

Extended trading hours is the dawn run capital markets can't skip



Every long-distance runner knows the discipline of the dawn run, the miles you put in before the world wakes up. It's quiet, unfamiliar, and often uncomfortable. But it builds endurance and capability in ways no mid-afternoon workout ever will.

Extended Trading Hours (ETH) is the financial industry's dawn run. Not because it happens at sunrise, but because it takes place outside the comfort of the regular day when conditions are less forgiving and preparation matters most.

Today, that training window runs overnight, between 20:00 and 04:00 Eastern time. Trading activity is thinner. Spreads are wider. Volatility can spike without warning. And fewer people are watching. It's exactly the kind of environment that exposes whether a firm is truly ready: its data flows, its surveillance tools, its ability to recognize client positions in real time, and its operational resilience under pressure.

What makes ETH so important today is not just the move to 23x5 trading, it's what ETH signals about where markets are heading. This is not a niche extension of the day; it is the conditioning phase for a shift toward more continuous markets. Crypto already trades 24/7. FX is effectively continuous. Exchanges are preparing. NSCC will operate 24x5 by mid-2026.<sup>1</sup> Regulators are setting expectations. Global investors, particularly from APAC, are already pushing meaningful activity into U.S. markets during their local daytime hours.

ETH is the industry's early conditioning run: the place where firms build the reflexes, controls, and muscle memory they will need as market windows stretch and the pressure to be "always on" increases. Those who prepare now will be ready when liquidity deepens and institutional participation follows. Those who wait will find themselves trying to catch competitors already well into their stride.

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## The signal—why now?

ETH has moved from occasional after-hours activity to a structural shift in how U.S. equities will operate. What makes ETH decisive now is not a single catalyst, but the convergence of global demand, investor expectations, competitive pressure, and infrastructure readiness.

APAC investors increasingly want access to U.S. equities during their local daytime, not at 1–3 a.m. local time. This has already created consistent overnight flow, an early sign that U.S. equities are effectively part of a global, round-the-clock ecosystem. DTCC's outlook suggests this overnight window could capture 1 to 10% of total volume by 2028.<sup>2</sup>

For EMEA participants, the impact comes from overlap rather than access. As the overnight U.S. session increasingly coincides with the early European trading day, firms face new demands around cross-border execution, real-time risk management, and client support without relying on traditional overnight buffers.

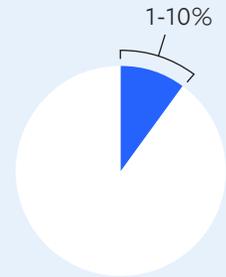
Meanwhile, retail participation in the market is at historic levels, and these investors expect platforms to behave like every other digital service they use: available, responsive, and not constrained by traditional opening hours. This expectation reshapes both competitive dynamics and the urgency for firms to modernize trading availability.

### Market expectations and infrastructure are converging

Crypto trades 24/7. FX trades nearly continuously. Digital assets and evolving regulatory frameworks are accelerating expectations even further. At the same time, overnight trading is already taking place through alternative trading systems (ATSS), which are now seeing consistent activity. ETH is, in part, a strategic necessity to prevent liquidity from leaking into alternative, always-on venues and fragmented overnight ecosystems.

DTCC's outlook suggests this overnight window could capture

**1 to 10%**  
of total volume by 2028.



The SEC has signaled support for 23x5 trading, contingent on SIPs supplying full real-time overnight data. Meanwhile, NSCC's move to 24x5 operations in mid-2026 removes a key operational constraint.

With regulatory alignment and clearing readiness in place, ETH is no longer theoretical—it is implementable.

ETH is not the finish line. It is the beginning of a gradual but irreversible shift toward markets that operate with fewer boundaries, more real-time expectations, and ultimately, more continuous trading horizons. The firms preparing now will be the firms best positioned as this evolution accelerates.

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*“When markets move to 23x5, early movers will be seen as more innovative and more client-oriented.”*

**Uday Singh,**  
Managing Director, Professional Services,  
Broadridge

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## Early indicators—what the market is already telling us

Even before 23x5 trading becomes fully operational, the market is already revealing how behaviors, liquidity patterns, and expectations will evolve. These early indicators offer a preview of the adjustment's firms will need to make and where value may emerge first.

