

Trade for Trade (TT)

Based on the decision taken by SEBI in its meeting held in October 2002, Stock Exchanges, as a part of Surveillance measure transfers various securities for settlement on a Trade-for-Trade (TT) basis. The process of identifying the securities moving to TT is done on a fortnightly basis while securities moving to/from TT is done on a quarterly basis based on the market capitalization, price earnings ratio, price variation vis-à-vis the market movement, volatility, volume variation, client concentration and number of non-promoter shareholders etc. The criteria for shifting securities to/from for settlement on TT basis is decided jointly by the stock exchanges in consultation with SEBI and reviewed periodically. Securities on which derivatives products available, are not considered for settlement on TT basis.

If a security is shifted for settlement on TT basis, selling/ buying of shares in that security results into giving/ taking delivery of shares at the gross level and no intra-day netting off/ square off is permitted.

The criteria for shifting securities to/from TT basis is as under

Trade-to-Trade segment is a segment where, selling/ buying of shares in that scrip results into giving/ taking delivery of shares at the gross level and no intraday netting off/ square off facility is permitted.

The detailed **fortnightly review criteria** for shifting of scrip to T2T segment is given below. The securities satisfying all the Criteria 1, 2 and 3 shall be transferred to Trade for Trade segment.

Criteria 1: PE Multiple

- a) If SX40PE Multiple on the relevant date is in the range of 15-20 then scrips having PE greater than 30 will be considered.
- b) If SX40PE Multiple on the relevant date is greater than 20 or less than 15 than difference will be rounded off to nearest number and same will be added subtracted from 30.
- c) Minimum base of PE Multiple shall be 25.
- d) Scrips having PE greater than this bench mark will be considered.
- e) All scrips having negative PE shall be considered.

AND

Criteria 2: Price Variation

All scrips where the price variation is in positive direction as below will be considered:

- a) 20% + SX40Variation (*SX40 Variation will be calculated on close to close basis*)
- b) In case the SX40Variation is Negative, 20% - SX40Variation subject to Minimum of 10%.

AND

Criteria 3: Market Capitalization

- a) Market Capitalization of Rs.500 crore or lower as per last Quarterly review.

Dropping of Scrips from Trade to Trade Segment

- a) Newly listed scrips (IPO) and the securities which are made available for trading in Trade for Trade segment for the first 10 trading days with applicable price band, while keeping the price band open on the first day of trading as per SEBI circular bearing no SEBI/Cir/ISD/1/2010 dated September 2, 2010.
- b) Scrips transferred out of T2T settlement to Rolling settlement as per quarterly T2T Review Exercise will not be considered in immediate following fortnightly T2T review for shifting it back to T2T.

Quarterly Review Criteria

Category A

PE Criteria

- a) If SX40PE Multiple on the relevant date is in the range of 15-20 then scrips having PE greater than 30 will be considered.
- b) If SX40 PE Multiple on the relevant date is greater than 20 or less than 15 than difference will be rounded off to nearest number and same will be added subtracted from 30.
- c) Minimum base of PE Multiple shall be 25.
- d) Scrips having PE greater than this bench mark will be considered.
- e) All scrips having negative PE shall be considered.

AND

Volatility

Volatility greater than three times SX40volatility over a period of three months.

AND

Price Variation Criteria

All scrips where the price variation is in positive direction as below will be considered:

- a) 20% + SX40Variation (*SX-40 Variation will be calculated on close to close basis*)
- b) In case the SX40Variation is Negative, 20% - SX-40 Variation subject to Minimum of 10%.

Note:

Indicative relevant period

Price Variation Criteria

For price variation calculation relevant period is one month from the date of initiation of Activity.

Volatility for Category

For volatility calculation relevant period is three months from the date of initiation of Activity. (Volatility is computed as standard deviation of log normal close to close returns).

