

## Additional Surveillance Measure (ASM)

### Frequently Asked Questions (FAQs)

#### **1) What is the purpose for introduction of ASM framework?**

In order to enhance market integrity and safeguard interest of investors, Securities and Exchange Board of India (SEBI) and Exchanges, have been introducing various enhanced surveillance measures such as reduction in price band, periodic call auction and transfer of securities to Trade for Trade segment from time to time.

The main objective of these measures are to -

- Alert and advice investors to be extra cautious while dealing in these securities
- Advise market participants to carry out necessary due diligence while dealing in these securities.

In continuation to various surveillance measures already implemented, SEBI and Exchanges, pursuant to discussions in joint surveillance meetings, have decided that along with the aforesaid measures there shall be Additional Surveillance Measure (ASM) on securities with surveillance concerns based on objective parameters viz. Price variation, Volatility etc.

#### **2) How are the securities shortlisted under ASM framework?**

The shortlisting of securities for placing in ASM framework is based on an objective criteria as jointly decided by SEBI and Exchanges covering following parameters:

- High Low Variation
- Client Concentration
- No. of Price Band Hits
- Close to Close Price Variation
- PE ratio

The aforementioned criteria is dynamic in nature and subject to change from time to time.

#### **3) When will the ASM framework come into force?**

The ASM framework monitoring has come into force with effect from March 26, 2018. The Exchange, in coordination with other Exchanges, has issued circular having download reference number(s): NSE/SURV/37253 & NSE/SURV/37262 on March 21, 2018 and March 22, 2018 respectively informing the market participants about introduction of ASM framework along with the first list of shortlisted securities qualifying for application of ASM.

Subsequently, the updated list of companies are being published from time to time.

**4) What are the various surveillance actions under ASM? And what do they signify?**

The underlying principle behind ASM framework is to alert the market participants that they need to be extra cautious and diligent while dealing in such securities as the need has been felt to place them under higher level of surveillance.

The surveillance actions applicable for the shortlisted securities is as under:

- Securities shall be placed in Price Band of 5%
- Margin shall be levied at the rate of 100%

The shortlisted securities shall be further monitored on a pre-determined objective criteria and would be moved into Trade for Trade segment once the criteria gets satisfied.

**5) Should shortlisting under ASM be construed as an adverse action against the concerned company / entity?**

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.

**6) Some of the securities which have been identified under ASM are already under various surveillance actions mentioned in the ASM framework. What does this mean?**

As stated, ASM framework shall work in addition to existing actions undertaken by the Exchange on the company's securities. In case the securities are already attracting any action mentioned in ASM framework, then such action shall continue to work in conjunction with appropriate action under ASM framework.

**7) Where do I get the complete list of securities under ASM?**

A file ([List\\_of\\_securities\\_shortlisted\\_under\\_ASM.csv](#)) containing securities under ASM is available on our website at the following link:

[https://www.nseindia.com/invest/content/equities\\_surv\\_actions.htm](https://www.nseindia.com/invest/content/equities_surv_actions.htm)

**8) Will the identified securities remain under ASM permanently?**

A review process based on pre-defined objective criteria for moving securities out of ASM framework shall be carried out on a bimonthly basis.

**9) How will the market participants be made aware of various Additional Surveillance Measures undertaken by the exchanges on securities on short notice?**

The Exchange has already published various circular(s) giving information to market participants on ASM framework and the consolidated list of companies. Going

forward as well, the Exchange shall continue to publish such circulars. All surveillance actions shall be triggered based on certain criteria and shall be made effective, in a coordinated manner across the Exchanges, with a very short notice issued after market hours typically one trading day before the effective date.

Further, while placing an order on a security which is under Graded Surveillance Measure (GSM) / Additional Surveillance Measure (ASM) / Insolvency Resolution Process (IRP) as per Insolvency and Bankruptcy Code (IBC) an alert message "Security is under Surveillance Measure / Insolvency Resolution Process, would you like to continue?" shall be displayed on NEAT/NEAT+.

**10) Besides the actions stated in ASM framework, can there be any other regulatory action against the companies identified therein?**

Surveillance actions under ASM framework are without prejudice to the right of Exchanges and SEBI to take any other surveillance measures, in any manner, on case to case basis or holistically depending upon the situation and circumstances as may be warranted.

**11) When does the Margin at the rate of 100% become applicable?**

100% Margin on securities shall be applicable w.e.f. the next trade date after the date of inclusion of securities in ASM and shall be applicable on all open position in such securities.

**12) How will the Trading Member be intimated about increase in Margin?**

The margin rate shall be intimated in the VAR Begin of Day file published on the website for the day it is applicable.

**13) When does the Margin get released?**

The margin shall be released as per the existing process of release of Margin by National Securities Clearing Corporation Limited (NSCCL).

**\*\*\* End of Document \*\*\***