8 to 9 p.m. on all trading days. This proposed pause in trading is consistent with the recommendations of market participants.¹² This proposed approach is also consistent with the proposal by the SIPs (as discussed above), for a daily pause in SIP operation beginning at 8 p.m. Monday through Thursday. The remainder of this letter assumes a pause in exchange trading during this time period. FIF members note that this would require a change to the expanded trading hours approved in the 24X Exchange and NYSE Arca approvals (see Annex 1 to this letter). FIF members believe that a one-hour pause in exchange trading hours would be appropriate for the initial expansion of trading hours as contemplated in the 24X Exchange approval.

Given that certain retail and institutional customers, broker-dealers and alternative trading systems currently engage in off-exchange trading between 8 and 9 p.m., FIF members expect that off-exchange trading would continue during any pause in exchange trading. This raises a number of issues and questions that the Commission and market participants will need to address, including when and how trades executed during this pause in exchange trading would be disseminated to the market. This issue is discussed in further detail below.

It is also important that the applicable regulations do not force broker-dealers to trade during a pause in exchange trading because, as noted above, many broker-dealers will need sufficient time to perform daily batch processing. For example, the Commission and FINRA should clarify in writing that a broker-dealer is not obligated to provide trading services to customers during a pause in exchange trading to fulfill its best execution obligation because the regulators should not impose a regulatory obligation that forces a broker-dealer to incur operational risk. More generally, the Commission and FINRA should provide written guidance that a broker-dealer is permitted to establish its hours of operation without risk of sanction as long as the broker-dealer provides clear disclosure to its customers.

In addition to supporting a uniform pause in trading, FIF's broker-dealer members support exchanges following a consistent schedule for commencing and ending trading outside of regular trading hours, to the extent practical. If different exchanges were to have different schedules for commencing and ending trading outside of regular trading hours, this would create certain challenges for broker-dealers. One example is that broker-dealers would need to adjust routing algorithms to account for different exchanges commencing or ending trading at different times outside of regular trading hours. Another example is that broker-dealers and regulators would need to try to define best execution standards and processes that could be different for different hours of the trading day.

Annex 1 illustrates the exchange-trading hours approved for 24X Exchange and NYSE Arca and the exchange-trading hours proposed by FIF members.

¹² See, for example, SIFMA, *Extended Trading Hours: A New Frontier for US Equity Markets* (June 2, 2025), available at <https://www.sifma.org/resources/news/blog/extended-trading-hours-a-new-frontier-for-us-equity-markets/>.

C. Securities Information Processors

FIF members agree with the Commission that the SIPs disseminating real-time market data should be a condition for the planned expanded exchange trading hours. Since it is expected that off-exchange trading will continue during any daily pause in exchange trading, it is also important to consider whether off-exchange trades during a daily pause in trading should be disseminated to the market in real-time or on a delayed basis. This is discussed in further detail below.

Given that the expansion of SIP operating hours is a condition for the expansion of exchange trading hours, it is important to consider other planned or potential projects for the SIPs and the timing for the SIPs to extend their hours of operation given these other projects. These planned or potential projects include the following:¹³

- Implementation of required changes for the new round lot sizes, and the change for the SIPs to disseminate size in shares (in place of number of round lots): these changes go into effect on November 3, 2025.¹⁴
- Dissemination of trades in fractional shares: these changes are scheduled for February 23, 2026.¹⁵
- Dissemination of odd lot quotes: these changes are scheduled to take effect on May 1, 2026.¹⁶
- Changes to minimum pricing increments and access fee caps: these changes were originally scheduled to take effect on November 3, 2025; the Commission has stayed the implementation of these changes pending the disposition of a lawsuit challenging these changes.¹⁷
- Implementation of a single consolidated tape plan: the Commission has established a series of deadlines for specific milestones relating to this implementation.¹⁸
- Market Data Infrastructure Rule: the Commission adopted this rule in 2020; this rule, among other changes, expands the data to be disseminated by the SIPs and provides for competing market data consolidators.¹⁹

It is important, at this stage, for the SIPs to provide guidance on what would be a feasible timeline for expanding the SIP hours of operation given these other projects. It is also important to consider that

¹³ This list includes certain major SIP technical projects and is not intended to identify all SIP technical projects.

¹⁴ See, for example, Consolidated Tape System (CTS) / Consolidated Quote System (CQS), Reg NMS Round Lots Enhancements: Frequently Asked Questions (FAQs), Version 1.0 (May 7, 2025), available at https://www.ctaplan.com/publicdocs/ctaplan/CTA_Round_Lot_Changes_FAQ.pdf.

¹⁵ See, for example, UTP Vendor Alert #2025 – 6, Update, New Release Date: SIP Fractional Share Trade Reporting Enhancements (Mar. 28, 2025), available at <https://www.nasdaqtrader.com/TraderNews.aspx?id=UTP2025-06>.

