

Policy on Handling Good Till Cancelled (GTC) Orders Offered by Members to Clients

Purpose

This policy outlines the procedures for handling Good Till Cancelled (GTC) orders offered by members to clients. The goal is to ensure clarity, consistency, and fairness in managing GTC orders, aligning with best practices and regulatory requirements.

Scope

This policy applies to all members who offer GTC orders to clients within the organization, covering all asset classes and trading platforms used.

Definition

A Good Till Cancelled (GTC) order is a type of trading order that remains active and in effect until it is either executed or explicitly cancelled by the client. Unlike other order types, GTC orders do not expire at the end of the trading day.

1. Policy Guidelines

1.1. Order Placement

- Members must ensure clients are fully informed about the nature of GTC orders, including their duration and the potential implications for their trading strategy.
- Members should confirm the client's understanding and consent before placing a GTC order.

1.2. Order Management

- GTC orders must be clearly marked as such in the trading system to distinguish them from other order types.
- Members should regularly review GTC orders to ensure they remain relevant and align with the client's current trading strategy or market conditions.

1.3. Order Execution

- GTC orders will remain active until the order is executed in full or partially, or until the client requests cancellation.
- Members must promptly communicate the execution status of GTC orders to the client, including partial fills and any changes in the order status.

1.4. Order Cancellation

- Clients may request the cancellation of GTC orders at any time. Members must process cancellation requests promptly and confirm the cancellation to the client.
- If a GTC order is partially filled, only the unexecuted portion will be cancelled unless otherwise specified by the client.

1.5. Risk Management

- Members should assess the risk associated with holding GTC orders, especially in volatile or fast-moving markets.

- Members are responsible for advising clients on the risks associated with GTC orders and providing guidance on risk management strategies where appropriate.

2. Handling of Orders During Corporate Actions

2.1. Types of Corporate Actions

Corporate actions may include, but are not limited to:

- Stock splits
- Mergers
- Dividend payments
- Rights issues

2.2. Manner of Handling

1. Cancellation:

- Members must cancel any unexecuted GTC orders that are rendered invalid due to a corporate action.

2. Price Reset:

- For GTC orders that remain valid but are affected by price changes (e.g., stock splits), members must adjust the order price and inform the client accordingly.

3. Retaining Orders:

- If the order remains valid after a corporate action, members must ensure that the order continues to reflect the new market conditions and that clients are informed of any necessary adjustments.

3. Communication Protocol

3.1. Client Notification

- Members must notify clients about any upcoming corporate actions that may affect their unexecuted GTC orders.
- Notifications must include details such as the nature of the corporate action, its potential impact on existing orders, and any actions required by the client.

3.2. Notification Timeline

- Members are required to inform clients no later than **one day prior** to the ex-date of the corporate action.
- Notifications should be sent through established communication channels (e.g., email, trading platform alerts).

3.3. Compliance and Record Keeping

- Maintain records of all client communications regarding corporate actions and GTC orders.

- Ensure compliance with all regulatory requirements concerning the handling of GTC orders during corporate actions.
- Regularly review and update this policy to ensure ongoing compliance and effectiveness.

3.4. Training and Awareness

- Conduct training sessions for members to ensure they are familiar with the procedures for managing GTC orders and corporate actions.
- Encourage members to proactively engage with clients about their GTC orders and any relevant corporate actions.

4. Policy Review

- This policy will be reviewed annually and updated as needed to reflect changes in regulatory requirements, market conditions, or organizational practices.

5. Validity:

- GTC orders are valid until canceled by the client or until a corporate action affects the underlying security.
- Members must ensure that clients are aware of the potential for GTC orders to remain open indefinitely.