Policy on Handling of Good Till Cancelled Orders offered by Members to Clients

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Further, the said policy shall be made part of the Account Opening Form/Kit under heading "Policy on Handling of Good Till Cancelled Orders of Client" of Policy and Procedures document and the member shall also make available the said policy to their clients by displaying the same on their website/trading application, if any.
The members are also requested to note that the said policy shall be informed to the existing clients via email or any other suitable mechanism which can be preserved.

In case if communication gets bounced/undelivered, the same shall be communicated through alternate channels to such clients. Other suitable mechanism may include physical delivery/SMS/electronic instant messaging services after adhering with the safeguards prescribed under Exchange Circular NSE/INSP/52604 dated June 10, 2022 on Issuance of Electronic Contract Notes (ECN) through SMS/electronic instant messaging services.
New Policy

In view of the above, it has been decided in consultation with SEBI and Broker's Industry Standards Forum that the members, who offer Good Till Cancelled/Good Till Triggered orders or orders of similar type, shall formulate a policy for the same.

The policy shall include:

• Details of Good Till Cancelled/Good Till Triggered/orders of similar type provided by member including its validity.
• Manner of handling of such orders in case of corporate actions (e.g. cancellation, price reset, retaining, etc. for the unexecuted orders).

• Provide timeline within which the member shall intimate their clients about details of upcoming corporate actions applicable for such unexecuted orders of clients, which shall not be later than one day prior to the ex-date of the corporate action.

Good Till Cancelled (GTC) Order
Updated on 09, 2024

A Good Till Cancelled (GTC) order is a limit order but with a long validity and with an option of choosing the expiration date. The GTC order can be an order for buying or selling a stock and will be good until it is executed or cancelled. The general limit for such orders is 30-60 days, after which the order expires, if not updated. Some brokers may allow a GTC order for longer periods, up to a maximum of 365 days. A normal limit order expires at the end of the trading day, but in the case of GTC order, the broker will place a new order every day on client's behalf till the time it is executed (or cancelled).

Benefits of GTC orders

Good Till Cancelled orders have certain benefits as compared to limit orders, which are :
a) They help with buying stocks at a price as per client's requirement
b) GTC order lets the client wait for the right price and gives sufficient time
c) GTC order can be completed in stages, which means buying available quantity at the price specified and then buying balance quantity again if the required price point is reached.
d) GTC order can be placed for both buying and selling,in stages

What Is Good Til Cancelled (GTC)?

You might have heard of different trading orders, like stop loss and limit orders. These types of orders help investors control and manage their position in the market. Good 'Til Cancelled (GTC) is one such order that helps investors manage their market positions. As a responsible investor, you must be familiar with different order types and how to use them effectively.
Let us discuss GTC and its significance in detail.

GTC Meaning In Trading

GTC is a type of trading order commonly used by **stock traders**. It allows investors to buy or sell securities at a given or predetermined price. It is an order set that lasts until the order is executed. It means a GTC will last until the securities are traded at the given price. **Other orders usually last for a trading day**. However, GTC lasts till the order is executed or cancelled by the investor. These orders usually expire within 60 days. It means your order can be executed anytime within 60 days when the predetermined price is hit. Investors don't have to monitor the market conditions at all times with this facility. They can place a GTC order and indulge in other activities without monitoring the market.

How Does GTC Order Work?

Investors must understand how it works in trading. You cannot use GTC just for the sake of trying it. It has a special purpose and can help you trade securities effectively. Here's how GTC works in detail:

- When you place a Good Til Cancelled order, your broker primarily places a **limit order.**
- When the limit order is not executed on the first day, your broker will place a fresh order the **next day**.
- Normal limit orders expire within a day. However, the broker will place a limit order **daily**, as you chose this order.
- The broker keeps placing the order daily **without fail.** It happens until the order is executed. When the predetermined price is achieved, securities are sold or bought as per the investor's choice.
- Your order will last for around **sixty days.** You can cancel the order whenever required. Your broker will stop placing limit orders daily after cancellation.
- There might be cases where only a **partial order** is executed through this. In such a case, the broker will keep trying for the unexecuted part of the order.
- When the predetermined price is not met, the **order expires.**

Good Till Cancelled Explained

Are you still trying to comprehend the significance of GTC orders?
New traders might take some time to understand different types of orders. Let us delve deeper to understand GTC orders.
New investors can purchase or sell securities on stock exchanges. When selling or purchasing securities, the current market price is followed. It means you must accept the current price of securities while making trade. It is where different types of orders come into the picture.

