

NOTICES

Notice No.	20170223-44	Notice Date	23 Feb 2017
Category	Trading	Segment	Equity
Subject	Introduction of Graded Surveillance Measure (GSM)		
Attachments	Annexure I - GSM.docx		

Content

Sub: Introduction of Graded Surveillance Measure (GSM)

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 to Trade category 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 and
- advice 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 Graded Surveillance Measures on securities which witness an abnormal price rise not commensurate with financial health and fundamentals like Earnings, Book value, Fixed assets, Net worth, P/E multiple, etc.

The list of such securities identified under GSM shall be informed to market participants separately and shall be available on exchanges website.

Further, GSM framework shall come in to action one week from the publishing of the list.

1. All market participants dealing in identified securities have to be extra cautious and diligent as, Exchanges and SEBI may at an appropriate time subject to satisfaction of certain criteria lay additional restrictions such as;
 - placing / continuing securities in trade to trade category,
 - requirement of depositing additional amount as Surveillance Deposit, which shall be retained for an extended period.
 - once in a week trading,
 - once in a month trading and
 - freezing of price on upper side of trading in securities, as may be required.
 - any other surveillance measure as deemed fit in the interest of maintaining the market integrity
2. All the aforesaid actions shall be triggered based on certain criteria and shall be made effective with a very short notice.
3. The above surveillance actions are without prejudice to the right of Exchanges and SEBI to take any other surveillance measures, in any manner, on a case to case basis or holistically depending upon the situation and circumstances as may be warranted.

4. The members trading in the identified securities either on their own account or on behalf of clients shall be kept under close scrutiny by the exchange and any misconduct shall be viewed seriously.

5. Further details of this framework are given in **Annexure I**.

This circular is being issued by the Exchange as a surveillance measure with a view to ensure market safety & safeguard interest of investors.

In case of any clarifications, members may contact on following numbers 022 2272 5091 / 8518 / 8792 / 8083.

For & On behalf of BSE Ltd.

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