

Department: Surveillance and Risk Management	Segment: Equity Capital Market
Circular No: MSE/SURV/10512/2021	Date : June 04, 2021

Subject: Long -Term Additional Surveillance Measure (LT- ASM) framework- Update

To All Members,

This is in partial modification to Exchange Circular no. MSE/SURV/6932/2018 dated October 29, 2018, Circular no. MSE/SURV/8328/2019 dated November 11, 2019 and Circular no. MSE/SURV/8562/2020 dated January 21, 2020 and Circular no. MSE/SURV/9267/2020 dated July 22, 2020 respectively regarding Additional Surveillance Measure (ASM) framework.

As per the joint Surveillance meeting of Exchanges and SEBI held on June 04, 2021, the following revised criteria shall be applicable for inclusion of stocks under the Long Term ASM framework:

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

AND

Concentration of Top 25 clients account \geq 25% of combined trading volume at all exchanges in the stock in last 30 days.

AND

Market Cap > 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 (β) of the stock * Nifty 50 variation)

AND

Concentration of Top 25 clients \geq 25% of combined trading volume at all exchanges in last 30 days.

AND

Market Cap > 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 (β) of the stock * Nifty 50 variation)

AND

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

AND

Market Cap > Rs.500 Crore as on review date.

AND

Concentration of Top 25 clients \geq 25% of combined trading volume at all exchanges 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 all exchanges

AND

Concentration of Top 25 clients \geq 25% of combined trading volume at all exchanges in last 30 days.

AND

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

AND

Market Capitalisation > Rs.500 Crore as on review date

AND

Close–to–close price variation (based on corporate action adjusted prices) in last one month is \geq (50% + Beta (β) 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 Cap < Rs. 500 Crores as on review date.

6. Close-to-Close price variation of the SME stock \geq \pm 25% + (Beta (β) of the SME stock * NIFTY SME Index Variation at respective Exchange) in 15 days

OR

Metropolitan Stock Exchange of India Limited

Close-to-Close price variation of the SME stock $\geq \pm 50\% + (\text{Beta } (\beta) \text{ of the SME stock } * \text{NIFTY SME Index Variation at respective Exchange})$ in 30 days

OR

Close-to-Close price variation of the SME stock $\geq \pm 90\% + (\text{Beta } (\beta) \text{ of the SME stock } * \text{NIFTY SME Index Variation at respective Exchange})$ in 3 months

AND

PE of the SME stock is negative OR PE of the SME stock ≥ 2 times the PE of NIFTY SME EMERGE Index.

Note:

For stagewise surveillance action of 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. Scripts 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 Capitalisation > Rs. 1000 Crores as on review date

AND

Concentration of Top 25 clients $\geq 25\%$ of combined trading volume of all the Exchanges in the stock in last 30 days.

Action on the stocks shortlisted as per Criteria 7:

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- 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 stock satisfies the criteria:

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

AND

Non-promoter holding in the stock < 10%

For any clarifications kindly contact Surveillance & Risk Management Department on 022-61129060/61 or send an email to surveillance@msei.in.

**For and on behalf of
Metropolitan Stock Exchange of India Limited**

**Shalini Rebeiro
Asst. Vice President**

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