

## FAQ on

# **Additional Surveillance Measure (ASM)**

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## 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 Graded Surveillance Measure (GSM), 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 is 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) What are the criteria for shortlisting scrips under ASM framework and what are the applicable surveillance actions on the shortlisted scrips?

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

- ➡ High Low Variation
- ➡ Client Concentration
- ➡ Close to Close Price Variation
- ➡ Market Capitalization
- ➡ Volume Variation
- ➡ Delivery Percentage
- ➡ No. of Unique PANs
- ➡ PE

The criteria for shortlisting & review of securities under Long-term and Short-term ASM Frameworks is as given below.

## Section I: Long-term Additional Surveillance Measure (Long-term ASM)

**A)** The following **SEVEN** criteria shall be made applicable for selection of stocks (including PSU but other than Equity Derivatives) in the Long Term ASM Framework.

(Refer Exchange Circulars - NSE/SURV/52090 dated April 22, 2022 and NSE/SURV/64406 dated September 20, 2024)

- 1)** High–Low Price Variation (*based on corporate action adjusted prices*) in 3 months  $\geq$  (150% + Beta ( $\beta$ ) of the stock \* Nifty 50 variation)

**AND**

Concentration of Top 25 clients  $\geq$  25% of combined trading volume of NSE & BSE in the stock in last 30 days.

**AND**

Market Capitalization > Rs. 100 Crore as on review date.

- 2)** Close–to–Close Price Variation (*based on corporate action adjusted prices*) in the last 60 trading days  $\geq$  (100% + Beta ( $\beta$ ) of the stock \* Nifty 50 variation).

**AND**

Concentration of Top 25 clients  $\geq$  25% of combined trading volume of NSE & BSE in the stock in last 30 days.

**AND**

Market Capitalization > Rs. 100 Crore as on review date.

- 3)** Close–to–Close Price Variation (*based on corporate action adjusted prices*) in 365 days  $\geq$  (100% + Beta ( $\beta$ ) of the stock \* Nifty 50 variation)

**AND**

High–Low Price Variation (*based on corporate action adjusted prices*) in 365 days  $\geq$  (200% + Beta ( $\beta$ ) of the stock \* Nifty 50 variation)

**AND**

Market Capitalization > Rs. 500 Crore as on review date

**AND**

Concentration of Top 25 clients  $\geq$  25% of combined trading volume of NSE & BSE in the stock in last 30 days.

- 4) Average daily Volume in a month is  $\geq$  10,000 shares & monthly volume variation in a stock is  $>$  500% of Average daily volumes in preceding 3 months at both Exchanges (NSE and BSE)

**AND**

Concentration of Top 25 clients  $\geq$  25% of combined trading volume of NSE & BSE in the stock in last 30 days.

**AND**

Average Delivery % is less than 50% in last 3 months

**AND**

Market Capitalization  $>$  Rs. 500 Crore as on review date

**AND**

Close-to-Close price variation (*based on corporate action adjusted prices*) in last one month  $\geq$  (50% + Beta ( $\beta$ ) of the stock \* Nifty 50 variation)

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%.

- 5) Close to Close price variation  $>$  25% + (Beta \* Nifty 50 Variation) in a month

**AND**

PE negative OR  $>$  2 times of PE of Nifty 50

**AND**

Market Capitalization  $<$  Rs. 500 Crores as on review date.

- 6) Close-to-Close price variation of the SME stock  $\geq \pm 25\%$  + (Beta ( $\beta$ ) of the stock \* NIFTY SME EMERGE Index Variation) in 15 days

**OR**

Close-to-Close price variation of the SME stock  $\geq \pm 50\%$  + (Beta ( $\beta$ ) of the stock \* NIFTY SME EMERGE Index Variation) in 30 days

**OR**

Close-to-Close price variation of the SME stock  $\geq \pm 90\%$  + (Beta ( $\beta$ ) of the stock \* NIFTY SME EMERGE Index Variation) in 3 months

**AND**

PE of the stock is negative OR PE of the stock  $\geq$  2 times the PE of NIFTY SME EMERGE Index.

**Note:**

For stagewise surveillance action on SME stock after inclusion in Long Term ASM criteria 6:

- i. Price variation  $\geq (+ 25\% + \text{Beta } (\beta) \text{ of the SME stock} * \text{NIFTY SME EMERGE Index Variation})$  shall be considered.
- ii. Concentration of Top 25 clients excluding market makers shall be considered.

