

Trade Lifecycle: From Order to Settlement

Pre-Trade

Participants:
• Investor
• Broker
• Compliance

T-0
(Order Time)
Pre-trade checks and routing

Order Creation

Client/Portfolio Manager decides to trade

Compliance Check

Risk limits, regulatory compliance

Order Routing

Select execution venue and strategy

Trade Execution

Participants:
• Exchange
• Market Maker
• Regulators

T+0
(Execution)
Trade occurs on exchange

Order Matching

Order book matching engine

Trade Confirmation

Both parties confirm trade details

Trade Reporting

Report to regulatory authorities

Post-Trade

Participants:
• CCP
• Custodian
• Back Office

T+2
(Settlement)
Cash and securities exchange

Clearing

Central counterparty (CCP) novation

Settlement

Securities vs cash exchange (T+2)

Reconciliation

Confirm all records match

Key Risks at Each Stage:

- Pre-Trade: Compliance violations, market impact
- Execution: Price slippage, partial fills, information leakage
- Post-Trade: Settlement failures, operational errors, counterparty risk