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FEATURED INSIGHTS

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Rebuilding the Financial Clock: The Rise of 24/7 Finance and how Tokenized Markets are Redefining Traditional Finance

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FEATURED INSIGHTS

Instant Markets: From Market Hours to Market Continuity: Tokenization and the Rise of 24/7 Finance

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1. INTRODUCTION

The global financial industry stands at the threshold of a significant structural transformation. The extension of market hours represents a fundamental rewiring of post-trade infrastructure, driven by technological innovation, and evolving market demand.

Across all major recent global derivatives and finance conferences, tokenization and the shift toward 24/7 trading & clearing (and faster settlements) have been core to many discussions, emerging as central themes across the panels.¹ The path to 24/7 trading & clearing requires a closer look at Distributed Ledger Technology (DLT) and asset tokenization. This same path unlocks capital efficiency and mitigates settlement risk. However, it simultaneously demands a coordinated overhaul of technological, operational, regulatory and legal frameworks across the entire financial ecosystem. No single participant can accomplish this alone.

This Featured Insight examines three dimensions of this transformation:

- **The Technology Shift:** DLT and tokenization are compressing settlement from days to seconds. Major players, from both Traditional Finance (TradFi) and Decentralized Finance (DeFi), have moved from pilots to production, signalling that tokenised settlement is now core infrastructure.
- **Strategic Implications for FMI:** For Central Counterparties (CCPs) and their Clearing Members (CMs), 24/7 collateral mobility and instant Delivery versus Payment (DvP) settlement offer tangible advantages: reduced margin buffers, reduced counterparty risk, and streamlined operations. However, the transition requires coordinated infrastructure evolution across exchanges, clearing houses, and reporting facilities.
- **The Regulatory Landscape:** Regulators must adapt market safeguards to continuous trading, while central banks navigate the emergence of a "multi-money" ecosystem. The EU and UK are charting divergent paths: institutions operating across jurisdictions will need to track both carefully.

2. TECHNOLOGY SHIFT: FROM T+X TO NEAR INSTANT SETTLEMENT

The multi-day settlement window in legacy systems is a structural necessity born from fragmented bookkeeping across multiple intermediaries. The T+2 standard, while an improvement from the T+5 of decades past, still exposes counterparties to replacement cost risk, ties up capital, and creates operational complexity.

DLT fundamentally changes this equation. A single, shared, immutable ledger eliminates the reconciliation bottleneck, compressing settlement from days to seconds.²

Tokenization takes this further by embedding an asset's governing rules directly into programmable code. Corporate actions, dividend distributions, and coupon payments can execute automatically based on pre-defined conditions. The asset and its governing logic become inseparable.³

FROM PILOTS TO PRODUCTION

Initiatives from both TradFi and DeFi players have progressed to operational pilots, and the results are encouraging:

- ClearToken's CT Settle platform has completed successful co-pilot testing with a consortium that includes LMAX Digital (institutional exchange), Flow Traders (market maker), Zodia Custody (custodian), Bank Frick (independent bank), and Nasdaq Eqlipse Clearing (clearing technology).⁴ The model employs Delivery versus Payment (DvP), combined with a netting process that significantly reduces the capital participants must hold in reserve.
- On January 15, 2026, LSEG launched its Digital Settlement House (DiSH): an open-access platform enabling programmatic, instantaneous settlement between independent payment networks, both on and off chain.⁵ Supporting 24/7 movement across multiple currencies and jurisdictions via Payment versus Payment (PvP) and DvP mechanisms, DiSH signals that traditional exchange operators now view tokenised settlement as core infrastructure rather than experimental sideshow.

¹ FIA Asia Derivatives Conference, Singapore, December 2025. Altair & Alang in attendance.

