FAQs – Additional Surveillance Measures (ASM)

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 an 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 criteria shall be made applicable for selection of stocks in the Long Term ASM Framework.

1. High–Low Price Variation (based on corporate action adjusted prices) in 3 months ≥ (150% + Beta (β) of the stock * S&P BSE Sensex variation).

   AND

   Concentration of Top 25 clients account ≥ 25% of combined trading volume of BSE & NSE in the stock in last 30 days.

AND

Market Cap > Rs.100 Crore.

2. Close–to–Close Price Variation (based on corporate action adjusted prices) in the last 60 trading days ≥ 100% + (Beta (β) of the stock * S&P BSE Sensex variation).

AND

Concentration of Top 25 clients account ≥ 25% of combined trading volume of BSE & NSE in the stock in last 30 days.

AND

Market Cap > Rs.100 Crore.

3. Close–to–Close Price Variation (based on corporate action adjusted prices) in 365 days greater than ≥ 100% + (Beta (β) of the stock * S&P BSE Sensex variation).

AND

High–Low Price Variation (based on corporate action adjusted prices) in 365 days ≥ (200% + (Beta (β) of the stock * S&P BSE Sensex variation).

AND

Market Cap > Rs.500 Crore.

AND

Concentration of Top 25 clients account ≥ 25% of combined trading volume of BSE & NSE in the stock in last 30 days.

4. Average daily Volume in a month is ≥ 10,000 shares & > 500% of Average volume in preceding 3 months at BSE & NSE.

AND

Concentration of Top 25 clients account ≥ 25% of combined trading volume of BSE & NSE in the stock in last 30 days.

AND

Average Delivery% is < 50% in last 3 months.

AND

Market Capitalisation is > Rs.500 Crore.

AND

Close–to–close price variation (based on corporate action adjusted prices) in last one month is > (50% + Beta (β) of the stock * S&P BSE Sensex variation).

5. Close- to -Close price variation ≥ 25% + (Beta * S&P BSE Sensex Variation) in a month

AND

PE negative OR ≥ 2 times of S&P BSE Sensex PE

AND

Market Cap < 500 Crs as on review date

6. Close-to-Close price variation of the SME stock ≥ ±25% + (Beta of the SME stock * SME Index Variation at respective Exchange) in 15 days

OR

Close-to-Close price variation of the SME stock ≥ ±50% + (Beta of the SME stock * SME Index Variation at respective Exchange) in 30 days

OR

Close-to-Close price variation of the SME stock ≥ ±90% + (Beta of the SME stock * SME Index Variation at respective Exchange) in 3 months

AND

PE of the SME stock is negative OR PE of the SME stock ≥ 2 times the PE of SME Index at the respective stock exchange

Note:

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

I. Price variation ≥ (± 25% + Beta of the SME stock * SME Index Variation at respective Exchange) shall be considered.
II. Concentration of top 25 clients excluding market makers shall be considered.

7. Scrips with price band of ±10%, ±5%, ±2%

AND

Close-to-Close Price Variation (based on corporate action adjusted prices) in 365days ≥ (200% + Beta (β) of the stock * S&P BSE Sensex variation)

AND

High-Low Price Variation (based on corporate action adjusted prices) in 365 days ≥ (300% + Beta (β) of the stock* S&P BSE Sensex variation)

AND

Market Capitalisation > Rs. 1000 Crores as on review date

AND

Concentration of Top 25 clients ≥ 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, Stocks satisfying the below criteria after inclusion / stage-wise movement under Long Term ASM shall be placed in Stage IV of Long Term ASM and shall be retained in Stage IV till such time the stock satisfies 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 ≥ (50% + Beta (β) of the stock * S&P BSE Sensex variation)

OR

High-Low Price Variation (based on corporate action adjusted price) in 3 months ≥ (100% + Beta (β) of the stock * S&P BSE Sensex variation)

OR

High-Low Price Variation (based on corporate action adjusted price) in 6 months ≥ (200% + Beta (β) of the stock * S&P BSE Sensex variation)

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

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

- Public Sector Enterprises and Public Sector Banks
- Securities already under Graded Surveillance Measure (GSM)
- Securities on which derivative products are available
- 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:

Stage	Conditions for Entry	Action
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) ≥ (25% + Beta (β) of the stock * S&P BSE Sensex Variation) **AND** Concentration of Top 25 clients ≥ 30% of combined trading volume of NSE & BSE in the stock in last 30 days.	Reduction of price band to next lower level and applicable margin shall be 100% from T+3 day

Stage	Conditions for Entry	Action

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 ≥ (25% + Beta (β) of the stock* S&P BSE Sensex variation) **AND** Concentration of Top 25 clients account ≥ 30% of combined trading volume of NSE & BSE in the stock in last 30 days	Further reduction of price band to next lower level and applicable margin shall be 100% from T+3 day
IV	Stocks which are already in Stage III of Long term ASM, satisfying the following conditions in 5 consecutive trading days: Close-to-Close Variation (based on corporate action adjusted prices) ≥ (25% + Beta (β) of the stock * S&P BSE Sensex variation) **AND** Concentration of Top 25 clients ≥ 30% of combined trading volume of NSE & BSE in the stock in last 30 days	Settlement shall be on Gross basis with 100% margin for all clients and 5% price band.

