

Department: Surveillance and Risk Management	Segment: Equity Capital Market
Circular No: MSE/SURV/11774/2022	Date : April 28, 2022

Subject: Short -Term Additional Surveillance Measure (ST- ASM) framework - Update

To All Members,

This is in partial modification of Exchange Circular no. MSE/SURV/6932/2018 dated October 29, 2018, Circular no. MSE/SURV/7206/2019 dated January 14, 2019, Circular no. MSE/SURV/7927/2019 dated July 22, 2019, Circular no. MSE/SURV/8063/2019 dated August 28, 2019, Circular no. MSE/SURV/9816/2020 dated December 05, 2020 regarding Short Term Additional Surveillance Measure (ST-ASM) framework.

As per the Joint Surveillance meeting of Exchanges and SEBI, the extant Short Term ASM Framework (as per Annexure) shall be 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

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

Market participants may note that the above framework shall be in conjunction with all other prevailing surveillance measures being imposed by the Exchanges from time to time.

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Further, it may also be noted that the shortlisting of securities under aforesaid framework is purely on account of market surveillance and it should not be construed as an adverse action against the concerned company / entity.

The revised framework would be made applicable w.e.f. May 02, 2022

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**

Annexure

Short-term Additional Surveillance Measure (Short-term ASM)

❖ **Short-term ASM framework for securities as mentioned hereunder:**

A. Stage I

Criteria - 5/15 Days

Criteria for Identification of stocks:

Stocks witnessing Close-to-Close Price Variation (based on corporate action adjusted prices) $\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock } * \text{ S\&P BSE Sensex/Nifty 50 variation})$ in 5 trading days. AND Concentration of Top 25 clients account $\geq 30\%$ of combined trading volume of BSE & NSE in the stock in 5 trading days.	OR	Stocks witnessing Close-to-Close Price Variation (based on corporate action adjusted prices) $\geq (\pm 40\% + \text{Beta } (\beta) \text{ of the stock } * \text{ S\&P BSE Sensex/Nifty 50 variation})$ in 15 trading days. AND Concentration of Top 25 clients account $\geq 30\%$ of combined trading volume of BSE & NSE in the stock in 15 trading days.
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Criteria – 30 days:

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% + Beta (β) of the stock * S&P BSE Sensex/Nifty 50 variation)	High Low Variation on a one-month basis greater than (75% + Beta (β) of the stock * S&P BSE Sensex /Nifty 50 variation)
AND	AND
Average unique PANs trading in the scrip in last one month < 100	Average unique PANs trading in the scrip in last one month < 200

Stocks identified as per the above criteria in any of the exchanges shall be shortlisted under the framework.

Action on the shortlisted stocks:

- 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 - 5/15 Days:

Stocks witnessing Close-to-Close Price Variation (based on corporate action adjusted prices) $\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock * S\&P BSE Sensex/Nifty 50 variation})$ in any 5 consecutive trading days during the 15 days following the inclusion in Stage I.	OR	Stocks witnessing Close-to-Close Price Variation (based on corporate action adjusted prices) $\geq (\pm 25\% + \text{Beta } (\beta) \text{ of the stock * S\&P BSE Sensex/Nifty 50 variation})$ in any 15 consecutive trading days during the 45 days following the inclusion in Stage I.
AND		AND
Concentration of Top 25 clients account $\geq 30\%$ of combined trading volume of BSE & NSE in the stock during the above mentioned 5 days period.		Concentration of Top 25 clients account $\geq 30\%$ of combined trading volume of BSE & NSE in the stock during the above mentioned 15 days period.

Stocks identified as per the above criteria in any of the exchanges shall be shortlisted under the framework.

Action on the shortlisted stocks:

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 ST ASM 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.