¹⁶ See, for example, Securities Exchange Act Release No. 101070 (Sept. 18, 2024), 89 FR 81620 (Oct. 8, 2024), at 89 FR 81680.

¹⁷ See, for example, Securities Exchange Act Release No. 101899 (Dec. 12, 2024), available at <https://www.sec.gov/files/rules/other/2024/34-101899.pdf>.

¹⁸ See, for example, Securities Exchange Act Release No. 101672 (Nov. 20, 2024), 89 FR 94924 (Nov. 29, 2024), at 89 FR 94956-94958.

¹⁹ Securities Exchange Act Release No. 90610 (Dec. 9, 2020), 86 FR 18596 (Apr. 9, 2021).

these projects involve significant work not just for the SIPs, but also for the exchanges and broker-dealers (please see further discussion below).

D. FINRA Trade Data Dissemination Service

The SIPs disseminate top-of-book quotes and trades for exchange-listed stocks. FINRA's Trade Data Dissemination Service ("TDDS") disseminates trades for over-the-counter ("OTC") stocks (i.e., stocks that are not exchange-listed).²⁰ It is important that the TDDS disseminate trades in OTC stocks for any period of time during which the SIPs are disseminating trades for listed stocks to provide real-time transparency for trading in these stocks in the same manner that real-time transparency will be provided for trading in exchange-listed stocks and to enable broker-dealers to implement consistent processes for processing market data across listed and OTC stocks.

E. TRFs and ORF; dissemination of off-exchange trades and trades for OTC stocks

Expansion of TRF operating hours

It is important that the FINRA/NYSE Trade Reporting Facility, the FINRA/Nasdaq Trade Reporting Facility Carteret, and the FINRA/Nasdaq Trade Reporting Facility Chicago (the "TRFs") and the OTC Reporting Facility (the "ORF") are available during the same hours that the exchanges are open for trading and the SIPs are disseminating quotations to ensure that off-exchange trades can be reported to the TRFs or ORF, and then disseminated to the market, in real-time. It is not sufficient to have real-time dissemination of exchange trades but omit real-time dissemination of off-exchange trades when exchange trades are being disseminated.

On July 8, 2025, FINRA filed a rule change with the Commission to extend TRF operating hours to allow reporting of trades to the TRF between 4 a.m. and 8 p.m.²¹ The TRF currently allows reporting between 8 a.m. and 8 p.m. The rule change became effective upon filing.²² According to the rule filing, "The implementation date of the proposed rule change will be during the first quarter of 2026,"²³ and "FINRA will announce the specific implementation date of the proposed rule change in a Regulatory Notice, which will be published at least 60 days prior to the implementation date."²⁴

FINRA provides the following background on the rule filing:

As recently announced by the Operating Committees of the CTA Plan, the CQ Plan, and the UTP Plan (the "SIP Plans"), the SIP Plans' Operating Committees plan to submit

²⁰ See, for example, FINRA, Trade Data Dissemination Service 2.1 (TDDS 2.1MOLD/UDP 64), Data Feed Interface Specification Version Number: 1.1 (Mar. 20, 2023), available at <https://www.finra.org/sites/default/files/2023-03/TDDS-2.1-Specification-v1.1.pdf>.

²¹ Proposed Rule Change to Amend FINRA Rule 6380A and 6380B (Transaction Reporting) to Extend the Trade Reporting Facilities Operating Hours (SR-FINRA-2025-011), available at https://www.finra.org/sites/default/files/2025-07/SR-FINRA-2025-011_0.pdf, at 3.

²² *Ibid.*

²³ *Ibid.*

²⁴ *Id.* at 3-4.

proposed amendments to the SIP Plans that would extend the SIP operating hours to run from 8:00 p.m. Sundays to 8:00 p.m. Fridays, excluding holidays, with a technical pause beginning at 8:00 p.m. Monday through Thursday that would be as brief as technically feasible, but not greater than one hour.... As an initial, incremental step, FINRA is proposing in the instant filing to align the TRF operating hours with the current SIP operating hours. FINRA intends to separately seek to propose additional rule changes as appropriate to further expand TRF operating hours with the goal of ultimately aligning TRF operating hours with any extension of the SIP operating hours, if approved by the SEC.²⁵

FIF members support FINRA's plan to expand the TRF hours of operation to conform to the SIP hours of operation, subject to the comments discussed below in this section and in the comment letter that FIF submitted on August 6, 2025 in response to the FINRA rule filing.²⁶ One important benefit of expanding TRF hours of operation is to reduce counter-party risk for trades that are novated to DTCC, as TRF reporting is a necessary prior step in this process.

Operational challenges with expanding reporting to start at 4 a.m.