A) Review Period and Exit

1. 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.

11. The stage-wise review of stocks shall be on a weekly basis.

111. 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 II: Short-term Additional Surveillance Measure (Short-term ASM)

It has been decided to introduce a Short-term ASM framework for securities satisfying the following criteria:

a) Stage I

Criteria for Identification of stocks:

Stocks witnessing Close-to-Close Price Variation ≥ (± 25% + Beta (β) of the stock x S&P BSE Sensex Variation) in 5 trading days. **AND** Concentration of Top 25 clients ≥ 30% of combined trading volume ofNSE & BSE in the stock in 5 tradingdays.	Stocks witnessing Close-to-Close Price Variation ≥ (± 40% + Beta (β) of the stock x S&P BSE Sensex Variation) in 15 trading days. **AND** Concentration of Top 25 clients account ≥ 30% of combined trading volume of NSE & BSE in the stock in 15 trading days.

OR

For Stocks with a market capitalization more than INR 100 crore and less than or equal to INR 500 crore	**For Stocks with a market capitalization greater than INR 500 crore**
High Low Variation on a one month basis greater than 75% **AND** Average Unique PANs trading in thescrip in last one month < 100	High Low Variation on a one month basis greater than 75% **AND** Average Unique PANs trading in thescrip in last one month < 200

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:

Stocks witnessing Close-to-Close Price Variation ≥ (± 25% + Beta (β) of the stock x S&P BSE Sensex Variation) in any 5 consecutive trading days during the 15days following the inclusion in Stage I. **AND** Concentration of Top 25 clients ≥ 30% of combined trading volume of NSE & BSE in the stock during the above mentioned 5 days period.	OR	Stocks witnessing Close-to-Close Price Variation ≥ (± 25% + Beta (β) of the stock x S&P BSE Sensex Variation) in any 15 consecutive trading days during the 45days following the inclusion in Stage I. **AND** Concentration of Top 25 clients ≥ 30% of combined trading volume of NSE &BSE in the stock during the above mentioned 15 days period.

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%.

c) 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 / 1 6th Trading days/1 Month 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.

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

<u>Short Term Additional Surveillance Measure (STASM) framework for SME Segment</u> Criteria for identification of Stocks:

A. Stage I

Criteria – 5/15 Days

Stocks witnessing Close-to-Close Price Variation ≥ (± 25% + Beta (β) of the stock x S&P BSE 500/Nifty 500 variation) in 5 trading days. **AND** Concentration of Top 25 clients ≥ 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 ≥ (± 40% + Beta (β) of the stock x S&P BSE 500/Nifty 500 variation) in 15 trading days. **AND** Concentration of Top 25 clients account ≥ 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%+ Beta (β) of the stock x S&P BSE 500/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.

<u>Action on the shortlisted stocks (Stage I)</u>:

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.

B. Stage II

Criteria for identification of Stocks:

Criteria – 5/15 Days

Stocks witnessing Close-to-Close Price Variation ≥ (± 25% + Beta (β) of the stock x 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 ≥ 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 ≥ (± 25% + Beta (β) of the stock x 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 ≥ 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 STASM 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.

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

Circular No.	Date of Circular
20181027-1	October 27, 2018
20190111-55	January 11, 2019
20190719-33	July 19, 2019
20200722-25	July 22, 2020

20201204-56	December 04, 2020
20210604-41	June 04, 2021
20220422-46	April 22, 2022
20220428-43	April 28, 2022
20230925-49	September 25, 2023

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 containing securities under ASM is available on our website at the following link:

https://www.bseindia.com/markets/equity/EQReports/additional_surveillance_measure.aspx

Market Participants are requested to refer the latest circulars issued by the Exchange with respect to Applicability of Additional Surveillance Measure (ASM) and Applicability of Short-Term Additional Surveillance Measure (ST-ASM).

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 already published various circulars 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 / Un- solicited SMS (<relevant surveillance Indicator>), Would you like to continue?" shall be displayed on BOLT.

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.

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.

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.

In case of any further queries, you may write to us at bse.surv@bseindia.com .

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