

# SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105565; File No. SR-NSCC-2026-006]

## Self-Regulatory Organizations; National Securities Clearing Corporation; Order Approving Proposed Rule Change Concerning NSCC’s Ability to Support Industry Efforts to Extend Trading Hours for the U.S. Equity Markets

May 27, 2026.

### I. INTRODUCTION

On April 2, 2026, National Securities Clearing Corporation (“NSCC”) filed with the Securities and Exchange Commission (“Commission”) proposed rule change NSCC-2026-006, pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder.<sup>2</sup> The proposed rule change would amend NSCC’s Rules<sup>3</sup> to describe NSCC’s ability to support extended trading hours for the U.S. equity markets and to provide improved clarity around relevant processing times for its equity clearing services. The proposed rule change was published for comment in the *Federal Register* on April 16, 2026.<sup>4</sup> The Commission has received no comments on the changes proposed.

For the reasons discussed below, the Commission is approving the proposed rule change.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Capitalized terms not defined herein shall have the meaning assigned to such terms in the NSCC Rules, *available at* [www.dtcc.com/legal/rules-and-procedures](http://www.dtcc.com/legal/rules-and-procedures).

<sup>4</sup> *See* Securities Exchange Act Release No. 105210 (Apr. 13, 2026), 91 FR 20507 (Apr. 16, 2026) (File No. SR-NSCC-2026-006) (“Notice of Filing”).

## II. BACKGROUND

### NSCC Trade Capture and Recording Services

NSCC is a central counterparty (“CCP”) and provider of clearance and settlement services for transactions in broker-to-broker equity, corporate and municipal bond, and unit investment trust transactions in the U.S. markets. As a CCP, NSCC novates transactions between counterparties, effectively becoming the buyer to every seller and the seller to every buyer, and guarantees settlement of the novated transactions. NSCC’s CCP services are available to entities that are approved under the NSCC Rules to be direct NSCC Members and to other market participants through NSCC’s indirect access models.

The Universal Trade Capture system (“UTC”) is NSCC’s system for validating and reporting equity transactions submitted to NSCC by self-regulatory organizations (“SROs”), including registered securities exchanges (“Exchanges”), and Qualified Special Representatives (“QSRs”)<sup>5</sup> submitting trades on behalf of an automated execution

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<sup>5</sup> A “Special Representative” is a Member or a Registered Clearing Agency which applies to NSCC for such status and designates those Members for which it will act. Special Representatives may submit to NSCC for trade recording trade data on any transaction calling for delivery of Cleared Securities between it and another person. *See* NSCC Rule 7, Sections 1 and 2(a), *supra* note 3. A “Qualified Special Representative” (or QSR) is a Special Representative who (i) operates an automated execution system where it is always the contra side to each transaction; (ii) has a parent corporation or a affiliated corporation that operates an automated execution system where the Special Representative is always the contra side to each transaction; or (iii) clears for a broker/dealer who operates an automated execution system where the broker/dealer is always the contra side to each transaction, and the subscribers to the automated execution system enter into an agreement with the broker/dealer and the Special Representative acknowledging the Special Representative’s role in the clearance of trades executed on the automated execution system. *See* NSCC Rule 7, Section 3, *supra* note 3.

system or Alternative Trading System (“ATS”). UTC currently operates from 1:30 a.m. to 11:30 p.m. Eastern Time each business day.<sup>6</sup>

NSCC states that it begins accepting locked-in trades from certain QSRs for ATS activity between 1:30 and 4:00 a.m. each business day,<sup>7</sup> and that it accepts locked-in trades from both Exchanges and QSRs from 4:00 a.m. to 8:00 p.m. each business day.<sup>8</sup> This window is aligned with current Exchange trading sessions supported by the Securities Information Processors (“SIPs”),<sup>9</sup> which generally include an early hours or pre-market session from 4:00 to 9:30 a.m., regular hours or core market session from 9:30 a.m. to 4:00 p.m., and late hours or post-market session from 4:00 to 8:00 p.m.<sup>10</sup> NSCC states that it accepts other non-Exchange/non-QSR activity through UTC between the hours of 8:00 and 11:30 p.m., such as primary market exchange-traded fund

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<sup>6</sup> See Notice of Filing, *supra* note 4, at 20508. All times discussed herein are Eastern Time unless otherwise indicated.

<sup>7</sup> NSCC states that this activity currently represents approximately one percent of the overall trade volume cleared by NSCC. *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> SIPs process and consolidate all protected equities bid/ask quotes and trades from every registered exchange and the Financial Industry Regulatory Authority, Inc.’s Alternative Display Facility into a single, easily consumable data feed. There are currently two SIPs: (i) the combined Consolidated Tape Association (“CTA”) SIP, and (ii) the Unlisted Trading Privileges (“UTP”) SIP. The CTA SIP oversees the dissemination of real-time trade and quote information in New York Stock Exchange LLC (Network A) and Bats, Cboe, NYSE Arca, NYSE American and other regional exchanges (Network B) listed securities. See CTA Plan website, *available at* [www.ctaplan.com/index](http://www.ctaplan.com/index). The UTP SIP oversees the dissemination of Nasdaq-listed securities (sometimes called “Network C” or “Tape C” securities). See UTP Plan website, *available at* [www.utpplan.com](http://www.utpplan.com). Each SIP is governed by a plan and run by an Operating Committee comprised of its plan participants, which are counseled by an advisory committee made up of individuals representing firms from across the industry.

