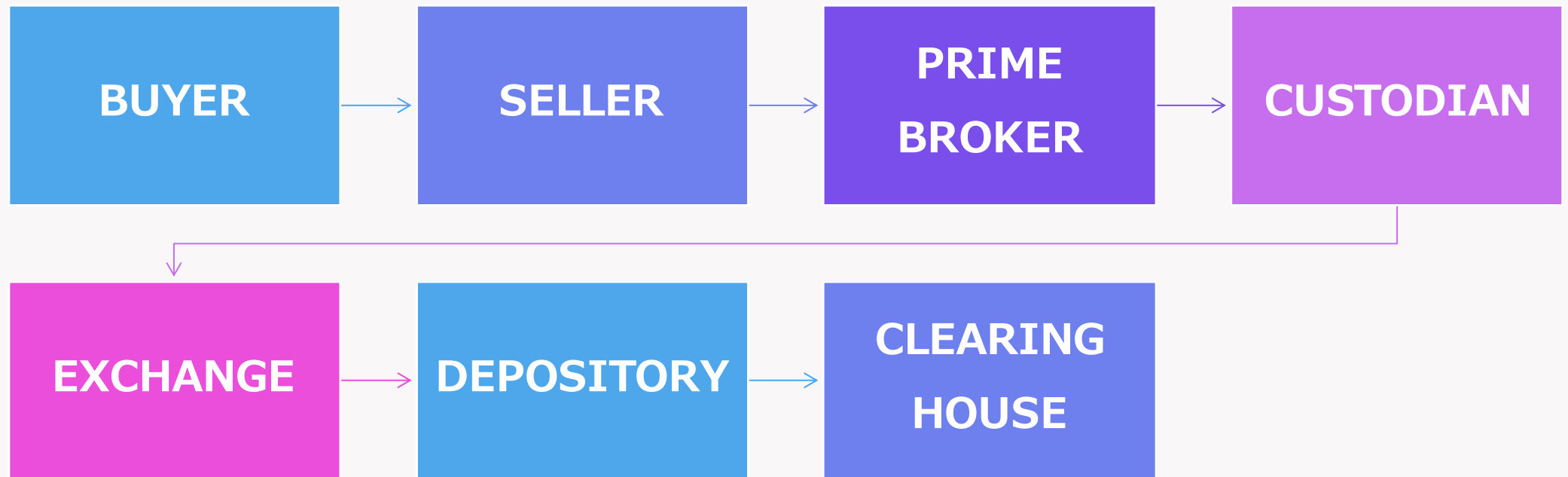


# TRADE LIFE CYCLE.

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# PARTICIPANTS



# OVER THE COUNTER TRADE LIFE CYCLE.

1

## FRONT OFFICE

- TRADE INITIATION
- TRADE EXECUTION
- TRADE CAPTURE

2

## MIDDLE OFFICE

- TRADE ENRICHMENT
- TRADE VALIDATION
- TRADE VERIFICATION
- TRADE AFFIRMATION

3

## BACK OFFICE

- TRADE CONFIRMATION
- TRADE SETTLEMENT
- TRADE RECONCILIATION

## FRONT OFFICE

### [T+0 day]

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**TRADE INITIATION STAGE** – In this stage, Investor gets in touch with the prime broker and places his/her trade order.

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**TRADE EXECUTION STAGE** – The prime broker will punch in the trade details and pass the details to the custodian ( who safeguards the financial assets of the investor).

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**TRADE CAPTURE STAGE** – In this stage, all the trade details are captured and punched into the trade system.

# MIDDLE OFFICE

[T+0 day]

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**TRADE ENRICHMENT** - All the trade details are segregated between Trade Data and Static Data.

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**Trade data** – The details which are particularly only for a trade or can be changed in future.  
For example – Name of the stock , quantity and price of the stock , direction ( buy/ sell) of the stock.

**Static Data** – The details which will not change. For example – Name of the client , contact details, SSI , country of settlement etc.

# MIDDLE OFFICE

[T+0 day]

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**TRADE VALIDATION STAGE** – In this stage , all the data are further cross-checked. The trade check and the trader check is also involved in this process to verify if there is any negative news in the market about the counter party.

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**TRADE VERIFICATION STAGE** - The details of RMS is verified with either trade sheet or trade blotter.

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**TRADE AFFIRMATION STAGE** - Trade affirmation refers to a process that occurs after a trade is executed whereby counterparties verify and affirm the details of the trade before submitting it for settlement.

## BACK OFFICE [T+0 day]

**TRADE CONFIRMATION** – Once the verification is done a confirmation will be sent to the Investor. In India, we call it a contract note.

**simultaneously,** Stock exchange will pull all the details and send to the “Clearing House (NSCCL)”.

**Clearing House** will get in touch with the clearing member who will confirm the trade details with the custodian.

## BACK OFFICE

**TRADE SETTLEMENT** – Clearing house will pass on the clearing instructions to the depository after which the shares will be transferred and settlement will take place after 6 months or more.

**TRADE RECONCILIATION** - Reconciliation process ensure each trade is verified and validated accurately, hence ensuring right impact on P&L and Balance sheet. Reconciliation happens between cash and position.



THANK YOU