Current overnight volumes are still small, but they are no longer sporadic. After-hours trading has shifted from occasional bursts around big events to a more regular pattern of flow that appears every day in the cycle. ATS venues now see a consistent “hum” of activity in the hours after the close and before the open, and extended sessions have become a normal feature of client behavior rather than an exception. As exchanges bring fully supported overnight sessions online, this pattern is expected to strengthen and broaden across instruments and strategies.

Today's pre- and post-market sessions remain dominated by thin liquidity and wider spreads. But exchanges entering the overnight window, with full SIP data and standardized rules, will fundamentally reshape participation. This visibility is what institutional players are waiting for; once transparency and pricing depth improve, institutional adoption is expected to follow.

### Behavior is moving ahead of market structure

Earnings releases, geopolitical developments, macro announcements, and unexpected corporate events often occur outside core hours. Under ETH, these become actionable in real time. Algorithmic traders and event-driven funds are likely to exploit this first, using overnight windows to hedge, rebalance, or capture dislocations before the next day's open.

The most telling indicator may not be volume; it's behavior. Clients increasingly expect the ability to respond immediately to global news and market signals. Overnight availability is no longer perceived as a convenience; it is becoming a hygiene factor in a modern trading platform. This shift challenges firms to rethink their service model, disclosures, and operational readiness before demand spikes.

Even with relatively low volumes today, firms are beginning to ask questions that hint at tomorrow's operational landscape:

- How will positions and balances update when trades occur at 2 a.m.?
- How should allocations and confirmations work after the 8 p.m. trade-date cut-off?
- Can surveillance systems reliably monitor overnight behaviors?
- What does staffing look like when markets no longer rest?

These emerging questions foreshadow the deeper readiness issues the industry must solve.

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*“Once liquidity deepens, institutions won't ignore the overnight window—they'll participate because they must.”*

**Douglas Gifford,**  
Vice President, Regulatory,  
Broadridge

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## Risk + regulation—the new stress test

ETH doesn't just extend trading hours, it compresses the margin for error. For risk, compliance, and regulatory teams, the introduction of a 23x5 market structure creates new operating conditions that existing frameworks were not designed to handle. The industry now faces a set of complex, interdependent challenges that must be addressed before ETH can scale smoothly.

Overnight sessions will begin with limited depth and wider spreads. This increases the probability of sharp price moves, mispriced orders, and greater exposure for both retail and institutional clients. Risk models tuned to regular-hour behaviors will need recalibration to account for these off-cycle dynamics.

### From end-of-day to continuous supervision

Most surveillance systems run periodic or end-of-day checks. Under ETH, firms must detect and interpret suspicious activity, limit breaches, and algorithmic anomalies in real time—at 1 a.m. with fewer eyes on the desk. Compliance teams will also require new frameworks for suitability, disclosures, and order handling across time zones.

This is not a simple extension of existing capabilities; it represents a fundamental redesign of supervision models.

SIFMA guidelines defining 8 p.m. ET as the market's end-of-day introduce challenges across the trade lifecycle:

- How trade date is assigned,
- How allocations and confirmations are sequenced,
- What downstream reporting must shift, and
- How clients understand their overnight positions.

A trade executed at 11 p.m. may be “tomorrow's trade” but must still be risk-managed tonight. Firms need clarity and consistency across internal systems long before overnight volumes rise.

## Unresolved issues that will determine how ETH scales

SMEs pointed to corporate actions as the most complex open question. With trading occurring almost continuously, traditional ex-date and record-date conventions become harder to anchor. Timing mismatches across global markets could lead to inconsistent entitlement, conflicting ownership views, and operational errors. DTCC has already highlighted the need for cross-industry coordination and potentially new harmonized standards.

The National Securities Clearing Corporation's (NSCC) risk models will need to capture exposures across an uninterrupted trading cycle, including potential intraday margin calls triggered by overnight volatility.

Firms will need parallel readiness, ensuring systems are stable, resilient, and capable of continuous operation with minimal maintenance windows.

This shift effectively removes the “quiet hours” operations teams rely on today.