Brokers offer trading platforms that allow investors to place different types of orders.
Brokers offer trading platforms

One of them is the GTC order, which applies till the execution. Let us understand the concept of GTC order with a real-life example.

Let us say you hold stocks of a particular company valued at **INR 100 per share**. You do not want to sell those stocks below **INR 120** per share. In such a case, you must wait for the market price of the shares to go up. The first option is to wait for the market price to reach **INR 120 per share**.

However, you must monitor the price swings at all times to make timely decisions. There are chances that you might miss your trade when the share price reaches **INR 120**.

The second method is to place a GTC order with the help of a broker to sell shares at **INR 120**. Once you place this order, shares are automatically sold when the price hits **INR 120**. Even if you aren't using the trading platform or monitoring price swings, the order is executed.

Your broker will place a limit order daily to sell stocks at **INR 120** per share. The order will last for 30 to 60 days before being cancelled automatically.

Benefits Of GTC Orders

Young investors can leverage the power of GTC orders to make profitable trades. Here are the pros of GTC orders for investors:

Increased Flexibility

GTC orders offer flexibility to investors. They can decide their entry and exit points in advance for any trade.

Saves You from Rigorous Monitoring

You don't have to monitor the market movements at all times. You can place a Good Til Cancelled order and wait for the right time when your order executes.

Automated Trading

Good Til Cancelled orders are executed automatically when the desired price is achieved. Since the entire process is automated, it saves time for investors.

Better Position Management

Investors can manage their trade positions effectively with GTC orders.

Fewer Impulsive Decisions

Good Til Cancelled orders allow you to decide the right price for selling and buying securities. You can take your time and decide on the right entry and exit points. It helps investors avoid trading decisions based on emotions.

No Missed Opportunities

Since GTC orders are executed automatically, there will not be any missed opportunities. When the desired price is achieved, your Good Til Cancelled order is executed immediately.

Risk Associated

Risks are part and parcel of trading, and being aware of them in advance is crucial. Good Til Cancelled orders also come with some risks. Execution risk is one of the issues with such orders. If the specified conditions are never met, these orders will never be executed and will expire after 60 days.

Investors placing such orders often fail to cut losses, as they keep waiting for the perfect time. When the market is highly volatile, prices of securities might move around the specified order price. However, they never meet the exact conditions defined in such orders. Margin traders also face some risks, as they might tie a large portion of their margin with these orders, thus minimizing their leverage.

Conclusion

GTC orders are perfect for investors wanting to control their market positions. You can sell securities at a predetermined price with these types of orders. When the price isn't achieved within 30 or 60 days, the order will be cancelled. Margin traders need to be a little careful when using this option.

Frequently Asked Questions

Is this facility available for all segments?
In general, GTC orders are available for stocks, options, futures, commodities, and other securities. However, most brokers in India offer the facility only for the cash equity segment.

Can I place stop-loss cash orders with the GTC facility?
Both of these orders are separate orders for trading. You cannot use the stop-loss feature for a GTC order.

Can I place market orders with the GTC facility?
A GTC order allows you to purchase or sell securities at a predetermined price. You cannot place market orders when this facility is under action. You must first cancel the GTC order to place a market order.

Can I place cash orders with GTC?
Investors can place cash orders with this facility. Cash orders refer to transactions where the investors have the required amount. The term 'cash order' is the opposite of margin order, where investors use leverage for transactions.

How long does a Good 'Til Cancelled order last?
Good Til Cancelled orders have longer validity than other orders. A GTC order can last for 30 to 60 days. It is automatically cancelled when the specified conditions are not met.

Subject to Change
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