



250 Massachusetts Avenue, N.W.
Washington, D.C. 20001
robinhood.com

May 21, 2025

VIA ELECTRONIC SUBMISSION

Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: ***Requests for Comment on Trading and Clearing of “Perpetual” Style Derivatives and on Trading and Clearing of Derivatives on a 24/7 Basis***

Dear Mr. Kirkpatrick:

Robinhood Derivatives, LLC (“Robinhood Derivatives”)¹ respectfully submits this letter in response to the Commodity Futures Trading Commission’s (“CFTC”) two above-referenced requests for comment on the trading and clearing of “perpetual” style derivatives, and the trading and clearing of derivatives on a 24/7 basis. We appreciate the opportunity to provide comments on these requests. This letter provides our recommendation that Designated Contract Markets (“DCMs”) be permitted to list perpetual futures contracts, and our commentary regarding trading perpetual futures contracts on a 24/7 basis. As these two points are closely linked, we have presented our comments to the CFTC’s two requests in a single letter.

I. Background of Robinhood Derivatives

Robinhood Derivatives is a registered FCM that provides Robinhood Financial LLC’s (“Robinhood Financial”)² self-directed retail clients access to derivatives markets regulated by the CFTC. With its mission to “democratize finance for all,” Robinhood seeks to make financial trading more accessible. Robinhood Derivatives has enabled individuals to invest and trade various financial assets through the Robinhood mobile and web platform.

Robinhood Derivatives supports innovation that enables customers to invest and trade futures and event contracts subject to the protections afforded by a regulated marketplace. Robinhood Derivatives provides access to products that trade nearly around the clock with deep liquidity.

¹ Robinhood Derivatives, a registered Futures Commission Merchant (“FCM”), is a wholly owned subsidiary of Robinhood Markets, Inc. (“Robinhood”).

² Robinhood Financial is an SEC-registered broker dealer and FINRA member firm. Robinhood Financial is an affiliate of Robinhood Derivatives.

Our customers use this access to conduct self-directed trades by entering into transactions of the commodity of their choice, and with the option to go long or short. Many customers seek direct investment in their chosen commodities versus obtaining exposure to them via exchange traded funds (“ETFs”). In addition, Robinhood Derivatives recently launched an event contracts hub, which allows customers to hedge and speculate based on their beliefs about future economic, political, and sporting events.³ Like futures and event contracts, Robinhood Derivatives views perpetual futures contracts as another product opportunity to better serve its customers and expand ways for our self-directed customers to realize their financial goals.

II. Comments on Perpetual Derivatives

A. Customer Demand for Perpetuals

Perpetual derivatives have seen an explosion in customer demand in recent years, particularly from retail customers.⁴ Perpetual derivatives greatly simplify trading, which is particularly useful for self-directed retail customers. Whereas traditional futures require customers to “roll” contracts upon their expiration—i.e., extend a contract’s expiration date by closing a contract that is nearing expiration and simultaneously opening a new contract in its place with a later maturity date—customers do not need to roll over positions in perpetual derivatives. Eliminating the need for rollovers on a quarterly or even monthly basis removes the complexity inherent in contracts with multiple expiration dates, and spares customers from unnecessary rollover costs (such as trading fees and operational overhead expenses), as well as the need to manage individual contract risk.

Additionally, perpetual futures (like traditional futures) are standardized and listed instruments, but any individual perpetual futures contracts can have its features tailored to match each different participant segment’s preferences. This might be done, for example, by varying the notional value, the amount of leverage for a given transaction, or the settlement cycle for the funding rate.

B. Characteristics of Perpetual Derivatives Compared to Traditional Futures

A “perpetual” is a type of derivatives contract that shares many qualities with traditional futures contracts—for example, both require initial margin to establish a position, have a price based upon an underlier (usually derived from a benchmark index), and provide leveraged positions.

³ See Robinhood Markets, Inc., *Prediction Markets Policy Paper* (Mar. 2025), available at https://cdn.robinhood.com/assets/robinhood/legal/prediction_markets_memo.pdf.

⁴ For example, during the first half of 2023, the listed futures contracts on Bitcoin that traded were predominantly perpetuals, with 75% of the \$27B USD daily average volume and 94% of the \$8B USD daily average open interests attributed to perpetual futures. Damien Ackere et al., *Perpetual Futures Pricing*, NBER Working Paper Series, at 4 (Sept. 2024), https://www.nber.org/system/files/working_papers/w32936/w32936.pdf. In 2024, the total volume on the top ten centralized perpetual exchanges doubled the volume in 2023, going from \$28T to \$58.5T. Win Win and Zhong, *State of Crypto Perpetuals Market*, CoinGecko (2025), at 2, <https://assets.coingecko.com/reports/2025/CoinGecko-State-of-Crypto-Perpetuals-Market.pdf> (report aggregating and analyzing crypto perpetuals market data from 2024). The total volume traded on the top ten decentralized perpetual exchanges also doubled from 2023 to 2024, going from \$647.6B to \$1.5T. *Id.* at 4.

