

THE LIFECYCLE OF A TRADE





Broker/dealer firm sends the order to an exchange or market for execution. The transaction is matched between buying and selling parties, and the market's automated systems send trade information to National Securities Clearing Corporation (NSCC). NSCC confirms trade details between participating firms to create a guarantee on the completion of the transaction. NSCC steps in as central counterparty (CCP), assuming responsibility to make the trade whole should either buying or selling firm be unable to meet obligations.

NSCC issues trade summary to buying and selling firms, indicating net money and net securities owed for settlement.



Firms instruct their settling banks to settle funds to, or receive funds from, DTC to complete the transaction.

DTC transfers securities electronically from the selling firm's account to NSCC's account with DTC, and then from NSCC's account to the buying firm's account.

NSCC sends instructions to The Depository Trust Company (DTC), detailing net positions to be settled.