Many FIF members will face certain operational challenges if real-time reporting is required starting at 4 a.m. Today, some broker-dealers have manual processes to submit a file of overnight trading activity (i.e., trading between 8 p.m. and 8 a.m.) to the TRFs between 8 and 8:15 a.m. These broker-dealers will need people to be available to submit this file of overnight trades (which would now cover trades between 8 p.m. and 4 a.m.) between 4 and 4:15 a.m. In addition to systems changes, this will require significant changes relating to personnel, supervision and governance. Based on the above challenges, FINRA members recommend that FINRA make the requirement to report overnight trades between 4 and 4:15 a.m. optional until such time as FINRA expands its hours of operation to align with the planned expansion of the SIP hours of operation (at which time, these trades presumably would be reportable in real-time). Ultimately, when the SIP hours of operation are expanded, all broker-dealers that trade between 8 p.m. and 8 a.m. will need to update their processes to support real-time reporting of overnight trading activity for trades that will be disseminated to the market, but many broker-dealers have concerns with having to update their processes by the first quarter of 2026 (which is the scheduled implementation timeframe for the expansion of the TRF hours of operation) and prior to the expansion of the SIP hours of operation. At a minimum, the optionality to continue to report between 8 and 8:15 a.m. should apply for at least one year from the date that FINRA publishes updated Technical Specifications and FAQs, as it is standard practice for FINRA to provide this type of implementation period for reporting changes.

²⁵ Id. at 7 n. 9.

²⁶ FIF letter to the Commission (Aug. 6, 2025), available at <https://www.sec.gov/comments/sr-finra-2025-011/srfinra2025011-636627-1893094.pdf> ("August 6 FIF Comment Letter").

Real-time reporting is not feasible for broker-dealers to report overnight batch transactions that are based on the prior day's closing price

It is not feasible for broker-dealers to report in real-time overnight batch transactions that are based on the prior day's closing price.²⁷ Because of the challenges of reporting these transactions in real-time, FIF members request that FINRA maintain the current requirement that overnight batch transactions based on the prior day's closing price be reported by 8:15 a.m.

This issue is discussed in further detail in the comment letter that FIF submitted on August 6²⁸ in response to the FINRA rule filing to expand the hours of operation of the TRFs.

ORF hours of operation should conform to TRF hours of operation

FIF members support the ORF being available during the same hours that the TRFs are available. It creates undue complexity to require broker-dealers to adopt different reporting procedures for exchange-listed and OTC stocks. Having different reporting procedures for listed and OTC stocks also adds costs for broker-dealers and increases the risk of errors. Availability of the ORF also is important to facilitate timely settlement for trades in OTC stocks executed outside of regular trading hours. Requiring different procedures for settlement of listed and OTC stocks creates undue complexity, adds costs and increases the risk of error.

FIF members support FINRA's plan to align TRF reporting to the planned expanded SIP hours of operation

FIF members support FINRA's plan to expand the TRF hours of operation to conform to the planned expanded SIP hours of operation. To provide market transparency and facilitate efficient execution of customer orders, the SIPs should disseminate all top-of-book quotes and trades in real-time during the time period that the exchanges are open for trading. The SIPs can only disseminate all trades if the TRFs are open during this time period to receive and process off-exchange trades and communicate these trades to the SIPs.

Separate from tape reporting and dissemination of trade data, the TRFs also are a critical conduit for many firms to report trades to clearing and to reduce counter-party risk for trades that are novated to DTCC. These are additional and independent reasons as to why it is important for FINRA to expand the hours of operation of the TRFs in connection with the planned expansion of exchange trading hours.

Transparency and settlement for trades executed off-exchange during a daily trading pause in exchange trading

Given current market practices, FIF members expect that off-exchange trading would continue during any daily pause in exchange trading. This raises a series of questions as to how and when off-exchange trades during such a pause would be disseminated to the market. One question is whether the SIPs

²⁷ Broker-dealers report these trades to the applicable TRF with an appropriate modifier.

²⁸ August 6 FIF Comment Letter, at 3.

intend to operate during a portion of the period that exchange trading is not available. The announcement by the SIPs discusses a daily technical pause that will “... be as brief as technically feasible, but not greater than one hour.”²⁹ It is unclear whether this means that the SIPs would be operating for some portion of a one-hour pause in exchange trading. If this is the case, the SIPs would not be disseminating quotes during this period (since exchange trading is not available) but could disseminate trades that are executed off-exchange. However, the SIPs could only disseminate trades if the TRFs were in operation during this period.

There are various pros and cons of disseminating off-exchange trades during a pause in exchange trading. On the positive side, dissemination of trades during this period means enhanced transparency to the market. On the negative side, disseminating trades without a pause could impact end-of-day batch processes at many broker-dealers and could add complexity, cost and risk to the initial roll-out of expanded exchange trading hours. Broker-dealers also could subscribe to direct feeds from the alternative trading systems that execute trades off-exchange during this time period (in lieu of the SIPs disseminating trades during this time period).

