Simpson Thacher

Memorandum

Further Developments in Extended Trading – 23/5 Trading to Begin in December 2026

November 24, 2026

On Sunday, December 6, 2026, at 9:00 p.m. ET, The Nasdaq Stock Market (Nasdaq) and NYSE Arca exchange (NYSE Arca) are scheduled to begin trading U.S. equities 23 hours a day, five days a week. Other exchanges, including Cboe EDGX Equities Exchange, MEMX Equities and 24X National Exchange, also have rules in place to offer 23/5 trading.

NYSE Arca and Nasdaq Developments

On November 10, 2026, NYSE Arca filed certain technical amendments to its rules in preparation for 23/5 trading, which became effective shortly thereafter.[1] Earlier in the year, on May 21, 2026, the SEC approved a proposal by NYSE Arca[2] to extend trading hours to 23 hours a day, five days a week, building on prior expansions of the trading windows on NYSE Arca.

Under the new framework,[3] weekday trading on NYSE Arca will be divided into four sessions: the new "Overnight Session" from 9:00 p.m. to 4:00 a.m. ET; the "Early Trading Session" from 4:00 a.m. to 9:30 a.m. ET; the "Core Trading Session" from 9:30 a.m. to 4:00 p.m. ET; and the "Late Session" from 4:00 p.m. to 8:00 p.m. ET. From Monday through Thursday, a trading pause from 8:00 p.m. to 9:00 p.m. ET will allow NYSE Arca to conduct system maintenance and to process dividends, stock splits and other corporate actions pending for the next trading day. The trading week will begin with the Overnight Session on Sunday at 9:00 p.m. ET. These four new trading sessions will not apply to trading on the NYSE itself, where trading will continue to occur during the Core Trading Session.[4]

In April 2026, we reported on a similar Nasdaq plan to extend trading to 23 hours a day, five days a week; our prior memo is available here. Nasdaq will add a new "Night Session," running from 9:00 p.m. to 4:00 a.m. ET, while its "Day Session" will include its existing pre-market (4:00 a.m. to 9:30 a.m. ET) hours, regular market (9:30 a.m. to 4:00 p.m. ET) and post-market (4:00 p.m. to 8:00 p.m. ET) hours. Like NYSE Arca, Nasdaq will

[1] SEC Release No. 34-106941; File No. SR-NYSEARCA-2026-111, November 19, 2026, here.

[2] SEC Release No. 34-105532; File No. SR-NYSEARCA-2026-53, May 21, 2026, here.

[3] *See* NYSE Regulation, Regulatory Memo: Extended Hours Trading for Equities (November 10, 2026), here.

[4] The main NYSE exchange also has a pre-opening session beginning at 6:30 a.m. ET, when orders can be entered in the queue for the opening auction at 9:30 a.m. ET (for "Tape A" stocks whose primary listing is on the NYSE) or until an early trading session from 7:00-9:30 a.m. ET (for "Tape B" and "Tape C" stocks whose primary listings are on NYSE Arca, Nasdaq or certain other exchanges).

pause trading from 8:00 p.m. to 9:00 p.m. ET to conduct maintenance and process pending corporate actions and will begin 23/5 trading on December 6, 2026.[5]

The Nasdaq and NYSE Arca initiatives reflect increasing investor demand to trade U.S. equities outside traditional hours and across global time zones, as well as continuing competition among exchanges to attract global order flow.

In addition, since the announcements made by NYSE Arca and Nasdaq earlier in the year, the market infrastructure needed to support 23/5 trading has been put in place. In June 2026, the Depository Trust & Clearing Corporation (DTCC) announced that its National Securities Clearing Corporation (NSCC) subsidiary had extended its clearing hours to a 24/5 model.[6] The DTCC's clearing hours now begin on Sundays at 8:00 p.m. ET and extend through Fridays at 8:00 p.m. ET. The securities information processors and the FINRA trade reporting facilities are also extending their hours, so overnight trades will appear on the consolidated tape in real time.

Considerations for Issuers, Underwriters and Market Participants

The move to extended trading raises several practical and legal considerations for issuers, underwriters and market participants, including:

- *Liquidity*: Although 23/5 trading is a significant market development, the effect of these changes on the liquidity of listed securities is expected to remain limited in the near term. Extended hours trading has historically been characterized by lower liquidity, wider spreads and the potential for increased price volatility. We understand that market makers are not currently expected to participate in overnight trading, just as they do not currently participate in extended hours trading, which would continue to limit liquidity during the extended trading sessions. If an issuer has not historically observed significant trading volume in pre- and post-market hours, it should not expect a meaningful change to trading volumes during the new overnight trading sessions.
- *Pricing Volatility*: The exchanges will implement 20% price bands to limit volatility during overnight trading. All trading centers operating during overnight hours must have policies and procedures reasonably designed to prevent trades and displayed quotes outside the bands. Unlike regular hours, there is no automatic trading pause if a band is reached. Instead, the exchanges may declare a regulatory halt when needed to maintain a fair and orderly market, for example where the bands are limiting price discovery. A security halted overnight will not resume trading during that NYSE Arca Overnight Session or Nasdaq Night Session.

[5] "*Nasdaq Explains: What is 23/5 Trading?*" NASDAQ (October 23, 2026), here.

[6] DTCC, "DTCC's NSCC Now Live with Clearing Hours Extended to 24x5 Model, Marking Major Milestone for U.S. Equities Market," (June 29, 2026), here.

- *Disclosure Practices*: The exchanges' timely alert procedures are not changing for the time being, so companies may continue to release news outside of normal trading hours without notifying the exchanges in advance. Companies may nevertheless consider releasing information pre-market instead of post-market to reduce the amount of time the stock may be traded in what may be more volatile off-market hours. As an illustration, if a company releases material news at 4:00 p.m. ET upon the close of standard market hours, after these changes take effect, its stock will now be able to trade for a significantly longer period during extended hours trading before standard market hours resume. In contrast, stock of a company releasing material news at 6:00 a.m. ET would only trade outside of regular market hours for a shorter period.
- *Regulatory Halts*: Both NYSE Arca and Nasdaq have developed a list of corporate actions that will halt trading, including a trading symbol change, a CUSIP number change, the issuance of a large dividend (*i.e.*, a dividend with a per-share value of at least 25% of the preceding trading day's closing price), a stock split, a de-SPAC transaction, a spin-off, a security-type change, a merger and any other corporate action for which the exchanges determine a halt is necessary in light of the totality of the circumstances.
- *Open, Close, High and Low Prices*: The extension of trading hours will not change how the exchanges determine the official open, close, high and low prices of a listed security. Issuers will nevertheless want to examine their plans and policies that make reference to "trading days," "closing prices" and similar terms to confirm they continue to operate as intended. However, we expect that any needed changes will be limited for most issuers.
- *Securities Offerings*: These changes should have limited effects on securities offerings in the near term. The exchanges have provided guidance on determining the trade date, DTCC clearing date and settlement date for trades during extended hours, but the SEC has not changed the settlement rules for offerings. Rule 15c6-1(c) under the Securities Exchange Act of 1934, as amended, generally provides for settlement on the first business day after the date of the contract (T+1), or the second business day (T+2) in a firm commitment underwritten offering priced after 4:30 p.m. ET, in each case unless the parties otherwise agree. However, for equity and convertible offerings priced after the close, the issuer and underwriters should agree on the reference price used to describe or calculate the offering discount, since overnight trading may influence investors' pricing expectations even when volume is limited.

Simpson Thacher will continue to monitor developments related to extended trading hours and their impact on capital markets practice.

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