

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

DEPARTMENT : SURVEILLANCE	
Download Ref.No.: NSE/SURV/27012	Date : June 25, 2014
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All NSE Members

Sub : Revision in Criteria for Shifting Scrips to/from Trade for Trade Segment

The scrips in Trade for Trade segment are made available for trading under BE or BT series. The settlement of scrips available in this segment is done on a trade for trade basis and no netting off is allowed. Currently, the surveillance action whereby scrips are transferred for trading and settlement on a trade-to-trade basis is reviewed at periodic intervals viz fortnightly and quarterly. These criteria for shifting scrips to/from Trade for Trade segment are decided jointly by the stock exchanges in consultation with SEBI and reviewed periodically.

With a view to rationalize the criteria of shifting of scrips to/from Trade for Trade Segment and to bring it in line with the current market dynamics, SEBI and Stock Exchanges after deliberation and discussions have decided to revise the criteria and periodicity for trade for trade review. Henceforth ,the process of identifying the scrips for moving to/from Trade to Trade will be done on a monthly basis (along with the price band review process, which too shall be done on a Monthly basis instead of Bi-monthly basis), based on the following criteria;

Scrips satisfying the following criteria on the date of review shall be shifted to trade for trade.

As on review date, the scrip should be in 5% price band for atleast 22 trading days

AND

The scrips satisfying any of the following criteria A, B, C or D shall be transferred to Trade for Trade segment.

Criteria A

- Price Earnings Multiple (P/E) less than 0 or greater than or equal to upper limit # subject to a minimum of 25 as on the relevant date **AND**

- Price variation greater than or equal to 20% plus Sectoral Index* / CNX 500 variation in the last 22 trading days; subject to a minimum of 10% **AND**
- Volatility greater than three times Nifty volatility over a period of three months. Volatility is computed as standard deviation of log normal close to close returns.

OR

Criteria B

- Price Earnings Multiple (P/E) greater than 0 but less than the upper limit # subject to a minimum of 25 as on the relevant date **AND**
- Price variation greater than or equal to 40% plus Sectoral Index / CNX 500 variation in the last 22 trading days **AND**
- Volatility greater than three times Nifty volatility over a period of three months.

OR

Criteria C

Criteria C shall be applicable to scrips with a market capitalization of less than 2 times of the market capitalization** arrived at for the review

- Average daily volume variation month over month greater than 200% + Average volume variation of CNX 500 constituents. (computed as average of average volume variation month over month across the constituents as on relevant date, rounded off to the nearest 5%), subject to minimum of 200% (average daily volume in the recent month being more than 1000 shares) **AND**
- Concentration (Gross Purchase plus Gross Sales) of top 10 Clients on the basis of PAN during the month more than 25% **AND**
- Price variation greater than or equal to 20% plus Sectoral Index / CNX 500 variation in the last 22 trading days, subject to a minimum of 10%.

OR

Criteria D

- Number of non promoter shareholders less than 500 as per the latest shareholding pattern available with the Exchange.

(# If Nifty P/E on the relevant date is in the range of 15-20, then the upper limit will be 30. If Nifty P/E > 20 or < 15 then the difference rounded off to nearest number will be added to or subtracted from 30).

(*In case a particular Sectoral Index is available only on one exchange the other exchange

shall also use the same to compare price variation in scrips of the concerned sector for the purpose of shifting to Trade for Trade segment).

(**Market capitalization threshold shall be linked to the Nifty / Sensex movement between December 01, 2003 taking base as Rs. 200 crores and present quarterly relevant date (after rounding off to the nearest Rs. 50 crores of higher of Nifty / Sensex movement)

It has been decided that above criteria shall be implemented in 2 Phases:

a. Adoption of sectoral Indices for comparing price variation in scrips shall be implemented with effect from June 30, 2014.

b. As part of the second phase of implementation, the criterion for shifting of scrips into Trade for Trade would be applied only on scrips trading under a 5 % price band for a minimum of 22 days. The same would be applicable with effect from August 2014.

Scrips moving out of Trade for Trade segment would be placed under 5 % price band until the next review for upward revision of Price bands.

A calendar detailing the dates for reviewing scrips to be shifted into and out of Trade for Trade segment will be disseminated alongwith the next trade to trade review scheduled in August 2014. The date for August 2014 review will also be intimated in due course.

For any clarifications, members are advised to contact Ms. Charmi Haria or Mr. Mayank Rathod or Mr. Hiren Thakkar.

**For and on behalf of
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