<sup>10</sup> See Notice of Filing, *supra* note 4, at 20508.

activity, prime broker activity, and options exercise and assignment activity from The Options Clearing Corporation.<sup>11</sup>

### Industry Initiatives to Extend Trading Hours for U.S. Equities

NSCC describes how the industry is currently working on several initiatives to expand trading hours for the U.S. equity markets due to growing interest in 24-hour trading, particularly from retail investors, which includes initiatives by Exchanges, QSRs and ATS operators, and the SIPs, as well as industry coordination through task forces and working groups. For example:

- On November 27, 2024, the Commission issued an order approving an application by 24X National Exchange LLC (“24X”) for registration as a national securities exchange.<sup>12</sup> As part of its application, 24X proposed to operate an overnight trading session from 8:00 p.m. to 4:00 a.m. (“24X Market Session”).<sup>13</sup> The adoption of this overnight session is subject to 24X filing a subsequent proposed rule change with the Commission and such filing being approved or otherwise becoming effective,<sup>14</sup>
- On February 11, 2025, the Commission approved a proposed rule change by NYSE Arca, Inc. (“NYSE Arca”) to offer trading from 1:30 a.m. through 11:30 p.m. on Monday through Thursday, and 1:30 a.m. through 8:00 p.m. on

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<sup>11</sup> See Notice of Filing, *supra* note 4, at 20508.

<sup>12</sup> See Securities Exchange Act Release No. 101777 (Nov. 27, 2024), 89 FR 97092 (Dec. 6, 2024) (File No. 10-242) (“24X Order”).

<sup>13</sup> 24X subsequently filed an immediately effective proposed rule change with the Commission to amend the start time of the 24X Market Session to 9:00 p.m. See Securities Exchange Act Release No. 104086 (Sept. 26, 2025), 90 FR 46978 (Sept. 30, 2025) (SR-24X-2025-07).

<sup>14</sup> See 24X Order at 97105-06, *supra* note 9.

Friday.<sup>15</sup> The adoption of NYSE Arca’s proposal is also subject to NYSE Arca filing a subsequent proposed rule change with the Commission and such filing being approved or otherwise becoming effective;<sup>16</sup>

- Cboe Global Markets announced plans to offer 24-hour, five-days-a-week trading for U.S. equities on its Cboe EDGX Equities Exchange (“EDGX”), subject to regulatory review;<sup>17</sup> and
- On March 7, 2025, Nasdaq announced plans to enable 24-hour trading on the Nasdaq Stock Market, subject to regulatory review.<sup>18</sup>

The participants of the SIPs have also submitted amendments to their respective operating plans (“Plan Amendments”) to the Commission to extend their operating hours to 9:00 p.m. Sunday through 8:00 p.m. Friday (excluding holidays), with a one-hour pause at 8:00 p.m. on Monday through Thursday for technical refreshes for the SIPs, SIP participants, and other market participants.<sup>19</sup> The SIPs’ Plan Amendments include certain

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<sup>15</sup> See Securities Exchange Act Release No. 102400 (Feb. 11, 2025), 90 FR 9794 (Feb. 18, 2025) (SR-NYSEARCA-2024-89) (“NYSE Arca Order”).

<sup>16</sup> See NYSE Arca Order at 9795-96, *id.*

<sup>17</sup> See Cboe Global Markets, Cboe Announces Plans to Launch 24x5 U.S. Equities Trading (Feb. 3, 2025), *available at* <https://ir.cboe.com/news/news-details/2025/Cboe-Announces-Plans-to-Launch-24x5-U.S.-Equities-Trading-2025-NwujmKvsxb/default.aspx>.

<sup>18</sup> See Nasdaq 24-Hour Trading Hub website, *available at* [www.nasdaq.com/24-hour-trading-hub](http://www.nasdaq.com/24-hour-trading-hub).

<sup>19</sup> See Securities Exchange Act Release Nos. 104665 (Jan. 22, 2026), 91 FR 3602 (Jan. 27, 2026) (SR-CTA/CQ-2026-01) (Consolidated Tape Association; Notice of Filing of Fortieth Substantive Amendment to the Second Restatement of the CTA Plan and Thirty-First Substantive Amendment to the Restated CQ Plan) and 104670 (Jan. 22, 2026), 91 FR 3609 (Jan. 27, 2026) (File No. S7-24-89) (Joint Industry Plan; Notice of Filing of the Fifty-Fifth Amendment to the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privileges Basis).

conditions, including the availability of central clearing during the proposed hours of operation.<sup>20</sup>

Several ATSS are currently offering overnight trading in U.S. equities during the hours of 8:00 p.m. to 4:00 a.m., including Blue Ocean Technologies, LLC’s Blue Ocean ATS,<sup>21</sup> OTC Markets Group’s MOON ATS,<sup>22</sup> and Bruce Markets’ Bruce ATS.<sup>23</sup>

Moreover, NSCC states that it understands that there are additional ATSS working to expand trading hours to include overnight trading sessions.<sup>24</sup>

NSCC states that it has held discussions concerning extended trading hours with advisory councils of NSCC, Fixed Income Clearing Corporation, and The Depository Trust Company (“DTC”) (collectively, the “Clearing Agencies,” all of which are owned by the Depository Trust & Clearing Corporation (“DTCC”)), which are composed of representatives of the Clearing Agencies’ participants and other relevant stakeholders,<sup>25</sup> as well as with certain working groups focusing on issues related to extended trading

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<sup>20</sup> *Id.*

<sup>21</sup> *See* Blue Ocean ATS Session hours on the Blue Ocean Technologies, LLC website, *available at* <https://blueocean-tech.io>.

<sup>22</sup> *See* MOON ATS operating hours on the OTC Markets Group website, *available at* [www.otcmarkets.com/otc-link/moon-ats](http://www.otcmarkets.com/otc-link/moon-ats).

<sup>23</sup> *See* Bruce Markets ATS operating hours on the Bruce Markets website, *available at* [www.brucemarkets.com](http://www.brucemarkets.com).

<sup>24</sup> *See* Notice of Filing, *supra* note 4, at 20509.

