

## GSM: Categorization of the securities under Graded Surveillance Measure (GSM) and relevant surveillance actions

In addition to existing surveillance action being imposed from time to time, it may be noted. That securities under GSM shall be monitored for the price movement based on the below objective criteria and shall attract additional graded surveillance measures. Script which witnesses an abnormal price rise not commensurate with financial health and fundamentals. Like Earnings, Book value, Fixed assets, Net-worth, P/E multiple, etc.

### Objective of Surveillance actions

- Alert and advice investors to be extra cautious while dealing in these securities
- Advice market participants to carry out necessary due diligence while dealing in these securities

STAGE	SURVEILLANCE ACTIONS
I	Applicable margin rate shall be 100% and 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 (A 50% of trade value to be deposited by the buyers)
III	Trade to trade with price band of 5% or lower as applicable and trading permitted once a week (Every Monday/1st trading day of the week) and ASD (100% of trade value) to be deposited by the Buyers
IV	Trade for Trade with price band of 5% or lower as applicable and trading permitted once a week (Every Monday/1st trading day of the week) and ASD (100% OF trade value) to be deposited by the Buyers no upward movement

To know the criteria for the inclusion of securities under the GSM framework, refer to this FAQ.

[https://static.nseindia.com/s3fs-public/inline-files/FAQs\\_Graded\\_Surveillance\\_Measure\\_2.pdf](https://static.nseindia.com/s3fs-public/inline-files/FAQs_Graded_Surveillance_Measure_2.pdf)

<https://www.nseindia.com/reports/gsm>

## ASM

Securities and Exchange Board of India (SEBI) and Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures such as reduction in price band, periodic call auction and transfer of securities to Trade for Trade segment from time to time.

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 Measures (ASM) on securities with surveillance concerns based on objective parameters viz. Price / Volume variation, Volatility etc.

The shortlisting of securities for placing in ASM is based on an objective criterion as jointly decided by SEBI and Exchanges covering the following parameters:

- High Low Variation
- Client Concentration
- Close to Close Price Variation
- Market Capitalization
- Volume Variation
- Delivery Percentage

- No. of Unique PANs
- PE

For more information on ASM refer to our FAQs,

[https://static.nseindia.com/s3fs-public/inline-files/FAQs\\_Ans\\_Surveillance\\_Measure\\_1.pdf](https://static.nseindia.com/s3fs-public/inline-files/FAQs_Ans_Surveillance_Measure_1.pdf)

<https://www.nseindia.com/reports/asm>

### Unsolicited SMS

Investors beware while dealing based on unsolicited Stock Tip/ Recommendation circulated by unauthorized/ unregistered entities, received through Whatsapp, Telegram, SMS, Calls, etc and take an informed decision before investing.

Based on the veracity/genuineness of the references received by the Exchange and pre-defined objective criterion, the Exchange from time to time publishes the details of Stocks forming part of 'For Information List' and 'Current Watch list', which are actionable in terms of Exchange Notice No. 20200830-1 dated August 30, 2020, at a link given below. [https://www.bseindia.com/downloads1/Current\\_watchlist.zip](https://www.bseindia.com/downloads1/Current_watchlist.zip)

Physical Settlement in Equity Derivatives :-

Physical Settlement in Equity Derivatives: (Current month expiry)

As per a SEBI mandate, physical settlement is compulsory if a trader holds a position in any of the stock F&O contracts on an expiry date.

Physical Delivery obligation

TYPES	LONG	SHORT
Futures	security Receivable	Security Deliverable
ITM CALL OPTION	security Receivable	security Deliverable
ITM PUT OPTION	security Deliverable	security Receivable

In addition to margins applicable for F&O segment, delivery margins shall be levied on potential in-the-money long option positions four (4) trading days prior to expiry of derivative. Contract which has to be settled through delivery. Example - If expiry of derivative contract is on Thursday, the delivery margins on potential in-the-money long option position shall be applicable from previous Friday BOD. From Expiry - 4 day BOD client level potential in-the-money long option positions shall be computed on a daily basis. In-the-Money options shall be identified based on the closing. Price of the security in the underlying Capital Market segment on the respective day. In-the-money long option positions shall be valued at strike price. Delivery margins at the client level shall be computed as per the margin rate applicable in capital Market segment (i.e. VAR, Extreme Loss Margins) of the respective security. Delivery margins on potential in-the-money long option positions shall be levied at client. Level and collected in a staggered manner as under:

Day	Margin Requirement for Long options (ITM)
E-4	10%
E-3	25%
E-2	45%

E-1	70%
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The delivery margins on potential in-the-money long option positions shall be recomputed Only at EOD basis considering the revised position, underlying prices and margin rates. Members shall be required to collect the delivery margins on potential in-the-money long option positions and shall be included in the client margin reporting for clearing and trading Members.

Post expiry, positions which are converted to delivery settlement, margins as applicable in Capital Market segment (i.e. VAR, Extreme Loss Margins, and Mark to Market margins) shall be Applicable and levied as delivery margins. Any shortfall in margin maintenance will attract Margin shortfall penalty from the exchange.

<https://archives.nseindia.com/content/circulars/CMPT43262.pdf>