

National Stock Exchange Of India Limited**Department : SURVEILLANCE**

Download Ref No: NSE / SURV / 38636

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To All NSE Members

Sub: Applicability of Additional Surveillance Measure (ASM) - Update

This is in furtherance to Exchange circular having download reference no. NSE/SURV/38390 dated July 20, 2018. A Joint Surveillance meeting of Exchanges and SEBI was held today and it has been decided that there shall be an additional criteria based on an objective parameter w.e.f. August 20, 2018.

In accordance with the same, the updated criteria for shortlisting & review of securities under ASM Framework is as given below.

- a) The following **six** criteria shall be made applicable for selection of stocks in the ASM framework.
- i. *High low price variation (based on corporate action adjusted prices) of 200% or more in the last three months AND Concentration of top 25 clients in the last three months is 30% or more.*
OR
 - ii. *High low price variation (based on corporate action adjusted prices) of 200% or more in the last three months AND number of price band hits (upper or lower) in the last three months is 30% or more.*
OR
 - iii. *Close to Close price variation (based on corporate action adjusted prices) in the last 30 trading days is 100% or more AND PE negative or more than 30 AND the concentration of top 25 clients in the last one month is 30% or more.*
OR
 - iv. *Close to Close Price variation (based on corporate action adjusted prices) in 365 days greater than 100% AND High - Low Variation in 365 days greater than 200% AND Market Cap above Rs. 500 Crores AND High Low Variation in 90 trading days greater than 50%.*

OR

- v. *Close to Close Price variation (based on corporate action adjusted prices) greater than or equal to 50% in last three months AND Concentration of top 25 clients in a quarter in the scrip is greater than or equal to 20% AND 5 or more clients out of the top 25 clients having 50 % or more of their trading activity in a scrip AND Market Cap above Rs. 500 crores.*

OR

- vi. *Monthly volume variation in a stock compared to its average volume variation over a period of last three months is greater than 500% + Percentage monthly average volume variation of constituents of Nifty 500 Index compared to their average volume variation for the same period AND concentration of top 25 clients greater than 25% in a month AND Average Delivery percentage less than 30% AND Market Cap above Rs. 500 crores AND Daily average volume greater than or equal to 10000 & trading at least 50% of the days available in the month*

Exemption: Bulk/Block (maximum of buy /sell value), i.e., Average Volume of Bulk or Block Quantity/Average Volume of the Security greater than 50%.

The following securities shall be excluded from the process of shortlisting of securities under ASM:

- Public Sector Enterprises and Public Sector Banks
- Securities already under Graded Surveillance Measure (GSM)
- Securities on which derivative products are available
- Securities already under Trade for Trade

- b) The applicable surveillance action on shortlisted scrips based on the above criteria shall be as follows:

Surveillance action after inclusion in ASM:

- The list of scrips shortlisted for action under ASM shall be disseminated in advance (T day). In this regard, the imposition of 5% price band will be effective from next trading day (T+1 day) and imposition of 100% margin will be effective from T+5 trading days.

For eg. If a security is shortlisted under ASM on July 23, 2018 (T day) after-market hours, inclusion under ASM and imposition of 5% Price band shall be applicable w.e.f. July 24, 2018 (T+1 day) and the 100% margin shall be effective July 30, 2018 (T+5 days).

Surveillance action post 1 month after inclusion in ASM:

- Scrips having PE ratio greater than 100 shall be placed in the Trade for Trade segment.
- c) Scrips in the ASM framework shall be reviewed after two months for applicability of ASM Framework.

The review will be on the following lines:

- Scrips having PE Ratio less than 10 (PE ratio is between 0 to 10) **AND** Top 25 clients (in the preceding two months) contribute to less than 50% of total volume in the scrip shall be moved out of ASM framework (and close price shall become the base price for subsequent reviews.)
- Scrips having PE ratio less than PE ratio of Nifty 500 Index **AND** Top 25 clients (in the preceding two months) contribute to less than 50% of total volume in the scrip shall be moved out of ASM framework in case such scrips does not meet entry criteria stated above.
- Scrips having PE ratio less than 2 times PE ratio of Nifty 500 Index **AND** Top 25 clients (in the preceding two months) contribute to less than 50% of total volume in the scrip shall be continue to remain in ASM, however such scrips shall be moved out of Trade for Trade segment.

Market participants may note that ASM framework shall be in conjunction with all other prevailing surveillance measures being imposed by the Exchanges from time to time.

Further, it may also be noted that the shortlisting of securities under ASM is purely on account of market surveillance and it should not be construed as an adverse action against the concerned company / entity.

In case of any further queries, members are requested to contact on 022-26598129/8166.

For National Stock Exchange of India Limited

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