<sup>25</sup> The Clearing Agencies have established various advisory councils to ensure appropriate stakeholders are consulted for different types of material developments at the Clearing Agencies, which include an NSCC and DTC Clearance and Settlement Advisory Council, to facilitate compliance with Rule 17ad-25(j) under the Act. *See* 17 CFR 240.17ad-25(j). *See also* Securities Exchange Act Release No. 101764 (Nov. 26, 2024), 89 FR 95843, 95845 (Dec. 3, 2024) (SR-DTC-2024-009, SR-FICC-2024-010, SR-NSCC-2024-006).

hours. NSCC states that the advisory councils and working groups were supportive of NSCC's proposal to extend its hours to accommodate extended trading hours.<sup>26</sup>

### **III. DESCRIPTION OF THE PROPOSED RULE CHANGE**

In response to these industry initiatives and growing demand for 24-hour trading, NSCC proposes to extend its UTC operating and clearing hours to reduce the time between trade execution and the clearance and guarantee of overnight trades. NSCC would operate on a "24x5" basis from Sunday at 8:00 p.m. to Friday at 8:00 p.m. to support overnight trading activity from Exchanges and QSRs submitting on behalf of an ATS. NSCC states that extended clearing hours would facilitate the trade clearance and guarantee of overnight activity across different time zones for global industry participants and mitigate counterparty risk across the industry.<sup>27</sup>

The proposed rule change would amend the NSCC Rules to provide additional clarity regarding (i) NSCC's ability to support industry efforts to extend trading hours for the U.S. equity markets, and (ii) general timeframes, deadlines or cutoff times related to NSCC's core trade acceptance, clearing, settlement and risk management processes.

#### Trade Acceptance and Processing

The proposed rule change would amend NSCC Rule 1 (Definitions and Descriptions) and Procedure II (Trade Comparison and Recording Service) to add new defined terms and to describe trade acceptance and processing for Exchange and QSR/ATS market trading sessions.

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<sup>26</sup> See Notice of Filing, *supra* note 4, at 20509.

<sup>27</sup> *Id.*

The proposed rule change would add definitions for “Market Trading Session” and “Trade Processing Date” to NSCC Rule 1. “Market Trading Session” would be defined as “any market trading hours established or agreed upon by (i) self-regulatory organizations, (ii) automated execution systems (or alternative trading systems) for which transactions are submitted on a locked-in basis by Qualified Special Representatives, and/or (iii) securities information processors, which may include, but are not limited to, any pre-market trading sessions, core trading sessions, post-market trading sessions or overnight trading sessions.” “Trade Processing Date” would be defined as “the business date for which a trade is expected to be cleared by [NSCC].”

The proposed rule change would also adopt new subsection G of Procedure II to describe trade acceptance and processing for locked-in trades submitted during SRO (*i.e.*, Exchange) and QSR/ATS Market Trading Sessions, including those submitted during extended trading hours. The proposed rule change would provide that NSCC may accept locked-in trade data for any Market Trading Sessions, provided that such trades shall be accepted and processed within the operating hours of NSCC’s trade capture system.

Under the proposed rule change, NSCC states that it would move to a “24x5” operating model where UTC would be open for accepting trades for any valid trade date from Sunday at 8:00 p.m. to Friday at 8:00 p.m. to support all Market Trading Sessions during those times.<sup>28</sup> NSCC states that the proposed 24x5 operating hours would allow NSCC to accommodate trading activity currently anticipated from Exchanges and QSR/ATSs, including any pre-market trading sessions, core trading sessions, post-market

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<sup>28</sup> Next day trades will not be accepted the night before a non-U.S. trading day for equity markets. *Id.*

trading sessions, and overnight trading sessions that they may offer during NSCC's proposed 24x5 hours.<sup>29</sup>

The proposed rule change would also include new rule text in proposed subsection G of Procedure II to require that SROs and QSRs submitting locked-in trade data for overnight trading sessions include such indicators as NSCC may determine to designate such transactions as overnight trading session activity. NSCC states that the proposed rule change would help to ensure that all trades submitted for the overnight session are properly identified so that NSCC can verify Special Representative trading relationships and perform appropriate trade validations for the overnight session.<sup>30</sup>

The proposal would also add rules describing the process for Exchanges and QSRs to close out their trading activity for each Trade Processing Date. NSCC states that, currently at the end of each Trade Processing Date, trading markets and other sending entities (*e.g.*, Exchanges and QSRs) send a "Good Night Message" to UTC with their trade totals for each trading market, which UTC balances and confirms before sending its own Good Night Message to NSCC Members indicating trade totals as of each trading market close.<sup>31</sup> NSCC states that when all trading markets are closed, UTC sends a final Good Night Message to Members indicating UTC is closed for the Trade Processing Date.<sup>32</sup> NSCC states that this process is critical to ensure that (i) NSCC and trade submitters can reconcile their trade submission information for each Trade Processing

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<sup>29</sup> See Notice of Filing, *supra* note 4, at 20509.

<sup>30</sup> *Id.* at 20509-10.

<sup>31</sup> *Id.* at 20510.

<sup>32</sup> *Id.*

Date; (ii) NSCC can communicate trade totals and the close of each trading market and Trade Processing Date to its Members; and (iii) NSCC can roll its trade capture and risk systems to the next Trade Processing Date.<sup>33</sup>

Specifically, the proposed rule change would adopt new rules in proposed subsection G of Procedure II to provide that, each business day, each SRO and QSR shall submit a message to NSCC, in such form and at such times established by NSCC, confirming the conclusion of trading activity for the current Trade Processing Date (*i.e.*, the “Good Night Message”). The proposed rule change would further provide that, in the event that an SRO or QSR does not submit a Good Night Message for any Trade Processing Date, NSCC would have the authority to issue a Good Night Message on behalf of such SRO or QSR. NSCC states that it is important to clarify this process, and particularly its authority to issue Good Night Messages on behalf of SROs or QSRs who fail to submit such messages, so that NSCC can close UTC for all activity for a given Trade Processing Date in a timely manner and facilitate the end of day reporting, reconciliation and UTC processing tasks described above.