**7) Scrips with price band of  $\pm 10\%$ ,  $\pm 5\%$ ,  $\pm 2\%$**

**AND**

Close-to-Close Price Variation (*based on corporate action adjusted prices*) in 365 days  $\geq (200\% + \text{Beta } (\beta) \text{ of the stock} * \text{Nifty 50 variation})$

**AND**

High-Low Price Variation (*based on corporate action adjusted prices*) in 365 days  $\geq (300\% + \text{Beta } (\beta) \text{ of the stock} * \text{Nifty 50 variation})$

**AND**

Market Capitalization > Rs. 1000 Crores as on review date

**AND**

Concentration of Top 25 clients  $\geq 25\%$  of combined trading volume of NSE & BSE in the stock in last 30 days

**Action on the stocks shortlisted as per Criteria 7:**

- i. The shortlisted scrips shall be placed **directly in Stage IV** of Long Term ASM w.e.f. beginning of T+3 days (T day being the day on which scrip was shortlisted).
- ii. The shortlisted scrips shall be retained in Stage IV for a minimum period of 90 calendar days.
- iii. Post completion of 90 calendar days, such scrips shall be subjected to stage-wise review (that is at present undertaken on weekly basis by the Stock Exchanges).

Securities completing 90 calendar days in Long-term ASM Framework would be eligible for exit from the framework subject to stage-wise exit.

In addition to the above, the stocks satisfying the below criteria after inclusion / stage - wise movement under the Long Term ASM shall be placed in Stage IV of Long Term ASM and shall be retained in Stage IV till such time the stocks satisfy the criteria:

Non-promoter holding in the stock < 25%

**AND**

Price Variation as under:

High-Low Price Variation (based on corporate action adjusted price) in 1 month  $\geq$  (50% + Beta ( $\beta$ ) of the stock \* Nifty variation)

**OR**

High-Low Price Variation (based on corporate action adjusted price) in 3 months  $\geq$  (100% + Beta ( $\beta$ ) of the stock \* Nifty variation)

**OR**

High-Low Price Variation (based on corporate action adjusted price) in 6 months  $\geq$  (200% + Beta ( $\beta$ ) of the stock \* Nifty variation)

- ❖ Note: The Beta ( $\beta$ ) factor shall be applicable only in case of positive index variation. The securities satisfying any of the above six criteria shall be shortlisted under Long-term ASM.

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

**Long Term ASM:**

- ❖ Securities already under Graded Surveillance Measure (GSM)
- ❖ Securities already under Trade for Trade

- B)** The applicable surveillance action on shortlisted scrip's based on the above criteria shall be as follows:

Stage wise Surveillance action after inclusion in Long Term ASM:

<b>Stage</b>	<b>Conditions for Entry</b>	<b>Action</b>
I	Identification of securities based on entry criteria	Applicable margin shall be 100% from T+3 day
II	Stocks which are already in Stage I of Long term ASM, satisfying the following conditions in 5 consecutive trading days:  Close-to-Close Variation (based on corporate action adjusted prices) $\geq$	Reduction of price band to next lower level and applicable margin shall be 100% from T+3 day

<b>Stage</b>	<b>Conditions for Entry</b>	<b>Action</b>
	<p>(25% + Beta (<math>\beta</math>) of the stock * Nifty 50 variation)</p> <p style="text-align: center;"><b>AND</b></p> <p>Concentration of Top 25 clients <math>\geq</math> 30% of combined trading volume of NSE &amp; BSE in the stock in last 30 days.</p>	
III	<p>Stocks which are already in Stage II of Long term ASM, satisfying the following conditions in 5 consecutive trading days:</p> <p>Close-to-Close Variation <math>\geq</math> (25% + Beta (<math>\beta</math>) of the stock * Nifty 50 variation)</p> <p style="text-align: center;"><b>AND</b></p> <p>Concentration of Top 25 clients account <math>\geq</math> 30% of combined trading volume of NSE &amp; BSE in the stock in last 30 days</p>	Further reduction of price band to next lower level and applicable margin shall be 100% from T+3 day
IV	<p>Stocks which are already in Stage III of Long term ASM, satisfying the following conditions in 5 consecutive trading days:</p> <p>Close-to-Close Variation (<i>based on corporate action adjusted prices</i>) <math>\geq</math> (25% + Beta (<math>\beta</math>) of the stock * Nifty 50 variation)</p> <p style="text-align: center;"><b>AND</b></p> <p>Concentration of Top 25 clients <math>\geq</math> 30% of combined trading volume of NSE &amp; BSE in the stock in last 30 days</p>	Settlement shall be on Gross basis with 100% margin for all clients and 5% price band.

(Refer Exchange Circulars - NSE/SURV/46557 dated December 04, 2020, NSE/SURV/48506 dated June 04, 2021, NSE/SURV/52090 dated April 22, 2022 & NSE/SURV/64406 dated September 20, 2024)

## **Section II: Long-term Additional Surveillance Measure (Long-term ASM) on Equity Derivatives**

As per circular NSE/SURV/63362 dated August 09, 2024 the extant Long Term ASM Framework has been extended to:

- A. Derivative stocks (Stocks on which derivative products are available for trading in equity derivative segment of the Exchanges) and
- B. All corresponding Futures and Options contracts w.r.t the shortlisted derivative stocks referred in point A above.