OR

Category B**PE Criteria**

- a) If SX40 PE on the relevant date is in the range of 15-20 then scrips having PE multiple greater than 0 but less than 30 will be considered.
- b) If SX40 PE Multiple on the relevant date is greater than 20 or less than 15 than difference will be rounded off to nearest number and same will be added subtracted from 30.
- c) Minimum base of PE Multiple shall be 25.
- d) Scrips having PE greater 0 but less than this bench mark will be considered.

AND

Volatility

Volatility greater than three times SX40volatility over a period of three months.

AND

Price Variation Criteria

All scrips where the price variation is in positive direction as below will be considered:

- a) $40\% + \text{MCX- SX variation}$ (*Sensex Variation will be calculated on close to close basis*).
- b) In case SX-40 variation is negative, $40\% - \text{SX40 variation}$ as Price Variation Benchmark.

Note:

Indicative relevant period**Price Variation Criteria**

For price variation calculation relevant period is one month from the date of initiation of Activity.

Volatility for Category

For volatility calculation relevant period is three months from the date of initiation of Activity.

OR

Category C

Market Capitalization

Criteria C shall be applicable to scrips having market capital less than 2 times of the market capitalization (≤ 500 crs.) arrived at for the review.

AND

Volume Variation

Average daily volume variation month over a previous month greater than 200% + Average volume variation of MCX- SX 500 (BSE 500/CNX 500) constituents. (Computed as average of average volume variation across the constituents as on relevant date, rounded off to the nearest 5%), subject to minimum of 200%.

(Average daily volume in the recent month being more than 1000 shares).

AND

Concentration (Gross Purchase plus Gross Sales) of top 10 Clients on the basis of PAN Number during the month greater than 25% **AND**

Price Variation Criteria

All scrips where the price variation is in positive direction as below will be considered:

- a) 20% + SX40 Variation (*Sensex Variation will be calculated on close to close basis*)
- b) In case the SX40 Variation is Negative, 20% - SX40Variation subject to Minimum of 10%.

Note

Indicative relevant period:

Price Variation and Concentration

For price variation/concentration calculation relevant period is one month from the date of initiation of Activity.

Volume Variation

For volume variation calculation 1st relevant period is one month from preceding the

date of initiation of Activity and 2nd relevant period is one month from preceding the date of start of the 1st relevant month.

Category D

Number of non-promoter shareholders less than 500 as per the latest shareholding pattern available with the Exchange.

Dropping Criteria and Note:

Additionally, SEBI has vide circular bearing no SEBI/Cir/ISD/1/2010 dated Sep 02 2010 laid down further guidelines for shifting of a security to trade for trade segment, which are as under:

- The securities of all companies shall be traded in the normal segment of the exchange if and only if, the company has achieved at least 50% of non-promoters holding in dematerialized form by October 31st 2010 (with the exception of the government holding in non-promoter category). In all cases, wherein based on the latest available quarterly shareholding pattern, the companies do not satisfy above criteria, the trading in such scrips shall take place in Trade for Trade segment (TFT segment) with effect from the time schedule specified above.
- In addition to above measures, in the following cases (except for the original scrips, on which derivatives products are available or included in indices on which derivatives products are available) the trading shall take place in TFT segment for first 10 trading days with applicable price band while keeping the price band open on the first day of trading.
- Merger, demerger, amalgamation, capital reduction/consolidation, scheme of arrangement, in terms of the Companies Act and/or as sanctioned by the Courts, in cases of rehabilitation packages approved by the Board of Industrial and Financial reconstruction under Sick Industrial Companies Act and in cases of Corporate Debt Restructuring (CDR) packages by the CDR Cell of the RBI.
- Securities that are being admitted to trading from another exchange by way of direct listing/MOU/securities admitted for trading under permitted category, Where suspension of trading is being revoked after more than one year. Besides, securities which have not established connectivity with both the depositories as per SEBI directive are available for trading in Trade for Trade segment under T group.