Although the SEC has approved exchange proposals for ETH in principle, several areas require further industry agreement:

- Corporate action standards,
- Uniform trade-date definitions across venues,
- Required disclosures for overnight risk,
- Surveillance expectations and staffing models,
- Data/reporting guidelines for SIP coverage across 23x5.

Regulation is moving, but firms must prepare for evolving expectations rather than fixed rulesets.

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*“ETH introduces risk dynamics that today's processes weren't built for—firms need new models, not just longer hours.”*

**Douglas Gifford,**  
Vice President, Regulatory,  
Broadridge

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## Strategic implications—what ETH really means for firms

Extended Trading Hours is not just a trading or technology change. It is a structural shift that cuts across client segments, business lines, and operating models. As markets move toward 23x5, the implications extend beyond capital markets desks to wealth platforms, asset managers, and the shared infrastructure that supports them.

For capital markets firms, ETH reshapes execution, liquidity management, and risk oversight. For asset managers, it affects portfolio management, valuation, and the ability to respond to global events in real time. For wealth firms, it changes how clients experience access, risk, and transparency outside traditional market hours. In each case, overnight activity introduces new expectations, and new points of operational and regulatory exposure, that must be managed consistently across the organization.

As a result, ETH cannot be addressed in silos. It touches front-office strategy, post-trade processing, data and architecture, supervision, and client communication simultaneously.

Different senior leaders will feel the impact in different ways:



### For COOs and operations leaders

- Rethink operating rhythms as the model shifts from a clear “end of day” to a more continuous workflow.
- Identify which processes currently rely on overnight buffers (allocations, confirmations, reconciliations, corporate actions, exception management) and redesign them for a 23x5 environment.
- Define how responsibilities are shared across regions and time zones so that accountability is clear at every point in the cycle.
- Strengthen operational resilience so that service levels and controls are consistent, even when activity extends late into the evening or resumes before the traditional start of the day.



### For CIOs and CTOs

- Assess where batch-based architectures will struggle under ETH and prioritize changes to positions, balances, entitlements and reference data so they can update in close to real time.
- Ensure OMS and EMS platforms can remain stable and perform across the full 23x5 window.
- Map how SIP data flows through downstream systems so that pricing, risk and client reporting remain accurate overnight.
- Redesign maintenance windows and deployment practices to support resilience without relying on traditional overnight downtime.



### For Heads of Trading

- Define the role of the overnight session in the firm’s execution strategy: hedging, event-driven trading, client facilitation, or a combination.
- Adapt algorithms, routing logic and risk limits for low-liquidity conditions with wider spreads and potentially higher intraday volatility.
- Set clear expectations with clients on what “good” looks like for overnight execution quality and how it differs from regular hours.



### For CROs and CCOs

- Update surveillance models so they can interpret behaviors in thin markets without generating unmanageable noise or missing genuine issues.
- Revisit suitability, disclosure and best-execution frameworks to ensure they explicitly cover extended-hour activity.
- Design supervision and escalation models that work across time zones and staffing patterns, using automation to support continuous oversight.



### For client-facing leaders

- Prepare relationship managers, sales and client service teams to explain how ETH works, what is changing, and what stays the same for clients.
- Align messaging and education materials so clients understand the risks and opportunities of trading in extended hours and how it will show up in their portfolios and reports.

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## Looking forward—emerging trends and watchpoints

ETH is not a temporary extension of the trading day; it is the opening phase of a broader market evolution. The next 12–24 months will shape how quickly overnight activity matures, how liquidity develops, and how firms redesign their operating models. These are the trends and watchpoints that will define that transition.

Early ETH sessions will feel fragmented, with uneven liquidity and participation.

But as exchanges operate consistently overnight and SIPs provide full transparency, liquidity will begin to consolidate. Institutional participation will follow, not because of demand alone, but because the market structure becomes capable of supporting it.

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*“ETH is the next step in the evolution of markets.”*

**Douglas Gifford,**  
Vice President, Regulatory,  
Broadridge

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### The narrowing gap between day and night markets

ETH will progressively blur the long-standing divide between “regular hours” and “after-hours.” As more strategies operate across the full 23x5 window, spreads should tighten, execution quality will improve, and overnight activity will start to resemble early-morning or late-afternoon sessions rather than a separate ecosystem.