The following **FOUR** criteria shall be made applicable for selection of Derivative stocks (including PSU) in the Long Term ASM Framework.

*(Refer Exchange Circular - NSE/SURV/63362 dated August 09, 2024 and NSE/SURV/64406 dated September 20, 2024)*

### **Shortlisting criteria (Stage I):**

- 1) High-Low Price Variation (*based on corporate action adjusted prices*) in 3 months  $\geq (150\% + \text{Beta } (\beta) \text{ of the stock} * \text{Nifty 50 /S&P BSE Sensex variation})$

**AND**

Concentration of Top 25 clients  $\geq 25\%$  of combined trading volume of NSE & BSE in the stock in last 30 days.

- 2) Close-to-Close Price Variation (*based on corporate action adjusted prices*) in the last 60 trading days  $\geq (100\% + \text{Beta } (\beta) \text{ of the stock} * \text{Nifty 50 /S&P BSE Sensex variation})$ .

**AND**

Concentration of Top 25 clients  $\geq 25\%$  of combined trading volume of NSE & BSE in the stock in last 30 days.

- 3) Close-to-Close Price Variation (*based on corporate action adjusted prices*) in 365 days  $\geq (100\% + \text{Beta } (\beta) \text{ of the stock} * \text{Nifty 50 /S&P BSE Sensex variation})$

**AND**

High–Low Price Variation (*based on corporate action adjusted prices*) in 365 days  $\geq$  (200% + Beta ( $\beta$ ) of the stock \* Nifty 50/S&P BSE Sensex variation)

**AND**

Concentration of Top 25 clients  $\geq$  25% of combined trading volume of NSE & BSE in the stock in last 30 days.

4) Average daily Volume in a month is  $\geq$  10,000 shares & monthly volume variation in a stock is  $>$  500% of Average daily volumes in preceding 3 months at both Exchanges (NSE and BSE)

**AND**

Concentration of Top 25 clients  $\geq$  25% of combined trading volume of NSE & BSE in the stock in last 30 days.

**AND**

Average Delivery % is less than 50% in last 3 months

**AND**

Close–to–Close price variation (*based on corporate action adjusted prices*) in last one month  $\geq$  (50% + Beta ( $\beta$ ) of the stock \* Nifty 50/S&P BSE Sensex variation)

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%.

- ❖ Note: The Beta ( $\beta$ ) factor shall be applicable only in case of positive index variation. The securities satisfying any of the above six criteria shall be shortlisted under Long-term ASM.

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

**Long Term ASM (Equity Derivatives):**

- ❖ Securities already under Graded Surveillance Measure (GSM)
- ❖ Securities already under Trade for Trade

**The stage wise movement:**

<b>Stage</b>	<b>Conditions for Entry</b>	<b>Action</b>
I	Identification of securities based on entry criteria.	Applicable margin shall be 50% or existing total margins whichever is higher in case F&O contracts from T+3 day,  AND  Applicable margin shall be 100% in case of underlying (equity) from T+3 day.
II	Stocks which are already in Stage I of Long term ASM, satisfying the following conditions in 5 consecutive trading days:  Close-to-Close Variation ( <i>based on corporate action adjusted prices</i> ) $\geq$ (25% + Beta ( $\beta$ ) of the stock * Nifty 50 variation)  <b>AND</b>  Concentration of Top 25 clients $\geq$ 30% of combined trading volume of NSE & BSE in the stock in last 30 days.	Market wide position limit (MWPL) to be reduced to 75% of applicable limit (w.r.t F&O contracts) from T+3 day.  AND  Applicable margin shall be 100% or existing total margins whichever is higher in case of underlying (equity) & F&O contracts from T+3 day.
III	Stocks which are already in Stage II of Long term ASM, satisfying the following conditions in 5 consecutive trading days:  Close-to-Close Variation $\geq$ (25% + Beta ( $\beta$ ) of the stock * Nifty 50 variation)  <b>AND</b>  Concentration of Top 25 clients account $\geq$ 30% of combined trading volume of NSE & BSE in the stock in last 30 days	MWPL to be reduced to 50% of applicable limit (w.r.t F&O contracts) from T+3 day.  AND  Applicable margin shall be 100% or existing total margins whichever is higher in case of underlying (equity) & F&O contracts from T+3 day.

