FESE note on 24-hour trading in Europe

Brussels, 8th May 2025

FESE is closely monitoring global market trends regarding operational trading hours, including the growing trend to shift towards 24-hour trading in jurisdictions such as the United States. FESE recognises that extended trading hours may serve important commercial and investor needs, especially retail investors. Decisions on trading operational times should remain the prerogative of each trading venue, based on their specific market environment.

FESE wishes to emphasise the need for Europe to be operationally and regulatory ready to support such developments, should market demand evolve in that direction. Furthermore, as Europe prepares to transition to a T+1 settlement cycle, it is critical that post-trade operational arrangements remain flexible enough to ensure the ability of trading venues to offer flexible or extended trading cut-offs.

1. Context and recent developments

The discussion on trading cut-off times has re-emerged in Europe in the context of the move to a T+1 settlement cycle. Modifications to trading times, including the possibility of 24-hour trading, are often framed as a response to evolving investor demands, global market integration, and increased competition from other jurisdictions.

Both Nasdaq and Cboe have announced, in their US operations, plans to move toward 24-hour trading models to meet growing global demand for access to US equities. Furthermore, trading platforms such as Robinhood have reported a significant increase in activity during overnight trading sessions.[1] These shifts reflect a broader trend toward non-stop markets, especially as investor interest in crypto and other 24/7 assets influences expectations around securities market accessibility.

2. Europe's current trading landscape

Based on publicly available data[2] and preliminary analysis performed within the EU T+1 Trading Workstream, most European regulated markets currently operate with trading cut-off times between 16:30 and 18:00 local time. Some venues offer extended trading until 22:00, primarily serving retail investors, while only a limited number of trading venues (mostly MTFs) provide operations until midnight.

This diversity reflects the heterogeneity of the European financial ecosystem. Market structures, investor profiles, regulatory frameworks, and operational infrastructures vary across Member States.

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[1] March 2025, Market Insider, "On Robinhood, Sunday night is the new Monday morning for trading", available online here.

[2] FESE Trading Hours 2025, available online here.

3. Preserving flexibility and market needs

FESE strongly believes that European trading venues must retain the flexibility to define their own trading schedules. Any harmonisation or shift toward 24-hour trading should be market-led, based on demonstrated investor demand and technological capability. In light of the move to T+1, it is essential that operational cut-off times and post-trade deadlines be designed to support rather than restrict trading activity, particularly in the evening. The risk of inadvertently discouraging trading after a certain hour due to settlement constraints or disproportionate additional costs must be avoided.

Key considerations include:

- **Investor needs**:
    - **The length of the trading day in Europe is designed to serve investors as well as issuers and to cater to their preferences and trading needs**, supporting efficient price formation, transparent markets, and high liquidity. Exchanges provide a centralised environment with well-calibrated trading hours that allow institutional and retail investors to manage their positions effectively throughout the day. These hours are aligned with global markets and support deep liquidity, particularly during opening and closing auctions.
    - **Evening trading is especially critical for retail participation.** Many retail investors have daytime jobs and prefer or are only able to trade outside of standard market hours. With growing interest in U.S. equities and the emergence of asset classes like cryptocurrencies that trade 24/7, extended trading hours—already adopted in several local markets such as Germany—are increasingly essential. Restricting these hours would not only reduce the diversity of trading flows but also contradict broader EU goals to deepen retail involvement in capital markets, as outlined in the Savings and Investment Union (SIU) initiative.
- **Liquidity and price formation**: Liquidity in European equity markets is concentrated during opening and closing auctions. Extending the trading day may even out liquidity throughout the trading day. Further considerations and studies are still evaluating the efficiency of both models compared to one another.
- **Operational implications**: It should be noted that longer trading hours may strain operational capabilities on exchanges, intermediaries, market makers, and post-trade service providers. A move toward continuous trading introduces challenges in trade reporting, transparency obligations, settlement processes, entitlement calculations (e.g. corporate actions and dividend rights), and staffing implications. Furthermore, there will be an increase in cybersecurity exposure and, subsequently, resilience requirements. Ensuring robust incident response, monitoring, and infrastructure protection mechanisms is thus key. Automation and digitalisation across the entire value chain are fundamental for providing these services even outside normal working hours.
- **ESG implications**: As Europe continues to advance its sustainable finance agenda, it would be useful to consider the potential environmental implications of extended trading hours. These include, among others, increased energy consumption and system load. Aligning trading developments with ESG goals—particularly those under the EU Green Deal—can help ensure coherence between market structure evolution and sustainability objectives.

4. Competitiveness of European markets

Maintaining competitiveness in a global trading environment is a core priority. Europe's time zone positioning allows it to bridge Asian closing and U.S. opening hours, offering a natural window for international capital flows. Curtailing or rigidifying trading hours would jeopardise this strategic advantage.

At the same time, the EU must not simply follow developments in other jurisdictions without understanding their full context. While U.S. exchanges move toward 24-hour trading, it remains to be seen whether such models are sustainable or beneficial in the long term. Smaller and more specialised trading venues may face stronger operational challenges in adapting to 24-hour trading models, vis-à-vis larger exchange groups. A flexible and inclusive approach should ensure that shifts in trading norms do not inadvertently reduce the competitiveness or viability of these markets.

In short, European markets must conduct their own evidence-based assessments, focusing on investor outcomes, market structure integrity, and the objectives of the SIU.

5. FESE recommendations and conclusions

The evolution of trading hours in Europe must be guided by a balanced and evidence-based approach that considers operational realities, investor preferences, and the strategic interests of EU capital markets. FESE fully supports the ongoing assessment of market functionalities under the T+1 settlement initiative, which will realign the EU with major jurisdictions that are already on T+1.

FESE recommends the following principles in discussions around trading hours and potential extensions:

1. **Preserve market-driven flexibility**
    - Trading hours should remain the responsibility of trading venues and reflect the needs of local and cross-border investors.
    - The diversity of European market dynamics and ecosystems should be respected.
2. **Ensure operational readiness for extended hours**
    - Europe must also ensure that it is ready—both operationally and regulatory—for the possibility of longer trading hours, should the commercial and investor appetite move in that direction.
    - The transition to T+1 should be designed in a way that allows venues to offer extended hours if needed. Post-trade processes must support, not hinder, trading flexibility.

The trading venues community will continue to monitor international trends and assess whether and how these may impact Europe's competitiveness and investor expectations.

FESE stands ready to engage with regulators, market participants, and policymakers to ensure any developments in this area support a competitive, inclusive, and well-functioning European capital market.