The proposed rule change would also add new rules in proposed subsection G of Procedure II to provide that SROs and QSRs shall not submit locked-in trade data for the next trade date prior to (i) NSCC processing a Good Night Message to close out the current Trade Processing Date for such submitter, and (ii) NSCC’s designated time for accepting trades for the next Trade Processing Date, which NSCC currently expects to occur around 8:00 p.m. Finally, the proposed rule change would amend proposed subsection G of Procedure II to state that NSCC will make available on its public website

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<sup>33</sup> *Id.*

a schedule of timeframes containing information concerning: (i) the operating hours of NSCC's equity trade capture system (*i.e.*, UTC); (ii) NSCC's time for accepting locked-in trades for the next Trade Processing Date; and (iii) the expected timelines and deadlines for the inclusion of locked-in trades in NSCC's (a) CNS night and day cycles, (b) trade reporting and outputs to Members, and (c) Required Fund Deposit calculations. NSCC states that the proposed rule change would promote improved clarity and transparency around NSCC's trade acceptance, trade processing and risk management timelines to Members, SROs, ATs and the general public.<sup>34</sup>

NSCC states that the proposed rule change is intended to reflect industry alignment around standardized start and end times for the trading day, and the beginning of overnight trading sessions, as reflected in Exchange proposals, ATS operating hours, and the SIP Plan Amendments discussed above.<sup>35</sup> NSCC further states that standardizing the trading day allows the industry to address a range of implementation considerations and operational complexities necessary to support the expansion of trading hours, including but limited to issues related to settlement processes, corporate actions, risk management, technology infrastructure and industry coordination.<sup>36</sup>

#### Special Representative Relationships

As noted above, a Special Representative is a Member that is authorized by one or more Member firms to act on their behalf, including for the submission of trades to

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<sup>34</sup> *Id.*

<sup>35</sup> *Id.* at 20510.

<sup>36</sup> *Id.*

NSCC.<sup>37</sup> A QSR is a type of Special Representative that is authorized to submit trades executed on an automated trading platform (*e.g.*, an ATS).<sup>38</sup> NSCC states that transactions submitted by Special Representatives and QSRs are treated by NSCC in the same manner as if both parties had agreed to the details of the transactions, and that once a trade is submitted by a Special Representative or QSR, NSCC treats it as “locked-in,” meaning it is compared, validated, and guaranteed for settlement.<sup>39</sup>

NSCC states that Special Representatives and QSRs must establish and maintain their Special Representative relationships with NSCC.<sup>40</sup> NSCC provides an automated relationship management system through which Members may establish and ultimately retire these Special Representative relationships pursuant to the NSCC Rules.<sup>41</sup>

The proposed rule change would expand Special Representative relationships, and the relationship management system, to cover separate relationships for the overnight trading session. Specifically, Procedure IV.E of the NSCC Rules would be amended to clarify that Members who wish to participate in overnight trading sessions must establish and maintain separate Special Representative and Qualified Special Representative relationships for overnight trading sessions. NSCC states that the proposed rule change

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<sup>37</sup> *See supra* note 5.

<sup>38</sup> *Id.*

<sup>39</sup> *See* Notice of Filing, *supra* note 4, at 20510.

<sup>40</sup> *Id.* Special Representative relationships are bilateral agreements between firms that are governed by the NSCC Rules and cover both QSR and correspondent clearing arrangements. *Id.*

<sup>41</sup> *See* Procedure IV, Section E, *supra* note 3.

would provide an additional control for Members to use to manage their overnight activity at NSCC.<sup>42</sup>

#### Publication of Key Timeframes

The proposed rule change would also modify the NSCC Rules concerning the maintenance of certain time schedules referenced in the NSCC Rules. Procedure XII of the NSCC Rules currently provides that NSCC will receive and deliver information, data and other items at specified times, which may change from time to time, and that Members may obtain the time schedule upon request and receive ten (10) days' notice of any change.

The proposed rule change would delete existing rule text in Procedure XII and replace it with new text to provide that NSCC shall make available on its public website information concerning key timeframes, deadlines or cutoff times related to its core trade acceptance, clearing, settlement and risk management of transactions under the NSCC Rules.<sup>43</sup> The proposed rule change would also clarify that all such times may be extended as needed by NSCC to (i) address operational or other delays that would reasonably prevent Members or NSCC from meeting the deadline or timeframe, as applicable, or (ii) allow NSCC time to operationally exercise its existing rights under the NSCC Rules. In addition, the proposed rule would clarify that all times applicable to NSCC are standards and not deadlines, and that actual processing times may vary slightly, as necessary. NSCC states that making key timeframes available on its public website would improve

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<sup>42</sup> *Id.*

<sup>43</sup> NSCC included a draft version of the NSCC Schedule of Trade Processing Timeframes for Equity Clearing and Settlement in Exhibit 3 to this filing.

