



Taurus Group

Segregation and Monitoring of Collateral at Client Level

Sr. No.	Company	Member	SEBI Reg. No.
01.	Taurus Corporate Advisory Services Limited	NSE, BSE, MSEI, CDSL	Single registration no.- INZ000258036

Ref: SEBI Circular No. SEBI/HO/MRD2_DCAP/CIR/2021/0598 dated July 20, 2021 and Exchange circulars reference to NCL circulars NCL/CMPL/49348 dated August 20, 2021, NCL/CMPL/49640 dated September 17, 2021 and NCL/CMPL/49764 dated September 29, 2021 on Segregation and Monitoring of Collateral at Client Level

SEBI, vide circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020, put in place a framework of 'Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System' to mitigate the risk of misappropriation or misuse of client's securities available with the Trading Member (TM) / Clearing Member (CM) / Depository Participant (DP), including use of one client's securities to meet the exposure, margin or settlement obligations of another client or of the TM / CM.

Further, With a view to providing visibility of client-wise collateral (for each client) at all levels, viz., TM, CM and Clearing Corporation (CC), a reporting mechanism, covering both cash and non-cash collateral, shall be specified by the CCs

Accordingly, The Exchange requires margins to be collected from clients in the form of cash and collaterals. A stockbroker needs to keep their client's or stockbrokers own collaterals for margins with the Clearing Corporation (CC) in the ratio of 50 % Cash and 50 % as approved securities. This in turn decides the trading limits for the stockbroker and their clients respectively.

Effective May 2, the Stockbroker must allocate for each client, cash collaterals kept with the Exchange and belonging to client. Though, the non-cash collaterals (securities) need to be pledged, the client cash balance available with CC needs to be shared with them.

The cash collaterals received from the clients for their trading margins are given by the Stock Broker to the CC. Effective May 2, money kept with CC has to be identified for every client to whom this belongs. This has to be done on daily basis to the CC. This has to be done across all segments (equity cash market, Derivatives, Commodity and Currency).

Effective May 2, the CC will first check for the margins at client level which was earlier done at broker's level. If the client cash (50 %) and non-cash collateral in the ratio is sufficient to meet the trade margin, the Brokers money will not be utilized. Else, if the client has not given cash margins at least to the extent of 50 % or the clients shares are not approved for re-pledging to the CC, the shortfall of Cash and non-cash collateral amount will be taken out from the Brokers Cash Deposits.



It is therefore mandatory to give margin collaterals in the ratio of minimum 50 % Cash and balance in approved securities. Else, the limits for the same may be capped to 2 times of the cash collateral.

The Stock Exchanges have also mandated that if a client utilizes more than 90% of their collaterals, the excess utilization will be deducted from the broker capital. Such cumulative excess utilization across all clients could lead to risk reduction Mode (RRM) at broker's level which effectively means no fresh transactions except square off. Hence, effective May2, the client level limit will be pegged at 90 % of aggregate of pledged approved securities collaterals and Cash collaterals.

Any utilization of the cash capital of Taurus Corporate Advisory Services Limited (on behalf of clients not giving 50 % Cash collaterals or approved securities) will attract interest charge not exceeding 18 %. It is at the sole discretion of Taurus Corporate Advisory Services Limited how its own funds are allocated across clients.

Hence, you are advised to please maintain margin requirements in the form of minimum 50 % cash and balance in approved securities in order to ensure broking services at no extra capital cost

Details of key personnel:

Sr. No.	Particulars	KMP-1	KMP-2
01.	Designation	Principal Officer	Compliance Officer
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