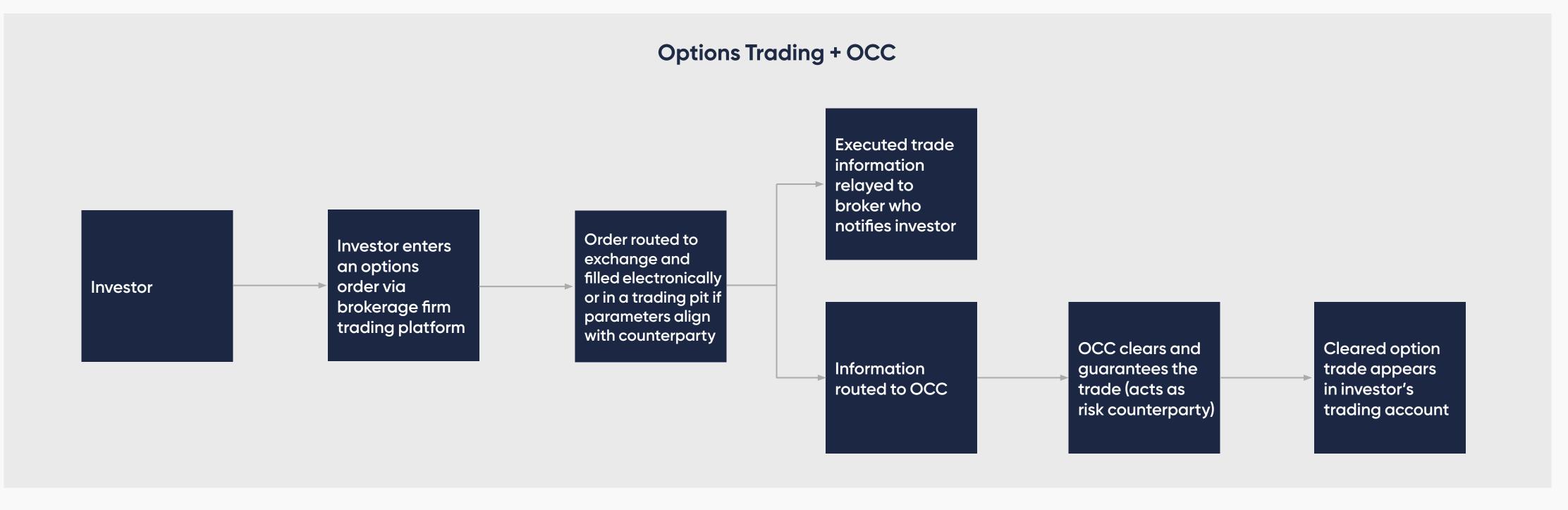
Primer: Life Cycle of a Trade

The Life Cycle of a Trade starts with an investor's decision to make an option trade. The investor then enters an options order via their brokerage firm's trading platform. That order is then routed to an exchange and is announced either electronically or in the trading pit. If the order's parameters match up with an interested counterparty, the trade is executed.



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After the trade is filled, the trade confirmation is disseminated to the broker, the investor, the exchange, and OCC. OCC clears both sides of the trade acting as the intermediary to reduce counterparty risk. The cleared option trade appears in the investor's trading account after the trade is cleared.



