

National Stock Exchange of India

Circular

Department: SURVEILLANCE	
Download Ref No: NSE/SURV/ 58558	Date: September 25, 2023
Circular Ref. No: 701/2023	

To All NSE Members

Sub: Short-Term Additional Surveillance Measure (ST-ASM) framework for SME Segment

This is in partial modification to Exchange Circular nos. NSE/SURV/39265, NSE/SURV/39932, NSE/SURV/41665, NSE/SURV/41981, NSE/SURV/46557, NSE/SURV/52144 dated October 27, 2018, January 11, 2019, July 19, 2019, August 27, 2019, December 04, 2020, and April 28, 2022, respectively regarding Short Term Additional Surveillance Measure (ST-ASM) framework. Securities and Exchange Board of India (SEBI) and Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures from time to time.

As per Joint Surveillance Meeting of Exchanges and SEBI, the extant Short Term ASM (ST-ASM) Framework shall be extended to Small and Medium Enterprises (SME) stocks subject to certain changes. Accordingly, the ST-ASM framework applicable for SME stocks shall be as per Annexure.

Market participants may note that ST-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 ST-ASM is purely on account of market surveillance, and it should not be construed as an adverse action against the concerned company / entity.

The revised framework would be made available w.e.f. October 03, 2023. In case of any further queries, you may write to us at surveillance@nse.co.in.

For National Stock Exchange of India Limited
Binoy Yohannan
Associate Vice President
Surveillance

National Stock Exchange of India

Annexure

Short-term Additional Surveillance Measure (Short-term ASM)

Criteria for identification of Stocks:

A. Stage I

Criteria – 5/15 Days

Stocks witnessing Close-to-Close Price Variation $\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock } \times \text{ S\&P BSE 500/Nifty 500 variation})$ in 5 trading days.

AND

Concentration of Top 25 clients $\geq 30\%$ of combined trading volume of NSE & BSE in the stock in 5 trading days. Concentration excluding market makers shall be considered.

Stocks witnessing Close-to-Close Price Variation $\geq (\pm 40\% + \text{Beta } (\beta) \text{ of the stock } \times \text{ S\&P BSE 500/Nifty 500 variation})$ in 15 trading days.

AND

Concentration of Top 25 clients $\geq 30\%$ of combined trading volume of NSE & BSE in the stock in 15 trading days. Concentration excluding market makers shall be considered.

Criteria – 30 Days

For Stocks with a market capitalization more than INR 100 crore

High Low Variation on a one-month basis greater than $(75\% + \text{Beta } (\beta) \text{ of the stock } \times \text{ S\&P BSE Sensex/Nifty 500 variation})$

AND

Average Unique PANs trading in the scrip in last one month < 25

Stocks identified as per the above criteria in any of the exchanges shall be shortlisted under the framework.

Action on the shortlisted stocks (Stage I):

- I. Applicable rate of margin shall be 50% or existing total margins whichever is higher, subject to maximum rate of margins capped at 100%.
- II. On identification of stocks, Exchange shall seek clarification from the company whether there is any corporate announcement that has not been disseminated to market. The clarification so received shall be disseminated to the market.
- III. A surveillance dashboard shall also be displayed on the Exchange website mentioning the names of such stocks and other relevant details to inform the investors.

National Stock Exchange of India

B. Stage II

Criteria for identification of Stocks:

Criteria – 5/15 Days

Stocks witnessing Close-to-Close Price Variation $\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock } \times \text{ S\&P BSE 500/Nifty 500 variation})$ in 5 consecutive trading days during the 15 days following the inclusion in Stage I.

AND

Concentration of Top 25 clients $\geq 30\%$ of combined trading volume of NSE & BSE in the stock during the above mentioned 5 trading days. Concentration excluding market makers shall be considered.

Stocks witnessing Close-to-Close Price Variation $\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock } \times \text{ S\&P BSE 500/Nifty 500 variation})$ in 15 consecutive trading days during the 45 days following the inclusion in Stage I.

AND

Concentration of Top 25 clients $\geq 30\%$ of combined trading volume of NSE & BSE in the stock during the above mentioned 15 trading days. Concentration excluding market makers shall be considered.

Stocks identified as per the above criteria in any of the exchanges shall be shortlisted under the framework.

Action on the shortlisted stocks (Stage II):

Applicable rate of margin shall be 100% or existing total margins whichever is higher, subject to maximum rate of margins capped at 100%.

❖ Exit Criteria

1. The stocks shall be retained in each stage as applicable for a minimum period of 5 / 15 trading days/1 month and shall be eligible for review from 6th / 16th trading day/ 1month onwards.
2. Stock shall continue to remain under appropriate stages of ST-ASM framework if it meets the entry criteria as on the review date or if it does not qualify under any other Surveillance framework warranting more stringent action.