

Product Requirement Document (PRD) for MTF

Document Information:

Date	Version	Description
24 April 2023	1.0	Initial Draft

Document Summary:

Document Title	Product Requirement Document for developing Margin Trading Funding (MTF)
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Introduction

Margin Trading Facility (MTF) is a facility offered to an investor in buying shares and securities from the available resources by allowing the investor to pay a fraction of the total transaction value called a margin. The margin can be given in the form of cash or shares as collateral depending upon the availability of the respective investor. In short, it can be termed as leveraging a position in the market with cash or collateral by the investor. In this transaction, the broker funds the balance amount

Benefits for Investors:

- MTF is ideal for investors who are looking for benefit from the price movement in the short-term but not having sufficient cash balance.
- Utilization of securities available in portfolio/Demat Account (using them as shares as collateral).
- Improve the percentage return on the capital deployed.
- Enhance the buying power of the investors.
- Prudently regulated by the regulator and exchanges.
- Trade with margins as low as **16 %** and carry forward your positions for up to 360 days.

Journey Process:

MTF Segment Activation process

MTF segment can be activated through Digital & Physical platforms

Digital Activation Process

- a. Login: Customer signs in with the existing Trading Client Code and Password to any trading portal (AERO, Wave, and Diet)
- b. Segment Activation: Post signing in, the customer navigates Back Office login and enables the MTF segment post accepting T&C and OTP validation.
- c. Navigation for customers:

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- Customer has to login into the trading application and click on My Account for AERO, Links for Diet, and Reports for Mobile App.
- Post which customer has to navigate to My Account – Back Office.
- Customer will be navigated to a different URL i.e. <https://dart.centrumbroking.com/Index.aspx>.
- Customer needs to navigate to User Profile and click on the “Modify Details” button.
- On the Re-KYC page client needs to select the “MTF Activation” section.
- Client needs to complete the segment activation process by authenticating the OTP.

Physical Activation Process

- a. Client can download the physical application form from the company’s website. ([Click Here](#))
- b. After duly signing the document the same can be couriered to The KYC Department, Centrum Broking Limited, Centrum House, CST Road, Vidyanagari, Kalina, Santacruz (E), Mumbai – 400098.

- **Process Flow (Operations)**

Admin Module: An Admin module to be provided to the CBL Operations Team which will have control of the following.

- Once the activation request is submitted, an SMS and Email are sent to the client acknowledging the receipt of the application.
- KYC team will verify the application and approve it.
- Once the application has been approved an SMS and Email is sent to the client confirming the same.

- **Process Flow (Trading: Customer)**

Once the trading account is activated for MTF, trades can be executed Online or through CTCL by calling the respective dealers

- Client can log in to Centrum’s Trading portal using his/her User ID and Password.
- All the orders executed through the MTF Product tag will consider under Margin Trading Funding else it will consider as normal as it is.
- After successful execution, the MTF position will be shown under the Net Position window to the client. (**under product type - MTF**)
- Any client who wants to execute an MTF trade through a dealer need to instruct the dealer to execute the trades in MTF
- Client will receive an Email & SMS for pledging the stocks purchased on T Day under the “MTF” product & the client need to complete the pledge transaction by 9:00 pm of the same day to avail of MTF.
- Next day the same will be shown as an “MTF Position” in the net position window instead of Stocks in the portfolio.
- MTF Pledged Stocks will be uploaded under “Net Position”

- **Process Flow (Risk Team)**

- The RMS team has created CRP (Client Risk Preferences), Client Facility Template, and PSBT (Product-wise Scrip Basket Template) Template consisting of MTF Approved CBL scrips.
- MTF Approved Stock list is already created with 658 scrips

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- Team will assign the templates to the client who has opted for MTF Facility.
 - The team will monitor & mitigate all the active & Passive risk of MTF product
 - All the MTF shortage codes need to communicate to the customers & respective business owners before the square off done
 - At the end of the day, the trade file will be provided to the Settlement team for processing.
- **Process Flow (Settlement Team)**
 - The settlement team will process the trade file in iBeats.
 - Ledger postings will be done on Normal and MTF ledgers.
 - An SMS and Email are sent to the client confirming the MTF trade and stock pledge authentication OTP link will be sent from CDSL.
 - Shares will be moved from Pool to the MTF pledge account.

Process Flow for MTF Activation Digital Mode (Client Module)