If the TRFs are not receiving off-exchange trades during any daily pause in exchange trading (and, therefore, not communicating these trades to the SIPs during this period), it is important to determine how and when these off-exchange trades would be reported to the TRFs and subsequently disseminated to the market. It should also be considered whether the TRFs should be open during a pause in exchange trading to facilitate trade settlement for off-exchange trades, even if the SIPs do not disseminate trades to the market until exchange trading recommences at the end of the trading pause. It is important for regulators and market participants to have further discussion of these complex issues, which involve multiple policy and operational considerations.

Changes to Technical Specifications

FIF members request that FINRA, the NYSE and Nasdaq consider whether changes to the various TRF and ORF specifications will be required and whether further guidance will be required for the reporting of certain fields to the TRFs and ORF. For the specifications for the FINRA/Nasdaq Trade Reporting Facilities, FIF members have identified the following modifiers for FINRA and Nasdaq to consider: the Settlement Modifier; and the Extended Hours & Late Modifier.³⁰ For example, a value of “0” for the Settlement Modifier indicates “regular” and “1 day settlement.”³¹ If, as proposed below, trades executed after 8 p.m. are considered to have an effective trade date of the following business day, the description of the value of “0” (i.e., “regular”) for a trade executed after 8 p.m. should clarify that “1 day settlement” is in reference to this effective trade date.

²⁹ May 2025 SIP Announcement.

³⁰ Nasdaq FIX for Trading Reporting Programming Specification, Version 2025-01 (June 2025), available at <https://nasdaqtrader.com/content/technicalsupport/specifications/TradingProducts/fixactspec-fractional-shares.pdf>, at 40-41.

³¹ Ibid.

TRF and ORF as critical conduits for clearing and novation

FIF members reiterate that, separate from tape reporting and dissemination of trade data, the TRF and ORF systems also are critical conduits for many firms to report trades to clearing and to reduce credit risk through novation of trades to DTCC. These are additional and independent reasons as to why it will be important for FINRA to expand the hours of operation of the TRFs and ORF in connection with the expansion of exchange trading hours. This is discussed in further detail below.

F. Implementation timeline for broker-dealers

A number of the changes required to accommodate the expansion of exchange trading hours will involve significant development and implementation work for broker-dealers. Broker-dealers will need to undertake significant development and implementation work to conform to SIP changes, changes to the TRFs and ORF, changes relating to trading risk controls, changes to the clearing process, and other changes discussed in this letter. At this time, given the number of open questions, it is difficult to estimate the time that broker-dealers would require to implement these changes. FIF members request that the Commission and FINRA engage in discussions with broker-dealers to ensure that broker-dealers have adequate time to implement technology and process changes efficiently and without creating undue operational risk.

G. Trading risk controls

For any stock, a market-wide erroneous price band should apply for that stock (at each particular point in time), regardless of where the stock is traded. In other words, at any point in time for a particular stock the same price band should apply to that stock across all exchanges. This approach, which currently applies to the regular trading session, should be likewise applied for expanded exchange trading hours.

One benefit of this approach would be greater clarity for investors. A second advantage is that this approach would address certain challenges with the current regulatory surveillance process for expanded-hours trading. Firms currently are subject to inquiries from regulators for after-hours trades that are priced away from the current market. The current process is burdensome for firms (and for regulators) in many cases because of the lack of clarity in determining whether a trade executed outside of regular trading hours is away from the market. Implementing rules to establish erroneous price bands during extended exchange trading hours would help to address this issue.

In July 2025 MEMX published a paper with the results of a survey of its members on investor protections for 24-hour trading.³² The MEMX paper makes various recommendations based on the survey responses and MEMX's analysis of after-hours trading activity, including the following:

³² Adrian Griffiths, MEMX, *Evolving Investor Protections for 24-Hour Trading* (July 2025), available at https://cdn.craft.cloud/9fb2ef98-fcc6-431d-b09d-d12ff28cf0f0/assets/comment-letters-exemption-letters-whitepapers/Member-Poll_Evolving-Investor-Protections-for-24-Hour-Trading_05a.pdf ("MEMX Paper").

- Extend price bands to cover additional exchange trading hours.³³
- For stocks with a reference price above \$3 that do not trade or that trade de minimis volume during expanded-hours trading, apply a price band of 10% for Tier 1 stocks and 20% for Tier 2 stocks, based on a static reference price.³⁴
- Apply a dynamic reference price calculation for more liquid securities; these securities account for a majority of overnight volume.³⁵
- Consider using notional value instead of a time window for the dynamic reference price calculation;³⁶ in other words, a dynamic reference price could only reset if there is a minimum notional value of trading activity.
- “Conduct timely study on the impact of any choices made in relation to extended hours price bands given the possibility that market dynamics continue to evolve.”³⁷

MEMX also writes that,

An interim solution that does not include dynamic reference prices for more active stocks could be considered in the short term as exchanges and market participants delve into the data needed to make more lasting decisions, including decisions about how to categorize different groups of stocks, the reference price calculation and percentage parameters, and how to incorporate pre and post-market trading.³⁸

FIF members understand that MEMX and the other exchanges are currently engaged in discussions about the possibility of implementing erroneous price bands for extended exchange trading hours. FIF members support this effort. FIF members look-forward to further proposals from MEMX and the other exchanges as to how erroneous price bands should be implemented for extended exchange trading hours. FIF members agree with MEMX that consideration should be given to setting price bands for the initial roll-out of this initiative based on a static reference price with the ability to introduce dynamic price bands at a later date after data relating to 23-hour exchange trading is available for analysis.