Members’ and the general public’s understanding of the timeframes applicable to NSCC’s core trade acceptance, clearing, settlement and risk management of transactions.<sup>44</sup>

### Risk Management and Operational Monitoring of Overnight Trades

#### *Risk Management Overview*

NSCC is not currently proposing any changes to its risk management rules or margin/Clearing Fund methodology in connection with the move to 24x5. NSCC states that it would manage additional trading activity received during overnight trading sessions through its existing risk management rules and margin/Clearing Fund methodology, similar to the risk management of overnight QSR/ATS activity and pre-market trading session activity currently cleared by NSCC.<sup>45</sup>

NSCC states that it generally expects that overnight trading sessions would occur between 9:00 p.m. and 9:30 a.m. for Exchanges and 8:00 p.m. to 4:00 a.m. for QSR/ATS activity; however, these timeframes are subject to change based on, for example, proposed rule change filings by the Exchanges and the approval of the SIP Plan Amendment necessary to implement extended trading hours.<sup>46</sup> NSCC states that, under its current and future risk processing capabilities, it accepts trades and incorporates those transactions into its start-of-day (“SOD”) risk margin calculations until UTC sends a final Good Night Message closing the Trade Processing Date for NSCC (approximately 12:00

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<sup>44</sup> See Notice of Filing, *supra* note 4, at 20511.

<sup>45</sup> *Id.*

<sup>46</sup> *Id.*

a.m. each day).<sup>47</sup> Accordingly, any overnight trades received prior to UTC closing out the current Trade Processing Date would be incorporated into NSCC's SOD risk margin calculations and Clearing Fund collection processes, as set forth in NSCC Rule 4 and Procedure XV of the NSCC Rules. Any overnight trades received after UTC has closed the current Trade Processing Date would be included in NSCC's intraday monitoring and margin process, as set forth in Section I.(B)(5) of Procedure XV.<sup>48</sup>

NSCC states that it believes its current risk management practices would adequately address the risk presented by the additional activity received during extended trading hours.<sup>49</sup> NSCC calculates and collects Clearing Fund from its Members using a risk-based margin methodology that enables NSCC to identify the risks posed by a Member's unsettled portfolio and quickly adjust and collect additional deposits as needed to cover those risks.<sup>50</sup> NSCC states that the margin requirement differential ("MRD") charge is specifically designed to capture the risk of a Member's portfolio for the accumulated trades during the entire day, up to the UTC Good Night Message, to cover the day-over-day increase in the portfolio risk stemming from all trades during the day, including any overnight trading session.<sup>51</sup> NSCC further states that the MRD charge's design also uses a look-back period to capture the spikes in volumes and associated risk

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<sup>47</sup> *Id.*

<sup>48</sup> *Id.* For example, NSCC states that a trade received at 11:00 p.m. on Monday would be included in NSCC's SOD margin/Clearing Fund calculations for collection on Tuesday morning, while a trade received at 1:30 a.m. on Tuesday would not be included in the SOD calculations for Tuesday but would be included in Tuesday's intraday risk monitoring and margin process. *Id.*

<sup>49</sup> *Id.*

<sup>50</sup> See *id.* and Procedure XV, *supra* note 3.

<sup>51</sup> Notice of Filing, *supra* note 4, at 20511.

over the past 100 days.<sup>52</sup> MRD would be included as part of NSCC’s SOD risk margin calculations and Clearing Fund collection processes.

NSCC states that trading activity submitted for the overnight trading session represents a small fraction of the overall trade volume cleared by NSCC.<sup>53</sup> Based on feedback from industry outreach, NSCC states that it believes that overnight trading volumes will increase gradually and steadily over the next few years as ATs and Exchanges expand and normalize overnight trading hours as opposed to seeing an immediate significant increase in volumes upon the implementation of NSCC’s 24x5 proposal.<sup>54</sup>

#### *Required Fund Deposits*

NSCC manages its credit exposure to its Members by determining the appropriate Required Fund Deposit to the Clearing Fund for each Member and by monitoring the sufficiency of such deposits, as provided for in the NSCC Rules.<sup>55</sup> The objective of a Member’s Required Fund Deposit is to mitigate potential losses to NSCC associated with liquidating a Member’s portfolio in the event NSCC ceases to act for that Member (hereinafter referred to as a “default”).<sup>56</sup> Required Fund Deposits operate, individually, as the Member’s margin, and the aggregate of all such Members’ deposits is referred to, collectively, as the Clearing Fund. NSCC

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<sup>52</sup> *Id.*

<sup>53</sup> *Id.*

<sup>54</sup> *Id.*

<sup>55</sup> *See* NSCC Rule 4, *supra* note 3.

<sup>56</sup> The NSCC Rules identify when NSCC may cease to act for a Member and the types of actions NSCC may take. *See* NSCC Rule 46, *supra* note 3.

would access the Clearing Fund should a defaulting Member's own Required Fund Deposit be insufficient to satisfy losses to NSCC caused by the liquidation of that Member's portfolio.

NSCC calculates and collects Clearing Fund from its Members (*i.e.*, a Required Fund Deposit) on a daily basis using a risk-based margin methodology.<sup>57</sup> A Member's Required Fund Deposit may vary daily and is generally based upon the Member's trading activity and current unsettled positions.<sup>58</sup> Required Fund Deposit deficits are due to NSCC each business day, typically by 10:00 a.m.<sup>59</sup> Transactions accepted by NSCC prior to UTC's final Good Night Message, which is expected to occur at approximately 12:00 a.m. each business day, would be factored into this SOD margin collection.<sup>60</sup>

Each Member's Required Fund Deposit amount consists of a number of applicable components, each of which is calculated to address specific risks faced by NSCC, as identified within the NSCC Rules. The major components of NSCC's Clearing Fund charges include, but are not limited to: (i) volatility charges for securities based on asset type and liquidity profile; (ii) mark-to-market charges; (iii) fail charges; (iv) a charge for Family-Issued Securities to mitigate wrong way risk; (v) a charge to mitigate day-over-day margin differentials (*i.e.*, the margin requirement differential or "MRD" charge); (vi) a coverage component; (vii) a margin liquidity adjustment component; (viii) a backtesting charge; and (ix) an excess capital premium charge.<sup>61</sup>

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<sup>57</sup> See NSCC Rule 4, *supra* note 3.

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

<sup>60</sup> See Notice of Filing, *supra* note 4, at 20511 and Procedure XV, *supra* note 3.