Stage	Conditions for Entry	Action
IV	<p>Stocks which are already in Stage III of Long term ASM, satisfying the following conditions in 5 consecutive trading days:</p> <p>Close-to-Close Variation (<i>based on corporate action adjusted prices</i>) <math>\geq</math> (25% + Beta (<math>\beta</math>) of the stock * Nifty 50 variation)</p> <p><b>AND</b></p> <p>Concentration of Top 25 clients <math>\geq</math> 30% of combined trading volume of NSE &amp; BSE in the stock in last 30 days.</p>	<p>MWPL to be retained to 50% of applicable limit (w.r.t F&amp;O contracts) from T+3 day.</p> <p>AND</p> <p>The applicable margin shall be 100% or existing total margins whichever is higher in case of underlying (equity) &amp; F&amp;O contracts from T+3 day.</p> <p>AND</p> <p>No fresh contracts to be issued from T+1 day##.</p> <p>After the expiry of existing contracts, Gross settlement &amp; (<math>\pm</math> 5 % price band) in underlying (equity).</p>

#### **Reintroduction of Contracts post Stage IV action shall be as under (##):**

- I. Action of No fresh contracts / removal from derivatives shall be implemented irrespective of the fact of subsequent downward stage revision/exit from framework. Post expiry of existing contracts, the scrip shall be like a non-derivative stock.
- II. New derivative contracts in the scrip will be issued by the Exchange post following the extant process for reintroduction of derivative contracts.

**Once underline stock qualifies for LT ASM framework, corresponding contracts shall be also part of LT ASM framework**

Illustration of MWPL:

Symbol	Particulars	Current	75% of MWPL	50% of MWPL
Dummy	MWPL	1,000	750	500
Dummy	Open Interest	650	650	650
Dummy	Utilisation %	65.00%	86.67%	130.00%
	Remarks			Will go in BAN

## Review Period and Exit

- i. Securities completing **90 calendar days** in Long-term ASM Framework would be eligible for exit from the framework subject to stage-wise exit as mentioned below.
- ii. The stage-wise review of stocks shall be on a weekly basis.
- iii. Exit for stocks shall be in stages as under:
  - Stocks in Stage I shall be eligible for exit from Long-term ASM framework subject to such stocks not meeting the entry criteria of Long-term ASM
  - Stocks in Stage IV shall move to Stage III if such stocks do not meet the entry criteria for Stage IV
  - Stocks in Stage III shall move to Stage II if such stocks do not meet the entry criteria for Stage III
  - Stocks in Stage II shall move to Stage I if such stocks do not meet the entry criteria for Stage II

## Section III: Short-term Additional Surveillance Measure (Short-term ASM)

The following criteria shall be made applicable for selection of stocks (including PSU) in the Short Term ASM Framework:

(Refer Exchange Circular - NSE/SURV/52144 dated April 28, 2022 and NSE/SURV/64406 dated September 20, 2024)

### a) Stage I

Criteria for Identification of stocks:

Stocks witnessing Close-to-Close Price Variation  $\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock} \times \text{Nifty 50 variation})$  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.

Stocks witnessing Close-to-Close Price Variation  $\geq (\pm 40\% + \text{Beta } (\beta) \text{ of the stock} \times \text{Nifty 50 variation})$  in 15 trading days.

**AND**

Concentration of Top 25 clients account  $\geq 30\%$  of combined trading volume of NSE & BSE in the stock in 15 trading days.

**OR**

<p><b>For Stocks with a market capitalization more than INR 100 crore and less than or equal to INR 500 crore</b></p> <p>High Low Variation on a one month basis greater than 75% <b>AND</b> Average Unique PANs trading in the scrip in last one month &lt; 100</p>	<p><b>For Stocks with a market capitalization greater than INR 500 crore</b></p> <p>High Low Variation on a one month basis greater than 75% <b>AND</b> Average Unique PANs trading in the scrip in last one month &lt; 200</p>
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Stocks identified as per any of the above four criteria in any of the Exchanges shall be shortlisted under the framework.

**Action on the shortlisted stocks:**

1. On identification of above stocks, clarification shall be sought from the company about any corporate announcement, if any that has not been disseminated to market. The clarification, so received shall be disseminated to the market.
2. A Surveillance dashboard shall also be displayed on the Exchange website mentioning the names of such stocks and other relevant details for the information of the investors.
3. Applicable margin rate for the shortlisted stock shall be 50% or existing margin, whichever is higher, subject to maximum rate of margin capped at 100%.