If market participants agree to implement market-wide erroneous price bands, there are a number of questions that the Commission, SROs and market participants would need to address, including the following:

- Should the same erroneous price band calculation apply for all periods of expanded-hours trading, or should different price band calculations apply for different periods of expanded-hours trading?
- For each applicable period and for each category of stocks, it is also important to address the following questions relating to the determination of the applicable price bands:
 - How will the “reference price” be determined?

³³ Id. at 3.

³⁴ Id. at 11.

³⁵ Ibid.

³⁶ Ibid.

³⁷ Ibid.

³⁸ Id. at 11 n. 16.

- For example will the reference price be determined based on a static reference price or based on an average of trade executions over a prior time period (weighted by execution size) (a dynamic reference price)?
- If a dynamic average price of prior trade executions will be used as the reference price, what is the time period over which these executions will be counted?
- What will be used as the reference price if no executions have occurred during this prior time period?
- Should a dynamic reference price be based on a minimum notional value traded over a period of time?
- How will the “offset” (i.e., percentage parameter) from the reference price be determined for each stock?
- Will the offset vary based on the stock?
- Will the offset vary based on the specific period of expanded hours trading?
- If a dynamic price band is applied, should factors such the width of the spread and the depth of liquidity be considered?
- An additional set of questions relates to the treatment of bids, offers and submitted trades that are at or outside the applicable price bands
 - Will all trades outside the price bands (including on-exchange and off-exchange trades) be prohibited?
 - Will the SIPs accept and display opposite-side quotes that are outside the price bands?³⁹
 - Will the SIPs accept and display same-side quotes that are outside the price bands?⁴⁰
 - Will the exchanges and SIPs implement a process similar to the current limit up–limit down process where the posting of opposite-side quotes at the price band or the posting of same-side quotes outside the price band can trigger a trading halt?⁴¹
 - If a trading halt is triggered, what is the process to reopen trading?

It is also important to consider symbols where the issuer has trading activity outside the U.S. These symbols include U.S. ETFs where the underlying ordinary shares are listed outside the U.S., dually-listed stocks, and OTC stocks in the U.S. that have foreign listings. For these stocks, it might be necessary to consider trading activity outside the U.S. in setting erroneous price bands.

FIF members believe that, at least initially, it would be beneficial to implement an approach that achieves the intended result of preventing erroneous trades with the least amount of complexity. Over time, refinements could be implemented based on market experience. FIF members expect that percentage parameters for off-exchange trading generally would be higher for expanded trading hours as compared to the regular trading session given the expectation of lower liquidity and higher volatility during expanded trading hours. The limit up-limit down rules use a weighted average of trading activity over the most recent five-minute period to set the reference price, but applying this approach outside of regular trading hours could present a challenge for periods of less frequent trading activity.

³⁹ This is referring to a bid that is above the upper price band or an offer that is below the lower price band.

⁴⁰ This is referring to a bid that is below the lower price band or an offer that is above the upper price band.

⁴¹ The MEMX paper states that “... it is unclear whether trading halts are necessary or helpful when coupled with price bands subject to a static reference price calculation.” MEMX Paper, at 3.

Given the complexity of these determinations, FIF members recommend that the exchanges, in consultation with the Commission, FINRA and market participants, issue proposals for how standardized erroneous price bands could be implemented. Because there is no prior experience with 23-hour equity exchange trading in the United States, the exchanges will have limited information for determining the appropriate erroneous price bands to apply outside of the current exchange trading hours. Accordingly, it is expected that the implementation of erroneous trade bands would be an iterative process, with adjustments over time. FIF members recommend that the exchanges, for the initial implementation, propose an approach that avoids undue complexity.

H. Trading halts

For expanded-hours trading, FIF members assume that a security-specific trading halt would be communicated by the primary listing exchange to the applicable SIP and that the SIP would communicate this trading halt to market participants. This raises the question of how a trading halt would be handled if the primary listing exchange were not open for trading at the applicable time. Ideally, all listing exchanges would have the same hours of trading. If this were not the case, it would still make sense for each primary listing exchange to have a policy to monitor corporate activity and issue trading halts during periods that the exchange is not open for trading. Trading halts should also apply during a pause in exchange trading. If a trading halt is issued, it is also important to consider the process to reopen trading. Please also see the discussion below relating to corporate actions.