This shift requires firms to stop treating overnight trading as an exception and start treating it as part of the core market day.

One of the clearest industry watchpoints is the unresolved complexity surrounding corporate actions. With trading occurring almost continuously:

- Entitlement timing becomes harder to anchor
- Ex-date and record-date conventions may require rethinking
- Processing windows compress
- Reference data alignment grows more challenging across time zones

Industry-wide agreement and potential regulatory guidance will be needed before ETH can operate at scale without friction.

### How ETH accelerates structural change—and differentiation

ETH exposes the limitations of batch-based post-trade processes. Overnight trades executed after the 8 p.m. boundary can create operational patterns that resemble a step back toward T+2.

This reinforces a longer-term trajectory toward more real-time or atomic settlement models, a direction already normalized in 24/7 crypto markets and increasingly referenced by industry leaders as the logical endpoint of extended trading hours.

As ETH activity increases, regulators will expect firms to demonstrate:

- Continuous (or near-continuous) surveillance coverage
- Best-execution frameworks adapted for thin liquidity
- Staffing or supervisory models that ensure accountability at all hours

Automation, analytics, and redesigned escalation paths will be essential to avoid replicating full daytime staffing overnight.

ETH also presents a rare scenario in market structure: firms that demonstrate readiness early will differentiate long before volumes scale. Operational stability, surveillance maturity, transparent client experiences, and accurate overnight data will become markers of leadership, and potential sources of early market share.

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*“ETH is part of a larger move toward near-continuous trading ecosystems.”*

**Jermaine Jarrett,**  
VP, Strategy & Business Development,  
Broadridge

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## Recommendations—from insight to action

ETH is no longer a theoretical change. Firms now need a structured path to prepare for 23x5 trading, not just to remain compliant, but to remain competitive. The recommendations below reflect what our SMEs identified as the most immediate, practical steps institutions can take to build readiness ahead of industry-wide adoption.

### 1. Assess ETH readiness across the full trade lifecycle

Run a top-to-bottom diagnostic of how the entire lifecycle functions under extended hours:

- Order routing and execution
- Allocation and confirmation timing
- Overnight position and balance updates
- Margin and credit risk workflows
- Corporate actions handling
- New account setup and account maintenance
- Exception and reconciliation cycles

The goal is to pressure-test each step under 23x5 conditions, not simply catalog current processes.

### 2. Redesign data and system architecture for continuous operation

Batch cycles will be one of the first friction points under ETH. Technology leaders should evaluate:

- Whether positions and entitlements can update continuously
- OMS/EMS resilience during overnight windows
- How SIP and pricing data flow through downstream systems
- Whether reconciliations and surveillance tools can run without downtime
- The availability (or lack) of maintenance windows

This is a multi-year shift. Firms that start now will face far fewer constraints when overnight volumes increase.

### 3. Strengthen surveillance, compliance, and oversight frameworks

Overnight markets behave differently. Compliance teams should:

- Tune surveillance models for low-liquidity, wide-spread conditions
- Refresh suitability and disclosure requirements for overnight trading
- Adapt best-execution logic for extended sessions
- Update escalation and supervision paths across time zones

Regulators will focus heavily on how overnight behaviors are monitored and documented.

### 4. Develop a staffing and supervision model for 23x5

Firms don't need full 24-hour desks, but they do need:

- Supervisory coverage that spans the trading week
- Clear division of responsibilities between regions or teams
- Defined after-hours escalation paths for operational, risk, and compliance issues
- Flexible staffing strategies for high-impact events (earnings, geopolitical shocks, macro releases)

The objective is continuous accountability, not 24-hour duplication.

### 5. Prepare clients through transparent communication and education

ETH changes how clients experience risk. Firms should:

- Provide clear disclosures on overnight liquidity and volatility
- Explain how pricing behaves outside regular hours
- Distinguish execution policies for overnight trades
- Help clients understand position snapshots and trade-date boundaries

Well-informed clients are more likely to use extended trading safely and confidently.