**b) Stage II**

**Criteria:**

<p>Stocks witnessing Close-to-Close Price Variation <math>\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock} \times \text{Nifty 50 variation})</math> in any 5 consecutive trading days during the 15 days following the inclusion in Stage I.</p> <p><b>AND</b></p> <p>Concentration of Top 25 clients <math>\geq 30\%</math> of combined trading volume of NSE &amp; BSE in the stock during the above mentioned 5 days period.</p>	<p><b>OR</b></p>	<p>Stocks witnessing Close-to-Close Price Variation <math>\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock} \times \text{Nifty 50 variation})</math> in any 15 consecutive trading days during the 45 days following the inclusion in Stage I.</p> <p><b>AND</b></p> <p>Concentration of Top 25 clients <math>\geq 30\%</math> of combined trading volume of NSE &amp; BSE in the stock during the above mentioned 15 days period.</p>
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**Action on the shortlisted stocks:**

Applicable margin rate for the shortlisted stock shall be 100% or existing margin, whichever is higher, subject to maximum rate of margin capped at 100%.

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

- ❖ Securities already under Graded Surveillance Measure (GSM)
- ❖ Securities already under Trade for Trade

### **Exit Criteria**

1. The stocks shall be retained in each stage as applicable for a minimum period of **5/15** trading days and shall be eligible for review from **6<sup>th</sup> / 16<sup>th</sup>** Trading day onwards.
2. Accordingly, if a stock is not meeting entry criteria on the review date, it would be moved out of Short-term ASM framework.
3. As long as a stock continues to meet the criteria for Short-term ASM without attracting the criteria for Long-term ASM, the stock will continue to be subjected to the Stage II ASM framework.
4. If the stock moves to Long-term ASM framework, the above mentioned Short-term ASM provisions shall not apply to the stock.

**As per circular NSE/SURV/52144 dated April 28, 2022 the extant Short Term ASM Framework shall be extended to :**

- A)** Derivative stock (Stocks on which derivative products are available for trading in Equity      Derivative segment of the Exchanges) and
- B)** All corresponding Futures and Options contracts w.r.t. the shortlisted Derivative stocks referred in point A above

### **Action on the stocks shortlisted as per above criteria:**

The following margins would be applied

i. **For Shortlisted Derivative stocks:**

Stage 1- 50% or existing total margins whichever is higher, subject to maximum rate of margins capped at 100%

Stage 2- 100% or existing total margins whichever is higher, subject to maximum rate of margins capped at 100%

ii. **For corresponding Futures and Options contracts (pertaining to stocks shortlisted in point A):**

Stage 1- 50% or existing total margins, whichever is higher

Stage 2- 100% or existing total margins, whichever is higher

**As per circular NSE/SURV/58558 dated September 25, 2023 the extant Short Term ASM Framework shall be extended to Small and Medium Enterprises (SME) stocks subject to certain changes.**

**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.

## B. Stage II

### 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.

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

(Refer Exchange Circulars - NSE/SURV/46557 dated December 04, 2020, NSE/SURV/48506 dated June 04, 2021, NSE/SURV/52144 dated April 28, 2022 & NSE/SURV/58558 dated September 25, 2023 & NSE/SURV/64066 dated September 20, 2024)

### 3) When has the ASM framework come into force?

The monitoring of securities under ASM framework has come into force with effect from March 26, 2018. The Exchange, in coordination with other Exchanges, has issued circular having download reference numbers: 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.

The details of the current ASM framework in force has been disseminated to the market vide the below mentioned Exchange circulars:

Circular No.	Date of Circular
NSE/SURV/39265	October 27, 2018
NSE/SURV/37979	June 08, 2018

Circular No.	Date of Circular
NSE/SURV/39932	January 11, 2019
NSE/SURV/41665	July 19, 2019
NSE/SURV/45111	July 22, 2020
NSE/SURV/46557	December 04, 2020
NSE/SURV/48506	June 04, 2021
NSE/SURV/52090	April 22, 2022
NSE/SURV/52144	April 28, 2022
NSE/SURV/52368	May 20, 2022
NSE/SURV/52368	February 10, 2023
NSE/SURV/58558	September 25, 2023
NSE/SURV/63362	August 09, 2024
NSE/SURV/64406	September 20, 2024

**4) 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.

**5) 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.

**6) 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/regulations/additional-surveillance-measure>

Market Participants are requested to refer the latest circulars issued by the Exchange with respect to Applicability of Additional Surveillance Measure (ASM), Applicability of Short-Term Additional Surveillance Measure (ST-ASM) and Applicability of Insolvency and Bankruptcy Code (IBC) or Inter Creditor Agreement (ICA) Resolution Process. The circulars are available on our website at the following link:

<https://www.nseindia.com/resources/exchange-communication-circulars>

**7) 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 published various circulars giving information to market participants on ASM framework and the consolidated list of companies. All surveillance actions are triggered based on objective criteria and is made effective, in a coordinated manner across the Exchanges. Exchange issues relevant notice, 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) / Enhanced Surveillance Measure (ESM) /Insolvency Resolution Process (IRP) as per Insolvency and Bankruptcy Code (IBC) an alert message “Security is under Surveillance Measure / Un-solicited SMS (<relevant surveillance Indicator>), Would you like to continue? ” shall be displayed on NEAT/NEAT+.

