Maitra Commodities

POLICY ON GOOD TILL CANCELLED ORDER

The main purpose of a GTC order is to allow an investor to set a specific price at which they wish to buy or sell a security and then wait for the market conditions to meet their set parameters without having to monitor the market constantly. This is applicable only for MCX FAO + Options.

The importance of this type of order lies of their trades and to automate the trading process, thereby providing convenience and potentially protecting against market in its ability to provide the investor with greater control over the execution volatility.

Placement

When an investor places a GTC order, they specify the price at which they want to buy or sell a particular security. Price to be within the price band ie upper circuit & lower circuit limit. Order will get cancelled by the Exchange if price changes above or below the price band before opening of market. This order will then remain active in the market until the price condition is met and the order is executed, or until the investor cancels the order.

Duration of the Order

GTC orders do not have a specified end date and will continue to be valid until the trade is executed or the order is canceled by the investor.

However, it's worth noting that some brokerages may set a limit on how long a GTC order can remain open, typically around 30 to 90 days.

Execution of GTC Orders

A GTC order is executed when the market price of the security reaches the price specified in the order. When this occurs, the order is automatically filled, and the investor buys or sells the security at the price they previously specified.

Cancellation of GTC Orders

Investors can cancel a GTC order at any time before the order is executed. This provides the investor with flexibility if their investment strategy or market conditions change. However, investors must remember to cancel their GTC orders if they no longer want them to be filled. In case of any software update, orders will be cancelled

Investor Control

When placing a GTC order, an investor sets the exact price at which they want to buy or sell a stock. This means that they can strategize their entry or exit points in the market, potentially securing a good deal even in their absence.

This control mechanism is particularly beneficial when dealing with stocks that have high price volatility or when an investor predicts that a stock will reach a specific price point in the future.

Convenience and Time Efficiency

Once a GTC order is placed, it remains active until the desired conditions are met. This provides the investor with the freedom to focus on other things while still ensuring their trading activities are underway.

They don't need to repetitively place the same order each day, providing significant time efficiency.

Protection against Market Volatility

Investors can be safe in the knowledge that their buy or sell conditions will execute when their set price is met, protecting them against potential price spikes or drops. They are particularly useful in volatile markets, where prices can fluctuate significantly within a trading day.

By setting a GTC order, investors can essentially lock in a price, ensuring that they can take advantage of favorable market conditions, even if these conditions are fleeting.

Conclusion:

However, drawbacks such as the risk of forgetfulness, potential for unfavorable execution prices, varying brokerage policies, and possible extra charges should be considered.

To maximize the use of GTC orders, it is important to follow best practices. Regular monitoring ensures alignment with market conditions and investment strategies. Price alerts can provide timely information for reassessment.

We, at Maitra Commodities Pvt Ltd., following the above procedure while doing GTC.

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