² <https://globacap.com/content-hub/articles/tokenised-securities-and-settlement-processes/>

³ <https://www.pwc.com/us/en/tech-effect/emerging-tech/tokenisation-in-financial-services.html>

⁴ <https://www.marketsmedia.com/cleartoken-enables-24-7-instant-settlement/>

⁵ <https://www.lseg.com/en/media-centre/press-releases/2026/lseg-launches-digital-settlement-house>

3. STRATEGIC OPPORTUNITIES FOR FINANCIAL INSTITUTIONS

The transition to continuous markets creates opportunities that extend well beyond operational efficiency. For CCPs and CMs willing to engage early, the strategic advantages are substantial.

UNLOCKING COLLATERAL MOBILITY AND MARGIN EFFICIENCY

Leadership at Intercontinental Exchange (ICE) views the 24/7 collateral mobility as a strategic lever: reduced overall margin requirements free up client capital, which in turn feeds its way into higher trading volumes.⁶

The current reality requires global clearing houses to demand excess collateral as a buffer against cross-time zone transfer delays. When a margin call occurs in Asia during European or US off-hours, the client cannot move funds until banks re-open. On-chain infrastructure eliminates this friction completely.

The DvP model in tokenised settlement virtually eliminates counterparty credit risk by ensuring the simultaneous exchange of assets and payment. ClearToken's emphasizes that this model enables institutions to operate with "*predictable cash movements*" - a crucial element for effective treasury and risk management.⁷ For CMs in particular, this predictability transforms the daily operational challenge of managing client margin flows.

CASE STUDY: TOKENISING DERIVATIVES COLLATERAL

The management of derivatives collateral is a critical, high-friction area of market operations where tokenization can offer immediate and tangible benefits. In a 24/7 trading environment where margin calls can occur at any time, the ability to move collateral instantly is a core requirement for sound risk management.

Consider the market dynamics during March 2020: We saw that Variation Margin (VM) increased significantly more than global Initial Margin (IM) requirements in percentage terms, and firms were forced into fire sales of non-cash assets to generate cash to meet their margin calls. While the market infrastructures (CCPs) did not observe a significant *dash for cash* within the clearing system, tokenised assets could have transferred instantly, avoiding disruptive liquidations for participants.

ISDA has articulated the opportunity very clearly: tokenising Money Market Funds (MMFs) can mitigate these pro-cyclical effects by replacing the operationally intensive process of liquidating MMFs, posting cash, and then re-transforming into MMF positions.⁸

However, legal certainty remains the critical dependency. Market participants require confidence that tokenized instruments grant equivalent rights to conventional instruments under frameworks, such as the UK's Financial Collateral Arrangements (No.2) Regulations 2003.

CHALLENGING COORDINATION AMONG FMIS

The transition to a "round-the-clock" market is a complex, system-wide endeavour that requires synchronized evolution across all critical market participants, from exchanges and data processors to clearing houses and regulators.

Major exchanges have moved beyond theoretical discussion to concrete planning. Nasdaq has announced plans to enable 24/5 trading for U.S. equities, signalling strong market intent.^{9,10} Eurex, ICE, CME, and ASX have signalled similar initiatives during their panels at the December FIA Asia Derivatives Conference. DTCC and its subsidiary have announced plans to increase their clearing hours, with a target completion date of 2026 Q2.¹¹

In parallel, trade reporting facilities such as FINRA/Nasdaq Trade Reporting Facility (TRF) must update their operating hours from the current 08:00 to 20:00 window to accommodate the new 24-hour trading cycle. The interdependencies are significant and each component must evolve in harmony with the others.

CASE STUDY: PRACTICAL SCHEDULING IN A 24/7 ENVIRONMENT

Implementing a 24/7 trading segment has immediate, practical consequences for maintenance and trade date conventions. CME Group's launch of swap-based event contracts illustrates what this looks like in practice:¹²

⁶ <https://www.marketsmedia.com/polymarket-will-help-ice-adopt-24-7-tokenized-collateral/>

⁷ <https://www.marketsmedia.com/cleartoken-enables-24-7-instant-settlement/>

⁸ <https://www.isda.org/a/VIRgE/ISDA-Response-to-FCA-CP25-28-on-Progressing-Fund-Tokenisation.pdf>