<sup>61</sup> See Procedure XV, *supra* note 3.

NSCC states that the MRD charge addresses potential market risk based on portfolio fluctuations as a Member executes trades throughout the day, which would include portfolio fluctuations that occur during extended/overnight trading hours. Pursuant to Addendum K of the NSCC Rules, NSCC's central counterparty trade guaranty generally attaches immediately upon trade validation, which may occur before the time that NSCC has collected the Member's Required Fund Deposit at the start of each day.<sup>62</sup> As a result, NSCC states that it may be exposed to large un-margined intraday portfolio fluctuations before NSCC has collected the Member's Clearing Fund requirement the following morning.<sup>63</sup>

The MRD charge is calculated based on the day-over-day positive changes in the Member's SOD volatility charge and mark-to-market ("MTM") charge components, which are calculated based on the overnight or end-of-day positions.<sup>64</sup> The MRD charge is designed to mitigate the risks posed to NSCC by day-over-day fluctuations in a Member's portfolio by forecasting future changes in a Member's portfolio based on a historical look-back at each Member's portfolio over a given time period.<sup>65</sup> Since the MRD charge captures the risk of the portfolio for the accumulated trades during the entire day, up to the UTC Good Night Message at approximately 12:00 a.m., the day-over-day increase in the portfolio risk stemming from all trades during the day, including any

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<sup>62</sup> See Notice of Filing, *supra* note 4, at 20511-12 and Addendum K, *supra* note 3.

<sup>63</sup> See Notice of Filing, *supra* note 4, at 20512.

<sup>64</sup> See Section I.(A)(1)(e) and I.(A)(2)(d) of Procedure XV, *supra* note 3.

<sup>65</sup> See Notice of Filing, *supra* note 4, at 20512.

overnight trading session, would be reflected in the MRD calculation.<sup>66</sup> Given the MRD’s design to use a look-back period, the spikes in volumes and associated risk over the past 100 days are already captured in the MRD calculation each day.<sup>67</sup> NSCC states that members that present NSCC with larger increases in day-over-day value-at-risk (“VaR”) and MTM also have larger MRD amounts.<sup>68</sup> NSCC states that it believes that the MRD charge will capture credit exposures that may arise from its participants related to overnight trading activity.<sup>69</sup>

NSCC further states that its Clearing Fund methodology, including the MRD component, is subject to regular periodic model performance monitoring reviews under the Clearing Agency Model Risk Management Framework and associated policies and procedures, both in the aggregate and at the Member-level, and that any model performance issues, if found attributable to the extended trading activities, will lead to further analysis, escalation, and remediation.<sup>70</sup>

#### *Intraday Monitoring and Margin Collection*

NSCC may also collect payments from Members on an intraday basis based on changes in its risk exposures (an “Intraday Margin Charge”), including when certain risk thresholds are breached or when the products cleared or markets served display elevated

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<sup>66</sup> *Id.*

<sup>67</sup> *Id.*

<sup>68</sup> *Id.*

<sup>69</sup> *Id.*

<sup>70</sup> *Id.*

volatility.<sup>71</sup> Intraday Margin Charges include charges based on NSCC’s re-calculated intraday mark-to-market exposures (“Intraday MTM Charge”)<sup>72</sup> and intraday volatility exposures (“Intraday Volatility Charge”)<sup>73</sup> for each Member. Any overnight trades received after UTC has closed the current Trade Processing Date would be included in these intraday monitoring and margin processes.

NSCC risk systems generate and monitor intraday volatility and mark-to-market exposures on a 15-minute basis between 6:00 a.m. and 11:00 p.m. each business day. NSCC states that it generally conducts intraday monitoring of its exposures for purposes of assessing Intraday Margin Charges at 15-minute intervals between the hours of 10:00 a.m. and 4:30 p.m.; however, NSCC maintains authority and operational capacity to collect Intraday Margin Charges at any time during the system monitoring window if circumstances warrant.<sup>74</sup> Furthermore, NSCC states that it is currently working to expand its 15-minute monitoring capability beyond the current hours of 6:00 a.m. to 11:00 p.m.<sup>75</sup>

NSCC states that it also plans to expand its offshore time zone footprint beyond existing locations with continuous training to be provided to offshore teams, with U.S. -

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<sup>71</sup> See Section I.(B)(5) of Procedure XV, *supra* note 3.

<sup>72</sup> The Intraday MTM Charge is based on the difference between the last marked-to-market price of a Member’s net CNS and Balance Order positions (including CNS fails) and the most recently observed market price for such positions. See Section I.(B)(5)(a) of Procedure XV, *supra* note 3.

<sup>73</sup> The Intraday Volatility Charge is designed to address the volatility risks presented by Members’ intraday net unsettled positions between the collection of margin at the start of each business day. See Procedure XV, *supra* note 3.

<sup>74</sup> See Notice of Filing, *supra* note 4, at 20512. Additional information concerning NSCC’s margin methodology and intraday risk management processes can be found in the NSCC Risk Margin Component Guide, *available at* <https://dtcclearing.com/products-and-services/equities-clearing/nscc-risk-management.html>.

<sup>75</sup> See Notice of Filing, *supra* note 4, at 20512.

based staff remaining available for escalation support to ensure continuity and oversight.<sup>76</sup>

### *Operational Monitoring and Support*

In addition to the risk management framework described above, NSCC also has additional operational monitoring and support capabilities to support extended trading hours. NSCC states that it would leverage DTCC's existing global footprint to ensure continuous support coverage and monitoring from Sunday at 8:00 p.m. through Friday at 8:00 p.m. without expanding infrastructure or concentrating risk in any single region.<sup>77</sup> NSCC states that it currently operates with a 24x7 technology/application support model and 24x6.5 client/trade submitter support hours (currently from Sunday at 7:00 a.m. to Saturday at 4:00 p.m.) to monitor and address issues during extended trading hours, with trained staffing around the globe to support these functions and address significant incidents.<sup>78</sup> NSCC states that it is also enhancing its trade capture platform by developing data observability dashboards to provide detective anomaly controls to assist in identifying potentially erroneous submissions in UTC, and that all transaction monitoring protocols used during core trading hours (9:30 a.m. – 4:00 p.m.) would be extended to the overnight session.<sup>79</sup>

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<sup>76</sup> See Notice of Filing, *supra* note 4, at 20512-13.