In contrast with traditional futures contracts, however, perpetual futures do not have an expiration, and counterparties to a perpetual typically do not face physical delivery of the underlying. Additionally, the funding rate for a perpetual does not have a specific corollary in traditional futures contracts. The funding rate acts as an “interest payment” between long and short traders to keep their position open for a set period of time (8 hours is industry standard), and may differ based on the venue (creating a potential arbitrage opportunity) – most importantly, the funding rate serves as a mechanism to keep the price of the perpetual in line with the price of the underlying asset or assets reflected in the benchmark.

III. Comments on 24/7 Trading

While Robinhood Derivatives’ primary interest is in permitting perpetual futures trading, we recognize that issue is tied to trading on a 24/7 basis, and accordingly offer our perspective based on our experience in this area.

We note that the ability to trade 24 hours per day, 7 days per week, is not new. Both crypto-asset and event-contract markets offer 24/7 trading in the United States.⁵ Even in CFTC markets, many more products trade 23.5 hours per day for 5.5 days each week, with Friday executed trades settling on Saturday. The leap to 24/7 markets for perpetuals (or other products, for that matter) is not meaningful – market infrastructure offered by CFTC regulated entities that supports markets for 23.5 hours per day for more than 5 days a week already has effectively addressed the challenges for 24/7 markets.

Our trade data reinforces that market driving news occurs 24/7, and the ability to access markets in real time is no longer just needed, but required for investors. Specifically, our data indicates significant demand by our customers to trade during off-hours, with more than 50 percent of futures trades occurring outside of regular trading hours. Similarly, of the more than 1.5 billion event contracts traded by Robinhood customers to-date, the majority of that trading has been outside of traditional market hours because of the timing of these particular events. We see that our customers are choosing to trade or speculate based on market-driving news that is simply no longer limited to a 9-to-5 cycle.⁶ These products are trading on DCMs, brokered by FCMs, and cleared through Derivatives Clearing Organizations (“DCOs”) without any significant operational or market issues.

We believe that 24/7 trading is and should be the future of our capital markets, including perpetual futures traded on a DCM, and that the technology exists to make this a reality in the near term.

⁵ Competitive products, such as contracts for differences (“CFDs”), trade 24/7 in the European Union.

⁶ With respect to potential issues relating to money movement, Robinhood has already seen this being addressed, for example, by banks through Regulatory Technical Standards, increased margin requirements at FCMs and DCOs, as well as through the use of real time payments. With automated processes and robust controls, money transfers can occur seamlessly, even overnight.

IV. Recommendations to the CFTC

Robinhood Derivatives urges the CFTC to support the growing market for perpetuals by permitting these futures contracts to be listed and traded on DCMs. This would increase access to these contracts for U.S. investors, but it would achieve several public-policy objectives as well.

Allowing the trading of perpetual futures on DCMs would ensure that perpetuals receive the highest level of regulatory oversight under the Commodity Exchange Act (“CEA”), to assuage any concerns relating to customer protection or market integrity.⁷ As it does for traditional futures, the CFTC would implement the CEA’s requirements that safeguard customer funds, require monitoring and surveillance for fraud and manipulation, and prohibit comingling of funds, among other customer and market protections. Listing perpetual futures on DCMs also would introduce centralized clearing, which would reduce liquidity, counterparty, and market risks through a standardized risk management process.

In addition, permitting the listing and trading of perpetual futures on DCMs would address the problematic market fragmentation that exists today. Perpetual futures currently are traded on both decentralized and centralized venues, often subject to insufficient regulatory oversight, if any. Venues may claim to have safeguards in place, but often there is no standardized audit or oversight to validate such claims, which can invite misconduct. Further, regulated trading of perpetual futures on DCMs will also improve price discovery by providing a better source of validated price points on the underlying assets.

With respect to underlying assets, although most perpetuals today are based on digital assets, they also could be based on other commodities, such as equity indices, oil, or gold. We recognize that the CFTC may have concerns regarding perpetual futures on non-digital assets.

We therefore recommend that the CFTC distinguish between perpetual futures contracts on commodities that could be physically delivered, like agricultural or exempt commodities, versus those that are cash-settled, allowing the latter for immediate listing by DCMs while continuing to study and analyze the suitability of perpetuals for the former. The CFTC also could implement this distinction by limiting approval of DCM-listed perpetuals on other non-digital assets (but cash-settled contracts) – like equity indices – to micro-sized contracts, as such contracts likely would provide good data on retail participation but with limited risk from their smaller notional sizing.

Finally, we appreciate the CFTC requesting public input to address concerns it may have regarding 24/7 trading and clearing. We urge, however, that the 24/7 model not become a barrier to block the listing of perpetual futures contracts by fully regulated DCMs.

V. Conclusion

Robinhood Derivatives appreciates the opportunity to comment on perpetual futures contracts and 24/7 trading and clearing for such contracts. We encourage the CFTC to allow perpetual

⁷ The EU has a regulatory framework for financial markets, the Markets in Financial Instruments Directive, that may apply to perpetual futures.

futures contracts to be listed on DCMs, including 24/7 trading and clearing, and to apply the CEA's regulatory framework to its oversight of DCMs with respect to perpetual futures contracts.

If there are any questions regarding the foregoing comments, please contact Robinhood's General Counsel, Lucas Moskowitz, at lucas.moskowitz@robinhood.com. We are happy to provide any further assistance the CFTC may request going forward with respect to perpetual futures contracts.

Respectfully submitted,

Signed by:

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JB Mackenzie
President
Robinhood Derivatives, LLC