⁹ <https://www.nasdaq.com/newsroom/nasdaq-view-road-24-hour-trading>

¹⁰ <https://www.reuters.com/business/finance/nasdaq-seeks-extend-trading-hours-wall-street-gears-up-247-move-2025-12-15/>

¹¹ <https://www.dtcc.com/digital-assets/tokenisation>

¹² <https://cmegroupclientsite.atlassian.net/wiki/spaces/EPICSANDBOX/pages/988020743/Swap-Based+Event+Contracts+and+24-7+Trading>

- **Daily Maintenance (Most Days):** Every weekday evening at 4:00 pm CT, the market closes for a 1-minute maintenance break, reopening immediately at 4:01 pm CT. This brief pause occurs on Friday, Monday, Wednesday, and Thursday.
- **Extended Maintenance (Twice Weekly):** A 2-hour shutdown from 2:00 am to 4:00 am CT on Saturday mornings and Tuesday mornings, providing windows for more substantial system updates.

"24/7" in practice means near-continuous with **scheduled micro-interruptions**. Exchanges must develop new maintenance procedures, enhance around-the-clock surveillance, and establish protocols for corporate actions outside traditional hours.

4. THE REGULATORY AND MONETARY LANDSCAPE

Regulators face critical decisions on adapting existing market safeguards to the new environment. According to Nasdaq, the SEC must make key decisions on extending protections like Market Wide Circuit Breakers (MWCBS) and Limit Up/Limit Down (LULD), currently only in place during regular market hours, to cover overnight sessions.¹³ Without these guardrails, the market could face heightened volatility and risk during periods of thinner liquidity.

THE MULTI-MONEY ECOSYSTEM

From a monetary policy perspective, central banks are actively defining the future of money itself. Sarah Breeden, Deputy Governor of the Bank of England, outlined a vision for a *"multi-money mixed ecosystem where central bank money, commercial bank money, and regulated stablecoins coexist"*, and they are *"all freely and frictionlessly exchangeable at par."*

Central to this vision is the **"singleness of money"** principle: one Pound Sterling issued by a regulated stablecoin issuer must always equal a pound held at a commercial bank or issued by the Bank of England. As Breeden noted: *"These aren't token gestures that we're making. They are significant modernisations of our own infrastructure, regulation and convening role."*¹⁴

STABLECOIN RISKS: THE IMF'S ASSESSMENT

However, the widespread adoption of stablecoins introduces significant macro financial risks. The IMF has detailed three key concerns:¹⁵

- **Currency Substitution:** In economies with high inflation or weak institutions, the availability of foreign currency-denominated stablecoins can accelerate currency substitution, weakening the country's monetary sovereignty and the effectiveness of its monetary policy;
- **Capital Flow Volatility:** Stablecoins could be used to circumvent Capital Flow Management measures (CFMs), providing a new channel for capital flight and increasing the volatility of cross-border financial flows;
- **Runs and Financial Stability:** Stablecoins are vulnerable to runs if holders lose confidence. A large-scale run could trigger fire sales of reserve assets.

¹³ <https://www.nasdaq.com/newsroom/nasdaq-view-road-24-hour-trading>

¹⁴ <https://www.bankofengland.co.uk/speech/2025/october/sarah-breeden-panellist-at-fintech-foundation-2025-dc-fiintech-week>

¹⁵ <https://www.imf.org/-/media/files/publications/dp/2025/english/usea.pdf>

REGULATORY DIVERGENCE: EU VS UK

In response to these risks, major jurisdictions are developing distinct regulatory frameworks. The approaches in the European Union and the United Kingdom illustrate fundamentally different philosophies:

Feature	European Union Markets in Crypto-Assets Regulation (MiCA)	United Kingdom (Proposed)
Eligible Issuers	Credit institutions may directly issue stablecoins	Currently under consultation, systemic stablecoins frameworks in development
Reserve Assets	Minimum 30% held in deposits (60% for significant issuers)	Systemic stablecoins: held at least 40% as deposits directly at the central bank
Redemption Rights	Redemption at par without fees is guaranteed until a recovery plan is activated	Systemic stablecoins must be redeemable at par by end of day, and in real time where possible