<sup>77</sup> See Notice of Filing, *supra* note 4, at 20513.

<sup>78</sup> *Id.* This includes client/trade submitter support across three (3) shifts that would be covered from the U.S. (Jersey City, Boston, Dallas and Tampa), Philippines (Manilla), United Kingdom (London), Singapore (Singapore), and India (Chennai and Hyderabad). *Id.*

<sup>79</sup> See Notice of Filing, *supra* note 4, at 20513.

NSCC further states that DTCC’s Enterprise Resiliency Office (“ERO”) plays a central role in the Clearing Agencies’ coordination and facilitation of the incident management and reporting processes, and that ERO has implemented a 24x7 “follow-the-sun” coverage model to appropriately identify, assess, and manage incidents or potential incidents that may impact NSCC’s ability to deliver products or services, including those that may occur during the overnight trading session.<sup>80</sup>

#### Additional Risk Management Enhancements

Following implementation of this proposed rule change, NSCC states that it will continue to monitor and evaluate trading volumes and risk exposures during the overnight trading session, and determine whether additional margin or risk management enhancements are necessary to address the additional risks presented by overnight trading.<sup>81</sup> NSCC states that such risk management enhancements could include changes to NSCC’s margin methodology or Clearing Fund requirements, Intraday Margin Charge requirements, or ongoing membership requirements concerning financial or operational capability related to the 24x5 operating model.<sup>82</sup> Based on its assessment of any additional risks presented by overnight trading, NSCC states that it will propose and file further rule changes pursuant to Section 19(b)(1) of the Act,<sup>83</sup> and the rules thereunder, prior to accepting overnight trades from Exchanges, if NSCC determines that additional risk management enhancements are necessary to address additional risks presented by

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<sup>80</sup> *Id.*

<sup>81</sup> *Id.*

<sup>82</sup> *Id.*

<sup>83</sup> 15 U.S.C. 78s(b)(1).

overnight trading.<sup>84</sup> NSCC states that it would file such proposed rule change(s) with the objective of seeking regulatory approval and implementation of any proposed enhancements to risk management prior to Exchanges going live with 24x5 trading.<sup>85</sup> NSCC plans to implement the proposed rule change on June 28, 2026.<sup>86</sup>

#### **IV. DISCUSSION AND COMMISSION FINDINGS**

Section 19(b)(2)(C) of the Act<sup>87</sup> directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and rules and regulations thereunder applicable to such organization. After careful review of the proposed rule change, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to NSCC. More specifically, for the reasons given below, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act<sup>88</sup> and Rules 17ad-22(e)(4)(i), (6)(iii) and (21) thereunder.<sup>89</sup>

##### **A. Consistency with Section 17A(b)(3)(F)**

Section 17A(b)(3)(F) of the Act<sup>90</sup> requires, in part, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of

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<sup>84</sup> See Notice of Filing, *supra* note 4, at 20513.

<sup>85</sup> *Id.*

<sup>86</sup> *Id.*

<sup>87</sup> 15 U.S.C. 78s(b)(2)(C).

<sup>88</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>89</sup> 17 CFR 240.17ad-22(e)(4)(i), (6)(iii) and (21).

<sup>90</sup> 15 U.S.C. 78q-1(b)(3)(F).

securities transactions, and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.

As described above in Section III, the proposed rule change would describe NSCC's arrangements to support extended trading hours for the U.S. equity markets and provide improved clarity around relevant processing times for its equity clearing services. The extension of NSCC's UTC operating and clearing hours should enable NSCC to promptly and accurately clear, guarantee, risk manage, and settle trades executed during extended trading hours, particularly those trades executed during overnight trading sessions, which are not fully covered by NSCC's existing operating model. Under the proposed rule change, NSCC would operate on a "24x5" basis from Sunday at 8:00 p.m. to Friday at 8:00 p.m. As a result, the proposed rule change should enable NSCC to promptly and accurately clear and apply its CCP trade guaranty to trades executed during extended trading hours. Accordingly, the proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions.

NSCC would manage the risk from the activity cleared during extended trading hours using its existing risk management framework. NSCC uses a risk-based margin and Clearing Fund methodology to calculate and collect SOD margin requirements each day from Members to cover NSCC's potential exposures and to monitor and address intraday exposures through the Intraday MTM Charge and Intraday Volatility Charge. NSCC's margin methodology also includes an MRD charge specifically designed to mitigate the risks posed to NSCC by day-over-day fluctuations in a Member's portfolio by forecasting future changes in a Member's portfolio based on a historical look-back at each Member's

portfolio over a given time period, which should capture fluctuations in NSCC's risk exposure during overnight trading sessions.

NSCC's existing risk management framework should enable it to identify, measure, monitor, and manage the potential credit exposures that may arise from its participants related to overnight trading activity. NSCC uses the margin and Clearing Fund it collects to mitigate potential losses to NSCC (and, through loss allocation, to its Members) associated with liquidating a defaulting Member's portfolio. This risk management framework should allow NSCC to continue to effect the prompt and accurate clearance and settlement of securities transactions in the event NSCC ceases to act for a Member, thereby assuring the safeguarding of securities and funds which are in the custody or control of NSCC or for which it is responsible.