## 6. Run ETH pilots and controlled experiments

Rather than a big-bang rollout, firms should:

- Pilot with selected client segments
- Test systems under overnight bursts or event-driven spikes
- Validate that reporting remains accurate across boundary transitions
- Measure how quickly exceptions can be detected and resolved overnight

Pilots expose weaknesses early, when they're still manageable.

## 7. Engage proactively with exchanges, clearinghouses, and industry bodies

As ETH standards are refined, firms should stay close to:

- Evolving cutoffs and EOD definitions
- Emerging approaches to corporate actions under extended hours
- Shared expectations for margining, reporting, and surveillance
- Industry-wide testing windows and readiness milestones

Shaping the roadmap is part of de-risking adoption.

*“ETH readiness isn’t about extending current processes—it’s about redesigning them for a continuous environment.”*

**Tammy Savinkoff,**  
VP, Product Management,  
Broadridge

Readiness area	What firms should evaluate	Why it matters under ETH
<b>Trade lifecycle readiness</b>	Order routing, allocations, confirmations, positions, balances, corporate actions, account maintenance	ETH removes end-of-day buffers and exposes breaks across the lifecycle
<b>Data and architecture</b>	Continuous updates, OMS/EMS stability, SIP data flow, maintenance windows	Batch-based systems struggle in a 23x5 environment
<b>Surveillance and compliance</b>	Real-time monitoring, suitability, best execution, escalation paths	Overnight activity compresses the margin for error
<b>Staffing and supervision</b>	Coverage models, time-zone handoffs, escalation	Accountability must persist when markets don't pause
<b>Client communication</b>	Disclosures, execution expectations, reporting boundaries	Client understanding becomes a risk control
<b>Testing and pilots</b>	Controlled rollouts, event-driven spikes, exception handling	Early testing reveals weaknesses before volumes scale
<b>Industry engagement</b>	Exchanges, clearinghouses, regulators, testing windows	Standards will evolve—firms need to shape and track them

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## The role of Broadridge

ETH is an industry-wide shift that no single firm can navigate alone. Broadridge's role is not just to keep pace with the change, but to help the market make sense of it—and prepare for it, in a practical, coordinated way.

From our vantage point across broker-dealers, banks, and buy-side institutions, we can:

- **Surface insight and patterns**

Synthesize what we're hearing from clients, regulators, and market infrastructures into clear, neutral perspectives that inform decision-making.

- **Support structured readiness**

Help firms think through front-to-back ETH implications, from architecture and workflow design to risk, surveillance, and client communication, using real-world experience rather than theory alone.

- **Enable pragmatic evolution**

Work with market participants to test new operating models, identify where existing infrastructure can stretch, and where new capabilities are truly required.

In short, Broadridge aims to act as a trusted structural guide on ETH: convening perspectives, clarifying complexity, and helping firms move from abstract concern to concrete action as markets take their next step toward continuous trading.

## Preparing for the Market That's Already Emerging

ETH marks the moment when equity markets begin operating on the rhythm of global participation rather than the rhythm of the clock. The shift to 23x5 trading is not a marginal adjustment, it is the first structured step toward markets that function with fewer boundaries, faster reflexes, and greater expectations for transparency and resilience.

Early volumes may be modest, but the implications are anything but. ETH compresses decision cycles, challenges long-standing operational assumptions, and places new demands on risk, technology, and client experience. It requires firms to think differently about how they supervise, process, report, and support activity in an environment that no longer pauses when people do.

But ETH also expands opportunity. It opens the door to new strategies, new client experiences, and a more globally responsive market structure. Firms that tackle this shift early, deliberately and methodically, will build the foundations they need not just for extended hours, but for the broader evolution toward continuous and, ultimately, real-time markets.

The path ahead is clear: ETH is the warm-up, not the finish line. The firms preparing now will be the ones running strongest when the next phase of market evolution arrives.

## Footnotes

<sup>1</sup> <https://www.dtcc.com/-/media/Files/pdf/2025/5/6/A9595.pdf>

<sup>2</sup> <https://www.dtcc.com/-/media/Files/Downloads/Transformation/theshiftto24x5trading.pdf>

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