Source: Adapted from IMF Departmental Paper ¹⁶

This divergence reflects a fundamental split in regulatory philosophy. The UK's proposed model internalizes systemic risk within the central bank's balance sheet, while the EU's approach creates deeper dependencies on the commercial banking sector. Institutions operating across both jurisdictions will need to navigate these differences carefully. Thus, this divergence highlights the need for international coordination on standards.

5. CONCLUSION: BUILDING THE BRIDGE

We would frame the path forward through the analogy of the Channel Tunnel (Tunnel sous la Manche), a 50km rail link largely constructed beneath the sea. Engineers on both sides began tunnelling independently, using massive tunnel-boring machines (TBMs), yet ultimately met with millimetre precision to form a single, seamless connection.

The analogy reflects the broader industry journey: on one side, established financial institutions provide scale, trust, and stability; on the other, digital-first innovators are building new technological rails. The future depends on the precise, coordinated integration of these two worlds to create a unified and resilient market infrastructure.

For financial institutions navigating this transition, three strategic imperatives emerge:

- 1. Master the Technology:** Move beyond awareness to proactive engagement. ICE's strategic investment in Polymarket to understand 24/7 tokenised collateral exemplifies this approach.¹⁷ For institutions, developing internal expertise is essential for adapting to new operational models like real-time, cross-border collateral management.
- 2. Drive the Regulatory Agenda:** The future of tokenised markets depends on clear, practical, and globally consistent regulation. Institutions should actively participate in industry working groups and regulatory consultations, just as ISDA has done on tokenised collateral ¹⁸ --- to help shape a legal framework that provides certainty while ensuring market stability and investor protection.
- 3. Execute Through Phased & Collaborative Pilots:** The transition to a fully tokenised, 24/7 market will not happen overnight. It will be an iterative process built on experimentation and collaboration. Participating in initiatives like the Bank of England's Digital Securities Sandbox and supporting pilot programs for specific use cases (such as tokenised MMFs) allows the industry to test new solutions, manage risk, and build the ecosystem together.

The financial system is at an inflection point. The institutions that proactively build their side of the bridge will be best positioned to capture the immense benefits of a faster, more efficient, and more accessible global market.

¹⁶ <https://www.imf.org/-/media/files/publications/dp/2025/english/uea.pdf>

¹⁷ <https://www.marketsmedia.com/polymarket-will-help-ice-adopt-24-7-tokenised-collateral>

¹⁸ <https://www.isda.org/a/VIRgE/ISDA-Response-to-FCA-CP25-28-on-Progressing-Fund-Tokenisation.pdf>

6. ABOUT US

Altair & Alang is a boutique management consulting firm with a global footprint, serving clients across EMEA, APAC, and the Americas. We specialise in business intelligence, financial strategy, and actionable insights tailored to our client's needs. We partner with clients to uncover data-driven opportunities, optimise financial performance, and empower strategic decision-making.

We have worked with over 60 central counterparties (CCPs) worldwide, supporting them on a diverse range of initiatives. Our team has been directly involved in enhancing market transparency standards, advising both CCPs and global regulators. This unique experience positions us as a trusted partner to FMI's seeking to meet international standards while delivering meaningful improvements to governance, resilience, strategies, and stakeholder confidence in the global financial markets.

While our roots are in the financial services and capital markets, our strength lies in data and analytics that translate across all industries. We bring deep functional expertise to a wide range of sectors, including fintech, insurance and cybersecurity. Whether optimising operating models, designing scalable data strategies, or enhancing regulatory insight, we help clients make smarter decisions and deliver measurable results in dynamic environments.

Our deliverables combine deep industry knowledge with advanced analytics to deliver impactful solutions that drive measurable results and long-term success for our clients.

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