# **Annexure I**

# **Graded Surveillance Measures (GSM) – shortlisting of Securities –**

1. Securities shall be shortlisted based on the pre-defined objective criteria.
2. List shall be periodically reviewed & published by the exchanges in a coordinated manner.
3. Identification / review of securities for Graded surveillance measures shall be carried out twice a year.
4. In addition to existing Surveillance action being imposed from time to time, it may be noted that these securities shall be monitored for the price movement and based on the pre-determined objective criteria shall attract following additional graded surveillance measures:

| **Stage** | **Surveillance Actions** |
| --- | --- |
| I | Transfer to trade for trade with price band of 5% or lower as applicable |
| II | Trade for trade with price band of 5% or lower as applicable and Additional Surveillance Deposit (ASD) of 100% of trade value to be collected from Buyer |
| III | Trading permitted once a week trading and ASD 100% of trade value to be deposited by the buyers (Every Monday) |
| IV | Trading permitted once a week trading with ASD 200% of trade value to be deposited by the buyers (Every Monday) |
| V | Trading permitted once a month trading with ASD 200% of trade value to be deposited by the buyers (First Monday of the month) |
| VI | Trading permitted once a month with no upward movement in price of the security with ASD 200% of trade value to be deposited by the buyers (First Monday of the month) |

**Notes: -**

1. The list of securities moving from higher stage of Graded Surveillance Measures shall be informed to the market, vide notice time to time.
2. Additional Surveillance Deposit (ASD) shall be paid only in form of cash and to be retained till review of the Graded Surveillance stages i.e. Quarterly review.
3. This ASD shall not be refunded or adjusted even if securities purchased is sold off at the later stage within a quarter and also shall not be considered for giving further exposure.
4. ASD shall be over and above existing margins or deposits levied by the Exchanges on transactions in such companies and shall be interest free.
5. In case of default in payment of ASD, penal actions may be initiated against the trading member.
6. In case the scheduled trading day is falling on a trading holiday, the trading shall be permitted on the next trading day.

## **Review of Graded Surveillance Measures for Relaxation:**

1. A periodic review of securities under GSM framework, to assess relaxation of surveillance action, if any, shall be carried out on a quarterly basis. The review shall be done based on the objective criteria and only securities under Stage II onwards shall be eligible for the quarterly review. For example, a company in stage III of GSM can be moved back to stage II, if qualified based on the said objective criteria.

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