

Wall Street Never Sleeps (and now, neither does Nasdaq)

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On December 15, 2025, the Nasdaq Stock Market LLC (Nasdaq) announced that it intends to formally seek Securities and Exchange Commission (SEC) approval to expand its weekday trading schedule to 23 hours per day, a significant increase from the current 16-hour framework. The proposal builds on earlier statements by Nasdaq President, Tal Cohen, indicating that Nasdaq has begun discussions with regulators regarding the expanded trading schedule and is targeting a potential launch in the second half of 2026. If approved by the SEC, the initiative would represent one of the most consequential changes to the structure of U.S. equity markets in decades, moving U.S. markets closer to a near-continuous trading model. While extended hours may enhance global access and price discovery, they also raise important operational, liquidity, and compliance considerations for issuers, broker-dealers, and institutional investors.

NASDAQ'S PROPOSAL: TRADING STRUCTURE AND MECHANICS

Nasdaq has proposed a two-session trading model designed to support near-24-hour weekday trading:

- Day Session: 4:00 a.m. to 8:00 p.m. Eastern Time
- Night Session: 9:00 p.m. to 4:00 a.m. Eastern Time

A one-hour intermission between the Day Session and the Night Session would be reserved for systems maintenance, trade clearing, and testing.

This proposal would significantly expand Nasdaq's current weekday trading schedule, which consists of:

- Pre-Market Session: 4:00 a.m. to 9:30 a.m. Eastern Time
- Regular Market Session: 9:30 a.m. to 4:00 p.m. Eastern Time
- Post-Market Session: 4:00 p.m. to 8:00 p.m. Eastern Time

If approved and adopted, Nasdaq's proposal would consolidate these existing sessions into a broader framework that materially extends trading access outside traditional U.S. business hours.

MARKET STRUCTURE AND COMPETITIVE CONTEXT

Nasdaq's proposal reflects a broader industry trend toward extended and continuous trading. Retail-focused platforms, including Robinhood, have already implemented near-24-hour trading for certain U.S. equities and digital assets. In addition, the New York Stock Exchange received SEC approval earlier this year for an expanded weekday trading schedule of up to 22 hours.

Collectively, these initiatives signal increasing competitive pressure among exchanges and intermediaries to provide greater flexibility for investors to respond to global news cycles and non-U.S. market events.

PRACTICAL IMPLICATIONS FOR MARKET PARTICIPANTS

If approved, a near-24/5 trading model would have wide-ranging implications across the U.S. securities ecosystem.

- **Global Investors and Asset Managers.** Extended trading access may reduce reliance on off-exchange trading outside of traditional trading hours and could enhance price discovery tied to international developments. However, market participants will need to carefully evaluate the quality of trade execution during periods of thinner liquidity.
- **Broker-Dealers and Market Makers.** Broker-dealers and liquidity providers should expect materially increased operational and risk management demands as a result of expanded trading hours. These demands are likely to include the need for expanded staffing and supervisory coverage across overnight hours, enhanced market surveillance and incident-response capabilities, and revisions to best execution, order routing, and liquidity management policies to account for trading activity outside of traditional market hours. In addition, liquidity during the proposed Night Session is expected to be meaningfully lower than during core market hours, particularly in the early stages of implementation, which may result in wider bid-ask spreads and increased volatility.

MARKET INFRASTRUCTURE PROVIDERS

Critical market utilities and infrastructure providers, including the Depository Trust & Clearing Corporation and the securities information processors, would need to extend clearing, settlement, and market data dissemination processes to support orderly trading across the expanded schedule. Several large institutions have already expressed concern regarding the cost, complexity, and systemic readiness associated with these changes.

PREPARING FOR A POTENTIAL EXTENDED TRADING DAY

Although Nasdaq's proposal is still in its infancy, market participants should begin planning for a staged implementation as early as the second half of 2026. In particular, firms should consider:

- Whether existing trading, connectivity, and data systems can support near-continuous operations
- Whether order routing, best execution, and risk controls appropriately account for overnight liquidity dynamics
- How supervision and surveillance programs should be recalibrated to cover extended trading hours
- The need for client education regarding liquidity, pricing, and volatility outside traditional market hours

Advance planning will be critical to managing transition risk while positioning firms to take advantage of new trading opportunities.

KEY TAKEAWAYS

Nasdaq's proposal represents a potential inflection point for the structure of U.S. equity markets. While expanded trading hours may enhance global access and responsiveness, successful implementation will depend on coordinated readiness across exchanges, intermediaries, clearing agencies, and market data providers. Even if adoption is gradual, the trend towards near-continuous U.S. equity trading is increasingly clear. Firms that prepare early from an operational, technological, and governance perspective will be best positioned to navigate the risks and capitalize on the opportunities presented by an extended trading day.

MONITORING DEVELOPMENTS

We are closely monitoring Nasdaq’s anticipated SEC filing and related market structure initiatives, including developments affecting clearing, market data, execution quality, and compliance frameworks. If you have questions about how these potential changes may affect your trading, operations, or governance programs, please contact your usual Winston & Strawn representative.

3 Min Read

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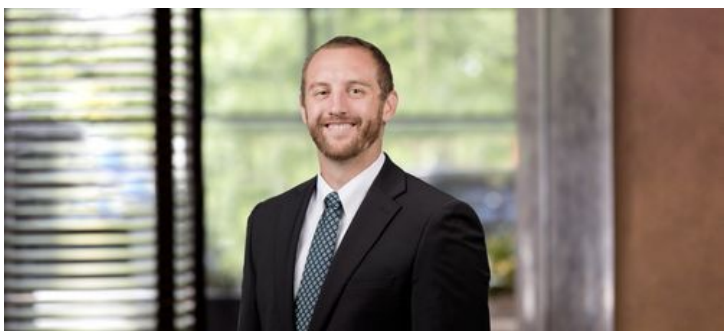
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