I. Clearly erroneous trade process

The exchanges currently have processes for reviewing and addressing clearly erroneous trades.⁴² These processes require that an exchange official be available during the period that the clearly erroneous trade policy is in effect. FIF's broker-dealer members recommend requiring an exchange that offers expanded trading hours to establish a clearly erroneous trade policy that applies to these expanded trading hours and to ensure that an appropriate exchange official is available throughout.

FIF members understand that the exchanges currently have processes in place to coordinate their handling of clearly erroneous trade filings that impact multiple exchanges. It is important that this coordination also apply during expanded exchange trade hours. FIF's broker-dealer members urge the exchanges and FINRA to publish a joint plan to address this, during all trading sessions, so that broker-dealers are fully informed of the process. Overnight hours with thin staffing means that all participants need to be well-aware of the procedures and timelines, in order to best protect customers without missing the mandated window for reporting a complaint.

To the extent that market-wide price bands are in effect, trades within these price bands should not be considered erroneous, absent unusual circumstances.

⁴² See, for example, NYSE Rule 7.10, Clearly Erroneous Executions.

J. Market-wide circuit breakers

The MEMX paper discussed above makes the following recommendations relating to market-wide circuit breakers:

- Continue “discussion as to whether and how to extend MWCB to overnight trading, including selection of an appropriate reference product.”⁴³
- “If MWCB is extended to cover all hours, halts should be limited to pre- and post-market and not extended to regular trading hours.”⁴⁴
- If a Level 3 decline occurs and the market is halted, trading should resume with the opening auction on the primary listing exchange.”⁴⁵

FIF members support these recommendations.

K. Short sale circuit breaker

The short sale circuit breaker (pursuant to Rule 201 of Regulation SHO) applies to a stock that decreases in price by 10% or more from its closing price as of the end of regular trading hours on the prior trading day.⁴⁶ This aspect of the short sale circuit breaker will not change with expanded exchange trading hours. Trading centers are required to establish procedures such that, once the short sale circuit breaker is triggered for a stock, the trading center cannot display a short sale order in the stock at the national best bid or lower.⁴⁷ This restriction continues “... for the remainder of the day and the following day when a national best bid for the covered security is calculated and disseminated on a current and continuing basis pursuant to an effective national market system plan.”⁴⁸

This raises the question as to when the short sale circuit breaker ceases to apply. For example, if expanded exchange trading hours are in effect, does the short sale circuit breaker continue to apply until midnight the following day, until 8 p.m. the following day, or until some other time? FIF members believe that 8 p.m. the following day is the most appropriate time for the short sale circuit breaker to cease to apply given that market participants will start to run certain batch processes at that time. Consistent with the above discussion, FIF members request that the Commission provide written interpretive guidance that if the short sale circuit breaker is triggered for a stock and expanded exchange trading hours are in effect, the short sale price restriction would apply for that trading day and for the following trading day until 8 p.m.

⁴³ MEMX Paper, at 13. As noted in the MEMX Paper, updates to the S&P 500 Index are not currently calculated and published outside of regular trading hours. *Ibid.*

⁴⁴ *Ibid.*

⁴⁵ *Id.* at 14.

⁴⁶ 17 CFR §242.201(b)(1)(i).

⁴⁷ *Ibid.*

⁴⁸ 17 CFR §242.201(b)(1)(ii).

L. Regulation SHO locate requirement

Regulation SHO FAQ 4.3(C) sets forth the following requirement relating to the Regulation SHO locate requirement: "... the broker-dealer must perform the locate prior to, and on the same day that, the broker-dealer effects each short sale."⁴⁹ It is important for the Commission to clarify what is meant by "same day" when expanded exchange trading hours are in effect.

More specifically, FIF members request clarification from the Commission that the "same day" requirement would permit a broker-dealer to perform a locate that would be valid for 24 hours, if concurred to by the locate provider.

Similarly, Regulation SHO FAQ 4.4 provides that a broker-dealer, subject to certain conditions, is permitted to re-apply a prior locate after a buy-to-cover transaction.⁵⁰ Re-applying a prior locate is only permitted if the locate was obtained on the same day.⁵¹ This raises a similar question as to what is meant by "same day" as applied to expanded exchange trading hours. Apart from the question of the application of FAQ 4.4 to expanded hours trading, broker-dealers have long had concerns about the factual basis for FAQ 4.4 and are interested in discussing these concerns with Commission representatives.

M. Regulation SHO closeout requirement

FIF members request that the Commission provide clarification as to how the terms "trade date" and "settlement date" as used in Rule 204 of Regulation SHO (Close-out requirement) would apply for expanded exchange trading hours.⁵² FIF members propose that if a trade is executed after 8 p.m., the "settlement date" referenced in Rule 204 should mean the second following trading day (i.e., the first following effective trade date). Under Rule 204, a broker-dealer is required to comply with any close-out requirement by "... no later than the beginning of regular trading hours ..." on the applicable settlement date.⁵³ FIF members request that the Commission clarify that the start of regular trading hours (i.e., 9:30 a.m.), as referenced in Rule 204, would not be impacted by the expansion of exchange trading hours.