For ready reference, the consolidated list of surveillance indicators assigned to securities under GSM / ASM / ASM-IBC / ESM/ Unsolicited SMS is as under:

Surveillance Indicator	Description
99	Shortlisted under Graded Surveillance Measure
1	Graded Surveillance Measure - Stage I
2	Graded Surveillance Measure - Stage II
3	Graded Surveillance Measure - Stage III
4	Graded Surveillance Measure - Stage IV
5	Graded Surveillance Measure - Stage V
6	Graded Surveillance Measure - Stage VI
11	Short Term Additional Surveillance Measure (STASM) - Stage I

<b>Surveillance Indicator</b>	<b>Description</b>
12	Short Term Additional Surveillance Measure (STASM) - Stage II
13	Long Term Additional Surveillance Measure (LTASM) - Stage I
14	Long Term Additional Surveillance Measure (LTASM) - Stage II
15	Long Term Additional Surveillance Measure (LTASM) - Stage III
16	Long Term Additional Surveillance Measure (LTASM) - Stage IV
20	Insolvency and Bankruptcy Code (IBC) - Receipt of Disclosure or Recommended scrip*
21	Insolvency and Bankruptcy Code (ASM IBC) - Stage I
22	Insolvency and Bankruptcy Code (ASM IBC) - Stage II
23	Inter Creditor Agreement (ASM ICA) - Stage I
24	Inter Creditor Agreement (ASM ICA) - Stage II
25	Company with high promoter Encumbrance
26	Company with high promoter as well as non-promoter Encumbrance
30	Information list (unsolicited SMS)
31	Current watch list (unsolicited SMS)
32	Unsolicited Video
33	Unsolicited Video and LTASM Stage IV
50	LTASM Stage I <b>and</b> GSM Stage 0
51	LTASM Stage II <b>and</b> GSM Stage 0
52	LTASM Stage III <b>and</b> GSM Stage 0
53	LTASM Stage IV <b>and</b> GSM Stage 0
54	STASM Stage I <b>and</b> GSM Stage 0
55	STASM Stage II <b>and</b> GSM Stage 0
56	Company with high promoter as well as non-promoter Encumbrance <b>and</b> GSM Stage 0
57	Company with high promoter Encumbrance <b>and</b> GSM Stage 0
58	ASM IBC Stage I <b>and</b> GSM Stage 0
59	ASM IBC Stage II <b>and</b> GSM Stage 0

<b>Surveillance Indicator</b>	<b>Description</b>
60	ASM ICA Stage I <b>and</b> GSM Stage 0
61	ASM ICA Stage II <b>and</b> GSM Stage 0
62	Insolvency and Bankruptcy Code (IBC) - Receipt of Disclosure or Recommended scrip <b>and</b> GSM stage 0
63	GSM stage I <b>and</b> Insolvency and Bankruptcy Code (IBC) - Receipt of Disclosure or Recommended scrip
64	GSM stage II <b>and</b> Insolvency and Bankruptcy Code (IBC) - Receipt of Disclosure or Recommended scrip
65	GSM stage III <b>and</b> Insolvency and Bankruptcy Code (IBC) - Receipt of Disclosure or Recommended scrip
66	GSM stage IV <b>and</b> Insolvency and Bankruptcy Code (IBC) - Receipt of Disclosure or Recommended scrip
34	Enhanced Surveillance Measure (ESM) - Stage I
35	Enhanced Surveillance Measure (ESM) - Stage II
36	ESM Stage I <b>and</b> GSM Stage 0
37	ESM Stage II <b>and</b> GSM Stage 0

\*Earlier surveillance indicator was 10 which is now discontinued

(Refer Exchange circular - NSE/SURV/57110 dated June 14, 2023)

**8) 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.

Exchanges shall also be monitoring the PE ratios of stocks and in case of stocks having relatively / abnormally high valuations compared to sectoral/broad indices, additional surveillance measure in conjunction with Short-term / Long-term ASM shall be imposed.

## **9) 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. The files are available on our website at the following link:

<https://www.nseindia.com/all-reports>

## **10) When does the Margin get released?**

The margin shall be released as per the extant process of release of Margin by the Clearing Corporation.