Following implementation of this proposed rule change, NSCC has stated that it will continue to monitor and evaluate trading volumes and risk exposures during the overnight trading session, and determine whether additional margin or risk management enhancements are necessary to address the additional risks presented by overnight trading.<sup>91</sup> NSCC has further stated that such risk management enhancements could include changes to NSCC's margin methodology or Clearing Fund requirements, Intraday Margin Charge requirements, or ongoing membership requirements concerning financial or operational capability related to the 24x5 operating model, and that it will propose and file further rule changes pursuant to Section 19(b)(1) of the Act prior to accepting

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<sup>91</sup> See Notice of Filing, *supra* note 4, at 20513.

overnight trades from Exchanges, if NSCC determines that additional risk management enhancements are necessary to address additional risks presented by overnight trading.<sup>92</sup>

The proposed rule change would also require NSCC to maintain a schedule of its key equity clearing and settlement processes on its public website, which should improve Members' understanding of the key timeframes applicable to NSCC's core trade acceptance, clearing, settlement and risk management of transactions. This, in turn, should help Members understand their potential obligations to NSCC, facilitating the prompt and accurate clearance and settlement of securities transactions.

For these reasons, the proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions, and to assure the safeguarding of securities and funds which are in the custody or control of NSCC or for which it is responsible, consistent with the requirements of Section 17A(b)(3)(F) of the Act.

B. Consistency with Rules 17ad-22(e)(4)(i) and (6)(iii)

Rule 17ad-22(e)(4)(i)<sup>93</sup> under the Act requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes, including by maintaining sufficient financial resources to cover its credit exposure to

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<sup>92</sup> NSCC states that it would file such proposed rule change(s) with the objective of seeking regulatory approval and implementation of any proposed enhancements to risk management prior to Exchanges going live with 24x5 trading. *Id.*

<sup>93</sup> 17 CFR 240.17ad-22(e)(4)(i).

each participant fully with a high degree of confidence. Rule 17ad-22(e)(6)(iii)<sup>94</sup> under the Act further requires that a covered clearing agency that provides CCP services establish, implement, maintain, and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that calculates margin sufficient to cover its potential future exposure to participants in the interval between the last margin collection and the close out of positions following a participant default.

As described above in Sections III and IV.A, NSCC would manage the risk from the activity cleared during extended trading hours using its existing risk management framework. NSCC's risk-based margin and Clearing Fund methodology, including the MRD charge designed to capture day-over-day Member portfolio fluctuations through a historical look-back period, should capture fluctuations in NSCC's risk exposure during overnight trading sessions. Overnight trades received prior to UTC closing the Trade Processing Date would be incorporated into NSCC's SOD risk margin calculations and subject to the MRD charge, while trades received after UTC closure would be included in NSCC's intraday monitoring and margin processes. Trading activity submitted for overnight trading sessions represents a small fraction of overall trade volume cleared by NSCC, and NSCC expects overnight trading volumes to increase gradually and steadily over time.<sup>95</sup> Moreover, as noted above, NSCC has stated that it will continue monitoring and evaluating trading volumes and risk exposures during the overnight trading session

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<sup>94</sup> 17 CFR 240.17ad-22(e)(6)(iii).

<sup>95</sup> See Notice of Filing, *supra* note 4, at 20511.

and propose additional risk management enhancements, if necessary, including prior to the Exchanges expanding their trading hours.

The proposed rule change also includes operational controls to support overnight trading risk management. Under the proposal, SROs and QSRs submitting locked-in trade data for overnight trading sessions must include indicators designating such transactions as overnight trading session activity, enabling NSCC to verify Special Representative trading relationships and perform appropriate trade validations. Moreover, Members participating in overnight trading sessions must establish and maintain separate Special Representative and Qualified Special Representative relationships for overnight trading sessions, providing NSCC with enhanced controls to manage overnight activity.

Therefore, NSCC's existing risk management framework, combined with these operational controls, is reasonably designed to enable NSCC to identify, measure, monitor, and manage the potential credit exposures that may arise from its participants related to overnight trading activity, and to calculate and collect margin sufficient to cover its potential future exposure to participants in accordance with the requirements of Rules 17ad-22(e)(4)(i) and (6)(iii) under the Act.

C. Consistency with Rule 17ad-22(e)(21)

Rule 17ad-22(e)(21)<sup>96</sup> under the Act requires, in part, that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to be efficient and effective in meeting the requirements of its participants and the markets it serves. As described above in Section III, the industry is currently working on several initiatives to expand trading hours for the U.S. equity

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<sup>96</sup> 17 CFR 240.17ad-22(e)(21).

markets due to growing interest in 24-hour trading, particularly from retail investors. This includes initiatives by Exchanges, QSRs and ATS operators, and the SIPs, as well as industry coordination through task forces and working groups organized by DTCC and SIFMA. The proposed 24x5 operating model is designed to accommodate these industry efforts and should enable NSCC to promptly and accurately clear and apply its CCP trade guaranty to trades executed during extended trading hours, particularly overnight trading sessions occurring across different time zones for global industry participants. Accordingly, the proposed rule change is reasonably designed to efficiently and effectively meet the requirements of its participants and the markets it serves in accordance with Rule 17ad-22(e)(21).

## **V. CONCLUSION**

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act and in particular with the requirements of Section 17A of the Exchange Act<sup>97</sup> and the rules and regulations promulgated thereunder.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Exchange

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<sup>97</sup> 15 U.S.C. 78q-1.

Act<sup>98</sup> that proposed rule change SR-NSCC-2026-006 be, and hereby is, APPROVED.<sup>99</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>100</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>98</sup> 15 U.S.C. 78s(b)(2).

<sup>99</sup> In approving the proposed rule change, the Commission considered the proposals' impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>100</sup> 17 CFR 200.30-3(a)(12).