More generally, the Commission and FINRA should consider any rules that reference the start or end of regular trading hours and engage in discussions with market participants as to whether or not there should be any change in the interpretation of these terms. For example, many options cash settle based on the closing price of the underlying security, and the regulators should clarify that this would not be impacted by the expansion of exchange trading hours.

⁴⁹ Securities and Exchange Commission, Division of Market Regulation: Responses to Frequently Asked Questions Concerning Regulation SHO, available at <https://www.sec.gov/rules-regulations/staff-guidance/trading-markets-frequently-asked-questions-8>.

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² 17 CFR §242.204.

⁵³ Ibid.

N. Order protection rule

FIF members are not aware of any proposal to extend the order protection rule beyond the regular trading session and agree that the order protection rule should not be extended. FIF members understand that the Commission has scheduled a roundtable for September 18, 2025 to discuss current trade-through prohibitions.⁵⁴

O. Settlement cycle; same-day allocation, confirmation and affirmation

FIF members request that the Commission provide guidance under Commission Rule 15c6-1⁵⁵ (or exemptive relief, if necessary) to permit a broker-dealer to settle a trade executed between 8 p.m. and midnight on the second business day after trade date. FIF members further request that the Commission provide guidance under Commission Rule 15c6-2⁵⁶ (or exemptive relief, if necessary) to permit next-day allocation, confirmation and affirmation of trades executed between 8 p.m. and midnight. One way to achieve this would be -- as discussed above -- to define any trade executed at 8 p.m. or after as having an “effective trade date” of the following day. This is similar to terminology currently used for after-hours futures trading.⁵⁷ With this approach, “regular way” settlement for a trade would be defined by reference to its effective trade date.

More generally, it is important to have a uniform standard applicable to all market participants as to the expected settlement date for a transaction, based on the time of execution. As the Commission provides further clarity on this issue, market participants will be required to update their clearing systems and processes.

On May 6, 2025, DTCC announced plans for the National Securities Clearing Corporation “... to further expand its trade capture capabilities to support processing transactions 24x5 by increasing its trade processing window to Sunday at 9:00 PM ET through Friday at 8:00 PM ET.”⁵⁸ FIF members support this plan. DTCC’s processes (including cut-off times) should be designed in a manner that would enable after-hours trades executed prior to 8 p.m. to be allocated, confirmed and affirmed on trade date (even if these steps occur after 8 p.m.) and to settle on T+1. Given that the TRF and ORF systems are involved in the settlement process for many transactions, it is important for FINRA to operate the TRF and ORF systems in line with the planned expanded hours of operation for DTCC.

⁵⁴ See, Securities and Exchange Commission, Press Release, SEC Announces Roundtable on Trade-Through Prohibitions (July 21, 2025), available at <https://www.sec.gov/newsroom/press-releases/2025-99-sec-announces-roundtable-trade-through-prohibitions>.

⁵⁵ 17 CFR §240.15c6-1.

⁵⁶ 17 CFR §240.15c6-2.

⁵⁷ See, for example, CME Group Holiday and Trading Hours, available at <https://www.cmegroup.com/trading-hours.html#tradeDate=2025-07-24&foi=F&pageNumber=1>.

⁵⁸ DTCC, Important Notice, National Securities Clearing Corporation, Universal Trade Capture (UTC) – Modernization/Extended Operating Hours Update (May 6, 2025), available at <https://www.dtcc.com/-/media/Files/pdf/2025/5/6/A9595.pdf>.

P. Dividends

Permitting trades executed between 8 p.m. and midnight to settle on T+1 relative to the “effective trade date” has certain implications. One implication is that a purchaser who purchases a stock between 8 p.m. and midnight would not be entitled to a dividend if the record date for the dividend is the next trading day. This means that as-of 8 p.m., the stock would trade “ex-dividend”. This would also require an adjustment to any reference price used to set an erroneous price band upon the stock trading ex-dividend as of 8 p.m.

Q. Corporate actions

The current processes for notification and implementation of corporate actions present various challenges for market participants. These challenges include the lack of a standardized market-wide process for notification of corporate actions, insufficient advance notice, lack of clarity or consistency as to how corporate action data is disseminated, and the lack of a standardized market-wide format for electronically communicating corporate action data. As a result of this lack of standardization, the corporate action process for many firms is manually intensive. The current lack of standardization also gives rise to trade reporting issues.

Given the manual nature of corporate action processes, FIF members often use the overnight time period to process corporate actions. FIF members are concerned that the expansion of exchange trading hours will exacerbate the current challenges in processing corporate actions. To address these concerns, FIF members recommend that market participants work together to implement standardized practices for notification of corporate actions and formatting of these notifications. FIF members understand that DTCC, the exchanges and other market participants are currently engaged in discussions on this topic. The industry should consider having corporate actions take effect as of 8 p.m., which is the start of the proposed “effective trade date”, as discussed above. This approach would only be feasible if industry members have sufficient advance notice of corporate actions and the ability to process corporate actions in an automated manner.