## **11) What is the criteria/surveillance actions of ASM for Companies under Insolvency and Bankruptcy Code (IBC) or Inter Creditor Agreement (ICA) Resolution Process?**

Based on the discussions held in joint surveillance meeting of SEBI with stock Exchanges, the criteria for IBC/ICA framework were revised as under –

### **1. Surveillance framework for companies under ICA**

	<b>Shortlisting Criteria</b>	<b>Surveillance Action</b>
<b>ICA Stage I</b>	<p>1. Close-to-Close Price Variation greater than 25% in 5 Trading days OR</p> <p>2. Close-to-Close Price Variation greater than 50% in 15 Trading days OR</p> <p>3. Close-to-Close Price Variation greater than 100% in 30 Trading days OR</p> <p>4. Close-to-Close Price Variation greater than 200% in 3 Months</p> <p>Review of the securities for inclusion under ICA Stage I shall be on Daily basis.</p>	<ul style="list-style-type: none"> <li>(100% Margin) + (<math>\pm 5\%</math> Price Band) w.e.f. T+2 days.</li> </ul> <p>Scrips to be reviewed for exit from stage I or movement to Stage II on last trading day of the month post elapsing of minimum 1 month in ICA Stage I.</p>

	<b>Shortlisting Criteria</b>	<b>Surveillance Action</b>
<b>ICA Stage II</b>	<p>Scrips to be reviewed for inclusion under ICA Stage II on last trading day of the month post elapsing of minimum 1 month in ICA Stage I</p> <p><u>Shortlisting Criteria</u></p> <ol style="list-style-type: none"> <li>1. Close-to-Close Price Variation greater than 25% in 5 Trading days OR</li> <li>2. Close-to-Close Price Variation greater than 50% in 15 Trading days OR</li> <li>3. Close-to-Close Price Variation greater than 100% in 30 Trading days OR</li> <li>4. Close-to-Close Price Variation greater than 200% in 3 Months</li> </ol>	<p><u>Surveillance Actions</u></p> <ul style="list-style-type: none"> <li>• (100% Margin) + (Gross settlement) + (<math>\pm 5\%</math> Price Band) w.e.f. T+2 days</li> </ul> <p>Scrips to be reviewed for movement to Stage I on last trading day of the month post elapsing of minimum 1 month in ICA Stage II</p>

## **2. Surveillance framework for companies under IBC**

### **IBC framework for Non-Derivative Securities**

	<b>Shortlisting criteria</b>	<b>Surveillance Action</b>
	Receipt of corporate announcement / disclosure from the company	<ul style="list-style-type: none"> <li>• (Gross settlement) + (price band of <math>\pm 5\%</math>) + (100% margin) w.e.f. T+2 day.</li> </ul> <p><b># Note 1:</b> Post attainment of non-promoter holding <math>\geq 25\%*</math> the securities shall be moved out of corresponding Surveillance Action after completion of subsequent 3 calendar months from attaining of non - promoter holding <math>\geq 25\%</math>. Examples as under:</p>

	<b>Shortlisting criteria</b>	<b>Surveillance Action</b>				
		Particulars	Review Date	MPS Compliance Date	Scrip Move out Date	
		Case 1	28th Feb 2023	1st Jan 2023	3rd April 2023	
		Case 2	28th Feb 2023	16th April 2022 (Completed 3 Months)	2nd March 2023	
					(*as per the quarterly shareholding pattern reporting or ad-hoc updation of shareholding pattern by the company whichever is earlier).	
<b>IBC Stage I</b>	<ul style="list-style-type: none"> <li>• Close-to-Close Price Variation greater than 25% in 5 Trading days OR</li> <li>• Close-to-Close Price Variation greater than 50% in 15 Trading days OR</li> <li>• Close-to-Close Price Variation greater than 100% in 30 Trading days OR</li> <li>• Close-to-Close Price Variation greater than 200% in 3 Months</li> </ul> <p>Review of the securities for inclusion under IBC Stage I shall be on Daily basis.</p>	<ul style="list-style-type: none"> <li>• (Gross settlement) + (<math>\pm 5\%</math> price band) + (100% margin) w.e.f. T+2 basis</li> <li>• ASD (100% Trade Value) to be deposited by Buyer, retained for period as applicable to GSM scrips.</li> <li>• Once a week trading</li> </ul> <p>Scrips to be reviewed for exit from stage I or movement to Stage II on last trading day of the month post elapsing of minimum 1 month in IBC Stage I.</p> <p># Note 1: w.r.t securities attained non promoter holding <math>\geq 25\%</math> applicable in this stage as well.</p>				
<b>IBC Stage II</b>	<ul style="list-style-type: none"> <li>• Close-to-Close Price Variation greater than 25% in 5 Trading days OR</li> </ul>	<ul style="list-style-type: none"> <li>• (Gross settlement) + (<math>\pm 5\%</math> price band) + (100% margin)</li> <li>• ASD (100% Trade Value) to be deposited by Buyer, retained for a period as applicable to GSM scrips.</li> </ul>				

