

Nasdaq 23-Hour Equity Trading Proposal Approved by SEC

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On April 10, 2026, the Securities and Exchange Commission (SEC) approved the Nasdaq Stock Market LLC's (Nasdaq) proposal to introduce a new overnight "Night Session" and move toward 23-hour-a-day, five-days-a-week trading in all National Market System (NMS) stocks and certain exchange-traded products (ETPs). Although the rule framework has been approved, actual overnight trading will not begin until additional operational conditions are met.

What Was Approved?

The SEC granted accelerated approval of Nasdaq's proposal to extend its trading hours for NMS stocks and ETPs from 16 hours a day to 23 hours a day. Trading will be divided into two sessions, with a Day Session from 4:00 a.m.-8:00 p.m. ET (combining current premarket, regular, and post-market hours, with no substantive changes to existing daytime functionality) and a Night Session from 9:00 p.m.-4:00 a.m. ET the next business day, Sunday night through Thursday night. There will be a daily one-hour pause from 8:00-9:00 p.m. ET for maintenance, corporate-action processing (such as mergers, stock splits, name changes, and dividends) and to process and clear trades.

A trading week commences with the Night Session on Sunday nights beginning at 9:00 p.m. ET and ends at the conclusion of the Day Session on Friday at 8:00 p.m. ET. If Nasdaq is closed for business, such closure is effective as of 8:00 p.m. ET on the calendar day prior to the closure date, and the market will reopen at 9:00 p.m. ET on the closure date, unless the closure date is a Friday, in which case the market will reopen on Sunday at 9:00 p.m. ET. On a day Nasdaq closes the market early, trading will resume at 9:00 p.m. ET on the same calendar day, unless such closure is a Friday, in which case trading resumes on Sunday at 9:00 p.m. ET.

All NMS stocks and certain ETPs will be allowed to trade overnight, with more limited functionality than during the day. Only limit orders will be permitted in the Night Session and unpriced or pegged orders will not be permitted. Additionally, Nasdaq's Limit Order Protection and clearly erroneous execution rules will apply overnight. The Night Session will differ from Nasdaq's current premarket and post-market trading by (i) requiring a separate Night Session port, (ii) applying specified trading halt rules, and (iii) requiring additional risk disclosures.

When Does This Go Into Effect?

Although the SEC has approved Nasdaq's proposal, actual Night Session trading will not begin until Nasdaq satisfies additional conditions. First, the effective NMS plans that govern the collection, consolidation, processing,

and dissemination of equity market data for NMS stocks and oversee securities information processors (the Equity Data Plans) must implement the capability to collect, consolidate, process, and disseminate quote and trade data throughout the Night Session and formally notify Nasdaq of their readiness. Nasdaq will then need to file a proposed rule change (the Night Session Proposed Rule Change) confirming its own and the Equity Data Plans' readiness. If Nasdaq does not file the Night Session Proposed Rule Change within 18 months of the SEC's approval, it must file a proposed rule change to remove the Night Session rules. Night Session trading is expected to begin once the SEC approves the Night Session Proposed Rule Change and a go-live date is announced.

Considerations for Nasdaq-Listed Public Companies

With stocks potentially being able to trade on Nasdaq for 23 hours each business day, there are several implications that Nasdaq-listed public companies should be aware of. First, there is a potential for thinner liquidity and higher volatility overnight. Even with overnight protections, stock price fluctuations during the Night Session may be more pronounced and less liquid than during regular hours. The Night Session is designed in part to accommodate non-U.S. investors and to compete with markets that offer near-continuous trading. This could increase activity from investors in Asia-Pacific and other regions whose business day overlaps with the Night Session.

Additionally, companies may need to reconsider the timing of earnings releases, material news, and capital raising transactions in light of overnight trading and global market reactions. Material news released during evening or overnight hours can now be reflected in on-exchange prices, not just on alternative trading systems. Boards, management, and IR teams may also face heightened expectations to monitor trading activity and news flow across extended hours, especially around key events such as earnings, guidance, or major transactions. Corporate actions will also need to be processed during a much longer trading day, with only a one-hour daily pause and potential halts for actions tied to calendar dates.

Companies should monitor any updates related to the Equity Data Plans' readiness and Nasdaq's Night Session Proposed Rule Change. While these proposed changes largely impact public companies currently listed on Nasdaq, companies planning to list on Nasdaq should assume that, once active, 23/5 trading will be a feature of the listing environment.

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