Absent standardized market-wide practices to achieve these objectives, regulators and market participants are left with two undesirable outcomes. The industry could halt trading overnight for symbols that are subject to a corporate action, with trading to resume (or commence, as applicable) at the open of regular trading hours the following morning. This would provide broker-dealers with time to process corporate actions but would prevent trading in these symbols during the period that trading is halted. The alternative would be to allow trading to continue in these symbols, but this would likely result in trade errors, trade cancellations and reporting errors. Given these two undesirable outcomes, FIF members recommend that the regulators, SROs and market participants work together to implement processes to ensure that industry members have sufficient advance notice of corporate actions and the ability to process corporate actions in an automated manner. It will also be important to conform trade reporting requirements to any changes that are adopted for corporate actions. FIF members support the current engagement by market participants to address these issues.

R. CAT reporting

FIF members request that CAT LLC consider and provide guidance on how expanded exchange trading hours would impact CAT reporting. FIF members have identified the following CAT-reportable fields for CAT LLC to consider:

- CAT currently requires the reporting of a trading session value that includes codes for pre and post-market trading. FIF members recommend that CAT LLC define post-market trading as trading on or prior to 8 p.m. and pre-market trading as trading from and after 8 p.m.
- CAT currently requires the reporting of time-in-force values for orders, including day orders. FIF members recommend that CAT LLC provide further guidance as to the definition of a day order for purposes of CAT reporting. This would likely require consultation with the Commission and FINRA.

S. Rule 605 reporting

On March 6, 2024, the Commission adopted amendments to Rule 605 reporting.⁵⁹ These amendments will require reporting firms to include in their Rule 605 reporting certain non-marketable limit orders received outside of regular trading hours.⁶⁰ On June 24, 2024, FIF submitted a letter to the Commission to request clarification and guidance relating to the amended reporting requirements, including with respect to (i) the reporting of non-marketable limit orders received outside of regular trading hours, and (ii) GTC orders.⁶¹ It is important for the Commission to provide written guidance on these matters. Such guidance should take into account the planned expansion of exchange trading hours.

T. SLATE reporting

FINRA Rule 6530 requires a firm to report a “covered securities loan” entered into on or before 7 p.m. before midnight the same day.⁶² A loan entered into after 7 p.m. must be reported before midnight of the following trading day.⁶³ These requirements would take effect upon FINRA’s implementation of the SLATE reporting system. The expansion of exchange trading hours could mean an increase in lending activity occurring after 7 p.m. FIF members understand that the current reporting time periods for SLATE reporting would not be impacted.

⁵⁹ Securities Exchange Act Release No. 99679 (Mar. 6, 2024), 89 FR 26428 (Apr. 15, 2024).

⁶⁰ See, for example, 17 CFR §242.600(b)(27).

⁶¹ FIF letter to the Commission (June 24, 2024), available at <https://fif.com/index.php/working-groups/category/271-comment-letters?download=2954:fif-letter-to-the-sec-relating-to-the-implementation-of-the-sec-s-amendments-to-rule-605&start=60&view=category>, at 13-16.

⁶² FINRA Rule 6530(a)(1)(A).

⁶³ FINRA Rule 6530(a)(1)(B).

U. Market surveillance, including best execution

The 24X Exchange and NYSE Arca rule filings provide for the conduct of their own market surveillance during expanded trading hours.⁶⁴ Reduced liquidity during expanded exchange trading hours can mean an increased risk of manipulative trading activity during this time period. Regulators should issue guidance to broker-dealers on their expectations for brokers' internal surveillance of expanded hours trading, including with respect to best execution.

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FIF members appreciate the Commission's consideration of the issues discussed in this letter. Please contact me at howard.meyerson@fif.com if you would like clarification on any of the points set forth above.

Very truly yours,

/s/ Howard Meyerson

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⁶⁴ See, for example: Amendment No. 2 to SR-NYSEArca-2024-89, available at <https://www.sec.gov/comments/sr-nysearca-2024-89/srnysearca202489-560875-1609542.pdf>, at 31; and 24X Exchange Approval, at 89 FR 97115.

Annex 1 Comparison of Exchange Trading Hours

	AM											PM											
	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10
Sunday																							
24X Exchange approval order																							
NYSE Arca approval order																							
FIF member recommendation																							

	AM											PM																						
	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11										
Monday - Thursday																																		
24X Exchange approval order																																		
NYSE Arca approval order																																		
FIF member recommendation																																		

	AM											PM																						
	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11										
Friday																																		
24X Exchange approval order																																		
NYSE Arca approval order																																		
FIF member recommendation																																		