**Buy side**

We are buy side. Funds, asset managers, fin advisors are buy side.Brokers are sell side. They are shopkeepers of securities.

When we (buyer) sell shares, we only can sell what we have in Position. Attempt to sell more will result in ‘No overselling’ compliance alert. We can only sell from the Lot Inventory we have.

**Trade flow**

Trade is sent out via FIX. We can use FIX simulator. There is FIX simulator broker, status can be checked in FIX console in Web Admin.

Trade is entered with one ore multiple accounts. If 3 accounts specified, trade send results in creating 1 Order and 3 Allocations.

Trader ‘**works**’ an order. Allocations are executed with Brokers. Brokers are Goldman, CS, CITI, etc. When execution is done, certain quantity in order is sent to Placement. (Limit can be sent to Broker for each execution).

Placed quantity is calculated as sum of all. Placement and execution are not the same.

Order (Send to Blotter) -> Send to Trading (Broker) -> Placement -> Fill

Status: New(Send to Blotter) -> Work (Send to Trading, Placement) -> Ready (Filled)

CR is configured to do all allocations when order is filled.

Shares are distributed between allocations in such way so average price is same (or close)

**Post trade and Clearing**

At T+3 shares is exchanged for the filled order at clearing house.

There is an affirmation process to keep information about what the parties have agreed upon at the time of the trade (not at clearing T+3 time).

Post-Trade is sending trade to affirmation. This is done according to post-trade routing rules. It is based on asset class and broker. CTM ?

Actual orders are sent to affirmation. Order goes to Matched-Agreed status.

**Send to Accounting, Positions, Lots**

CR maintains Positions. Positions are there to keep track of total over multiple days and multiple orders. Positions are grouped by Security, Account.

Intraday reflects what is happening during the day. At the beginning of the day positions are loaded from Murex.

At every moment trader holds Positions plus Executed trades (not sent to accounting yet). Each action of ‘Send to Acct’ results in intraday position quantity change.

Shares In the process of trading reside at Prime Broker. SFM opens PB account, 3 or 4 of them. Trading is conducted with hundreds of brokers, each one of them needs to be informed what PB is assigned for account. Prime Broker is ultimately responsible for settlement.

When trade is happening between SFM and a broker (like Nomura), broker notifies PB and gets money from PB.

Position Tax Lots correspond to Prime Brokers which handle the lots. The term is Lot Inventory. Lot PB is known as Custodian.

Position is defined by Account, Quantity and Long-Short. Position Lot adds Custodian.

Long Short Positions

Buy Long – creates Long position. Positive quantity.

Short Cover – creates Short position. Negative quantity.