

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

Download Ref No: NSE / SURV / 56948

Date: June 02, 2023

Circular Ref. No: 346 / 2023

To All NSE Members**Sub: Enhanced Surveillance Measure (ESM)**

SEBI and Exchanges in a joint meeting have decided to introduce ESM framework for Micro-Small Companies (on main board with market cap less than 500 crores) with effect from June 05, 2023.

The following criteria shall be made applicable for selection of stocks in the Enhanced Surveillance Measure for Micro-Small Companies

A. Shortlisting criteria (Stage 1): Either below condition 1 or 2 is met:

- 1) High–Low Price Variation (*based on corporate action adjusted prices*) in 3 months OR 6 months OR 12 months \geq 1 Standard deviation (of High-Low variation of all Micro-Small Cap Companies as defined above).

AND

Minimum threshold of High-Low variation would be as under:

3 months > 75%,

6 months > 100%

12 months > 150%.

- 2) Close–to–Close Price Variation (*based on corporate action adjusted prices*) in 3 months OR 6 months OR 12 months \geq 1 Standard deviation (of Close–to–Close Price variation of all Micro-Small Cap Companies as defined above).

AND

Minimum threshold of Close-to-close variation would be as under:

3 months > 50%

6 months > 75%

12 months > 100%.

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

- Public Sector Enterprises and Public Sector Banks

- Securities on which derivative products are available.

B. The stage wise movement: Following shall be the stage wise surveillance action after inclusion in ESM:

Stage	Conditions for Entry	Action
I	Identification of securities based on entry criteria as given in Part A above.	Applicable margin shall be 100% from T+2 day. AND Trade for Trade settlement with price band of 5% OR 2% (In case scrip is already in 2% band)
II	Stocks which are already in Stage I satisfying the following conditions a) In 5 consecutive trading days: Close-to-Close Variation (<i>based on corporate action adjusted prices</i>) \geq (+15%) OR b) On a monthly basis: Close-to-Close Variation (<i>based on corporate action adjusted prices</i>) \geq (+30%)	Trade for Trade settlement with price band of 2%. AND Trading permitted once a week with Periodic Call Auction.

Notes:

1. Stage-wise review of securities shall be on a weekly basis.
2. Security shall be part of the framework for a minimum period of 90 calendar days. However, in case a security is under stage 2 of the Framework, it shall be retained under stage 2 for a minimum period of 1 month. After completion of 1 month, in weekly stage review if such security's close to close price variation is less than 8% in a month, it can move to stage 1 of the Framework.
3. Securities completing 90 calendar days (subject to meeting of aforesaid condition in point 2) in the framework shall be eligible for stage-wise exit subject to such securities not meeting the entry criteria as laid down in point A.

In case of any further queries, members are requested to write to us on surveillance@nse.co.in

For National Stock Exchange of India Limited

Binoy Yohannan
Associate Vice President
Surveillance