

National Stock Exchange of India Limited

Circular

Department: SURVEILLANCE	
Download Ref No: NSE/SURV/69315	Date: July 25, 2025
Circular Ref. No: 576/2025	

To All NSE Members,

Sub: Revision of Enhanced Surveillance Measure (ESM)

This is with reference to Exchange Circular nos. NSE/SURV/56948, NSE/SURV/57609, NSE/SURV/63361, NSE/SURV/64066 and NSE/SURV/64400 dated June 02, 2023, July 18, 2023, August 09, 2024, September 20, 2024 and October 04, 2024 respectively in respect of Enhanced Surveillance Measure (ESM).

Securities and Exchange Board of India (SEBI) and Exchanges to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures from time to time.

During the Joint Surveillance Meeting of Exchanges and SEBI held on July 25, 2025, the extant ESM framework applicable on all Companies with market capitalization less than INR 1000 crores was reviewed and it is decided to revise the ESM framework. The criteria for shortlisting of scrips and the criteria for stage-wise movement under the framework has been revised. However, the actions on the scrips under each stage of the extant ESM framework remains unchanged. The revised ESM framework is enclosed as **Annexure 'A'**.

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

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

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Further, Market Makers are required to follow the SEBI guidelines and adhere to the market making obligations rules for the scrips which are under ESM framework as per SEBI Circular nos. CIR/MRD/DP/14/2010 dated April 26, 2010, CIR/MRD/DSA/17/2010 dated May 18, 2010, Exchange Circular no. NSE/SME/MEM/21427 dated on August 06, 2012 and NSE/SURV/63146 dated on July 30, 2024.

The amended framework shall be applicable from July 28, 2025, and the list of scrips shortlisted as per the amended framework shall be published accordingly.

In case of any further queries, you may write to us at surveillance@nse.co.in.

For National Stock Exchange of India Limited

Binoy Yohannan
Vice President
Surveillance

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Annexure 'A'

Revised ESM Framework

1. **Shortlisting Criteria (Stage 1):** Either below condition in sub-points 1.1 or 1.2 is met

- 1.1. High–Low Price Variation (based on corporate action adjusted prices) in 3 months OR 6 months OR 12 months ≥ 1 Standard deviation (of High-Low variation of all Companies less than INR 1000 Cr. as defined above)

AND

Minimum threshold of High-Low variation would be as under:

3 months $> 75\%$,

6 months $> 100\%$

12 months $> 150\%$

AND

Positive Close-to-Close price variation over the last three months

- 1.2. Close–to–Close Price Variation (based on corporate action adjusted prices) in 3 months OR 6 months OR 12 months ≥ 1 Standard deviation (of Close-to-Close variation of all Companies less than INR 1000 Cr. as defined above)

AND

Minimum threshold of Close-to-close variation would be as under:

3 months $> 50\%$

6 months $> 75\%$

12 months $> 100\%$.

- 1.3. The following securities are excluded from the process of shortlisting:

1.3.1. Securities on which derivative products are available.

2. **Stage wise Surveillance action after inclusion in ESM:**

Stage	Conditions for Entry	Action
I	Identification of securities based on entry criteria as given in point no. 1 above.	Applicable margin shall be 100% from T+2 day. AND Trade for Trade settlement with price band of 5% OR 2% (In case scrip is already in 2% band)

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Stage	Conditions for Entry	Action
II	<p>Stocks which are already in Stage I satisfying the following conditions</p> <p><u>a) In 5 consecutive trading days:</u> Close-to-Close Variation (based on corporate action adjusted prices) \geq (+15%)</p> <p>OR</p> <p><u>b) On a monthly basis:</u> Close-to-Close Variation (based on corporate action adjusted prices) \geq (+30%)</p> <p>AND PE \leq 0 or PE $>$ 2 times PE of Benchmark index (Nifty 500)</p>	<p>Trade for Trade settlement with price band of 2%.</p> <p>AND 100% Margin</p> <p>AND Trading permitted with +/- 2% price band on all trading days under Periodic Call Auction.</p>

3. Review Period and Exit:

- 3.1. The stage-wise review of stocks (i.e., for Lower stage revision and Exit) shall be on a weekly basis.
- 3.2. Securities completing 90 calendar days in ESM Framework would be eligible for exit from the framework. However, in case a security is under stage 2 of the Framework, it shall be retained under stage 2 for a minimum period of 1 month. After completion of 1 month, in weekly stage review if such security's close to close positive price variation is less than 15% in a month, it can move to stage 1 of the Framework.
- 3.3. Securities completing 90 calendar days (subject to meeting of aforesaid condition in point no. 3.2) in the framework shall be eligible for stage-wise exit subject to such securities not meeting the entry criteria.

Note: The Price Band of a scrip moving out of the framework shall be reinstated to the Price Band applicable to that scrip before it got shortlisted under the respective framework. This will be subject to the scrip not being shortlisted or part of any other Surveillance measure, in which case, the price band of the relevant surveillance framework will prevail.
