

Order Management

This topic provides an overview of the order management process for orders submitted to CME Globex. Order Management is a component of the trade life cycle and includes the following concepts:

- [Order Initiation & Delivery](#)
 - [Order Type](#)
 - [Order Qualifier](#)
- [Order Paths](#)
- [Order Management and Conversion to a Trade](#)
 - [Order States](#)
 - [Order Functionalities](#)
- [Clearing and Settlement](#)

See also:

- [Order Functionalities](#)
- [Order Qualifiers](#)
- [Order Types for Futures and Options](#)

Order Initiation & Delivery

Order Initiation & Delivery involves an Executing Trading Firm accepting or entering an order. Order entry, order modification, and order cancellation are only available during certain [Market States](#).

When an order is placed it has certain conditions or characteristics. Order characteristics include [Order Type](#) and [Order Qualifier](#).

Order Type

An [Order Type](#) specifies how CME Globex executes the order in the market. Order Types include:

- limit order
- market-limit
- market order with protection
- stop-limit, or
- stop order with protection.

Order Qualifier

An [Order Qualifier](#) indicates the a duration, immediate action, or quantity requirement for an order. Duration means how long is the order is "active". For example, a Day order is only active during that trading day. In addition to the duration Order Qualifiers, there are two others:

- Minimum Quantity which is quantity that must be executed for the order
- Maximum Quantity which indicates the display quantity for market data.

Order Paths

The following video walks through how an order is executed and the possible paths it may follow on the CME Globex platform once it is submitted by the Executing Trading Firm. This explanation helps tie together the components of Order Management.



Order Management and Conversion to a Trade

Order Management functionality includes submitting, modifying, and cancelling orders as well as other capabilities.

Certain order functionality is only available during certain Market States. For example, Executing Trading Firms can only submit an order during the Pre-Opening, Pre-Opening/No-Cancel or Open market states, and order cancellation is only available during the Open market state.

See also: [Market and Instrument States](#).

After an order is received by CME Globex, an order acknowledgement, another function of Order Management, is returned to the Executing Trading Firm.

CME Globex platform executes the order at the best possible price. Once the order is executed, it becomes a trade; CME Globex sends a confirmation /notification of trade to the Executing Trading Firm.

Order States

Order Functionality is also controlled by the [Order State](#). For example, when the Executing Trading Firm initially sends the order submission, the Order State is "*Pending New*". This means the order was received by CME Globex, however, not yet acknowledged by the match engine. Once the order is successfully processed and entered in the order book and acknowledged, the order state becomes *New*. Depending on the Order State certain order management functions are available. For example, an Executing Trading Firm cannot modify a cancelled order. These state rules become the backbone of Order Management and market integrity.

Order Functionalities

Basic Order Functionalities include:

- Order submission - submit a buy or sell order for an instrument at a specified price for a specific duration.
- Order modification - change an existing order in the appropriate Order State.
- Order cancellation - cancel an existing order in the appropriate Order State.
- Order status - submit an inquiry to verify the order status.

Additional Order functionalities include:

- [Aggressor Indicator](#) - identifies if a matched order was the Aggressor, i.e. an incoming order that matched with one or more orders resting on the order book.
- [Trade Cancellation](#) - occurs when the CME Global Command Center (GCC) must adjust a trade price or [cancel a trade](#) when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the electronic trading system or by system defects.
- [Mass Order Cancel](#) - allows cancellation of multiple orders simultaneously.
- [Request for Cross](#) - allows a single party/broker to submit a two-sided order at the same price and quantity.

Clearing and Settlement

The exchange passes trade details to the clearing corporation for settlement. Clearing is the activity of determining obligations, after which the obligations are discharged by settlement prior to the the next trading session.