

QUOD PERSPECTIVES

From Hub & Spoke to Peer to Peer: rewriting how markets function

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Equity markets were built as hubs: an exchange, set hours, a central order book. For 20 years, US market structure assumed optimal execution happened on a lit exchange, with Reg NMS protecting displayed prices and firms running connectivity spokes into those hubs. Now the rules, the trading day and the definition of a venue are all changing, and liquidity is moving into a web of bilateral connections. That web will reshape markets well beyond the US, but only if connectivity is robust, economical and widely available.

Best execution is no longer the rule you route to

On 11 June the SEC [proposed rescinding Rule 611](#), the Order Protection Rule, and Rule 610(e) on locked and crossed markets, ending the duty to honour the best displayed quote on every exchange. What remains is the fiduciary duty of best execution. [SIFMA's August comment letter](#) warns that the NBBO would lose its floor but remain the benchmark, so firms could be judged against prices they could never reach.

This is part of a wider shift from facilitating orders to bilateral price provision. The question now is where to connect and why, and how to justify the print you missed. That is closer to Europe's process-based model, where bilateral liquidity continues to rise, and [FINRA's July request for comment](#) has opened the US debate.

Execution policies must weigh fees, data quality, resilience, fill rates, leakage and outage history, and the burden shifts to evidence. Firms must show why a venue, counterparty or interaction model was chosen, which alternatives were accessible and what constraints applied. Most record what was executed and how it performed, not yet the context and reasoning behind it.

Hours, venues and assets are also moving

On 6 December [Nasdaq and NYSE Arca plan to open 23/5 trading](#), with Cboe EDGX and 24X alongside. Exchanges will pause from 8pm to 9pm ET, today's busiest overnight hour, pushing that trading onto ATSS when transparency matters most.

Both exchanges propose mandatory regulatory halts for specified corporate actions, such as splits, symbol changes and mergers, blocking overnight trading until systems and reference data catch up ([Nasdaq](#), [NYSE Arca](#)). EMSs must manage orders session by session, and support varies by provider.

Europe is moving too. [LSE 24](#) will run from 17:00 to 07:50 with order book and RFQ, starting with ETPs in H1 2027, subject to approval. German retail venues [gettex](#) and [Tradegate](#) already trade until 23:00 and 22:00 respectively, and [Euronext](#) says it will extend hours if demand appears. Either way, reference prices, liquidity formation, volatility controls and best-execution evidence must adapt.

Alongside longer hours, the SEC's [Innovation Exemption](#), a five-year order with symbol and volume caps, lets Tokenized Securities Venues (TSVs) trade tokenised NMS stocks through permissioned automated market makers (AMMs), outside the definition of an exchange. Nothing requires TSVs to connect to each other or to exchanges, so each AMM can price the same stock differently and market makers are left to arbitrage the gaps. Price coherence becomes a function of connectivity, not a rule. TSVs must observe halts around the clock and their tokens carry the share's full rights, but with up to four versions of a 'tokenised share', each with different rights and settlement, liquidity splits unless tokens are fungible with the underlying, and reference data must say which version you hold.

Prediction markets are also outpacing the rulebook. Michigan has [won an injunction to geofence Kalshi](#), and [ESMA says the largest platforms lack EU authorisation](#), though Polymarket is [seeking MiFID II recognition](#). A tokenised US share quoted on-chain could be as available in Singapore as in New York, priced by formula or bilaterally rather than in one central book. As order-driven markets become price-driven, a venue list becomes a constant monitoring obligation.

Risk can no longer wait for the close

A market trading 18 to 24 hours across assets and regions has no natural pause, so end-of-day, T+1 risk leaves firms blind for most of the session:

- Continuous, not periodic. Exposure is managed as it builds; order-book anomalies and cross-asset build-up are one signal.
- Capacity that flexes with overnight bursts and new versions of instruments.
- Margin, P&L and pre-trade risk scenarios run in-session, in real time.
- One firm-wide view of exposure across every venue, surfacing concentration risk earlier.

None of this works if positions arrive late, in a dozen formats, or settle on different cycles: T+1 on exchanges, near-instant on-chain. Risk is now a connectivity, data and interoperability problem: continuous markets need constant oversight of positions, liquidity and context, not just pipe activity.

Connectivity: from spokes to a mesh

Hub-and-spoke operated on a few hubs with a dedicated pipe; a peer-to-peer market has more counterparties, some on-chain, all open longer. If best execution means choosing and defending venues, connecting and disconnecting must cost close to nothing.

Today it does not: connections are priced per session, onboarding takes weeks, and changes need development tickets. All-to-all connectivity now differs in four ways:

- Owned, not rented. Firms can run sessions in their own infrastructure.
- Configured, not coded with the ability to drop or add a counterparty in hours not weeks.
- Rules that write themselves. Routing and transformation can be generated from descriptions, then reviewed.
- An open core. Code that parses and scales FIX messages can be shared as open-source infrastructure.

A mesh also needs an intelligence layer: connectivity shows what a firm can access, not what it should access, when, or what the outcome teaches. How liquidity is accessed (streaming, RFQ, conditional, internalised, risk transfer, AMM pools) says more than venue identity. The workflow must now run from intent to decision, execution, outcome and learning.

Best execution is moving from a static routing obligation to a continuous capability to understand, access, select and justify liquidity. FIX, a not-for-profit open standard, can provide common semantics for interaction, intent and workflow, so firms can compare decisions and build intelligence on them. Every firm must decide where and how to connect, so why does a single connection cost what it does today? That is the next question to debate.

Sources

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