	<b>Shortlisting criteria</b>	<b>Surveillance Action</b>
	<ul style="list-style-type: none"> <li>• Close-to-Close Price Variation greater than 50% in 15 Trading days           <p style="text-align: center;">OR</p> </li> <li>• Close-to-Close Price Variation greater than 100% in 30 Trading days           <p style="text-align: center;">OR</p> </li> <li>• Close-to-Close Price Variation greater than 200% in 3 Months.</li> </ul> <p>Review of the securities for inclusion under IBC Stage II shall be on Monthly basis.</p>	<ul style="list-style-type: none"> <li>• Once a week trading.</li> <li>• No upward movement permitted.</li> </ul> <p>Scrips to be reviewed for movement to Stage I on last trading day of the month post elapsing of minimum 1 month in IBC Stage II.</p> <p># Note 1: w.r.t securities attained non promoter holding &gt;=25% applicable in this stage as well.</p>

### **IBC framework for Securities on which Derivative Products are available:**

	<b>Shortlisting Criteria</b>	<b>Surveillance Action</b>
	Receipt of corporate announcement / disclosure from the company	<p>Action of <b>100% margin</b> shall be levied w.e.f T +2 basis and no fresh contracts shall be issued.</p> <p>After the expiry of existing contracts, all existing surveillance actions as under of the IBC framework shall be applicable on such securities.</p> <p>(Gross settlement) + (price band of ±5%) + (100% margin) w.e.f. T+2 day.</p> <p># Note 1: w.r.t securities attained non promoter holding &gt;=25% applicable in this stage as well.</p>
<b>IBC Stage I</b>	<ul style="list-style-type: none"> <li>• Close-to-Close Price Variation greater than 25% in 5 Trading days           <p style="text-align: center;">OR</p> </li> </ul>	Action of <b>100% margin</b> shall be levied w.e.f T +2 basis and no fresh contracts shall be issued.

	<b>Shortlisting Criteria</b>	<b>Surveillance Action</b>
	<ul style="list-style-type: none"> <li>• Close-to-Close Price Variation greater than 50% in 15 Trading days OR</li> <li>• Close-to-Close Price Variation greater than 100% in 30 Trading days OR</li> <li>• Close-to-Close Price Variation greater than 200% in 3 Months</li> </ul> <p>Review of the securities for inclusion under IBC Stage I shall be on Daily basis.</p>	<p>After the expiry of existing contracts, all existing surveillance actions as under of the IBC framework shall be applicable on such securities.</p> <ul style="list-style-type: none"> <li>• (Gross settlement) + (price band of ±5%) + (100% margin) w.e.f. T+2 day.</li> <li>• ASD (100% Trade Value) to be deposited by Buyer, retained for period as applicable to GSM scrips.</li> <li>• Once a week trading</li> </ul> <p>Scrips to be reviewed for exit from stage I or movement to Stage II on last trading day of the month post elapsing of minimum 1 month in IBC Stage I.</p> <p># Note 1: w.r.t securities attained non promoter holding &gt;=25% applicable in this stage as well.</p>
<b>IBC Stage II</b>	<ul style="list-style-type: none"> <li>• Close-to-Close Price Variation greater than 25% in 5 Trading days OR</li> <li>• Close-to-Close Price Variation greater than 50% in 15 Trading days OR</li> <li>• Close-to-Close Price Variation greater than 100% in 30 Trading days OR</li> <li>• Close-to-Close Price Variation greater than 200% in 3 Months.</li> </ul> <p>Review of the securities for inclusion under IBC Stage II shall be on Monthly basis.</p>	<p>Action of <b>100% margin</b> shall be levied w.e.f T +2 basis and no fresh contracts shall be issued.</p> <p>After the expiry of existing contracts, all existing surveillance actions as under of the IBC framework shall be applicable on such securities.</p> <ul style="list-style-type: none"> <li>• (Gross settlement) + (price band of ±5%) + (100% margin) w.e.f. T+2 day.</li> <li>• ASD (100% Trade Value) to be deposited by Buyer, retained for a period as applicable to GSM scrips.</li> <li>• Once a week trading.</li> <li>• No upward movement permitted.</li> </ul> <p>Scrips to be reviewed for movement to Stage I on last trading day of the month post elapsing of minimum 1 month in IBC Stage II.</p>

	<b>Shortlisting Criteria</b>	<b>Surveillance Action</b>
		# Note 1: w.r.t securities attained non promoter holding >=25% applicable in this stage as well.

The said criteria were intimated to the market vide Exchange circular no. NSE/SURV/55582 dated February 10, 2023. The aforesaid framework came into effect from February 13, 2023.

Also, all other extant conditions and requirements under IBC/ICA frameworks shall continue to apply. As per the existing practice, if a stock satisfies multiple actions under various surveillance frameworks, the stringent action as applicable shall be levied.

In case of any further queries, you may write to us at [surveillance@nse.co.in](mailto:surveillance@nse.co.in)

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