



## Annexure

### Trade for Trade (TFT) Framework for SME

The process of identifying the stocks moving to Trade for Trade segment shall be on a fortnightly basis and stocks moving to/from Trade to Trade shall be on a quarterly basis.

#### **I. Criteria for TFT Fortnightly Review:**

1. Price Earnings Multiple (P/E) less than or equal to 0 **OR** greater than or equal to upper limit# subject to a minimum of 25 as on the relevant date (*i.e., end date of relevant fortnightly review period*).

**AND**

2. Fortnightly Price Variation is greater than or equal to 25% plus S&P BSE 500/ Nifty 500 Index Variation subject to a minimum of 10%.

**AND**

3. Market Capitalisation less than or equal to Rs. 100 crores as on relevant date (*i.e. end date of relevant fortnightly review period*).

*(# If S&P BSE SENSEX/ Nifty on the relevant date ( i.e. end date of relevant fortnightly review period) is in the range of 15-20, then the upper limit will be 30. If S&P BSE SENSEX/ Nifty 50 P/E >20 or <15 then the difference rounded off to nearest number will be added to or subtracted from 30).*

#### **Exceptions for the TFT Fortnightly Review**

- Securities with Dynamic Price Bands.
- Newly listed Stocks (IPO) and the Stocks which are made available for trading in Trade for Trade segment for the first 10 trading days with applicable price band, while keeping the price band open on the first day of trading as per SEBI circular bearing no SEBI/Cir/ISD/1/2010 dated September 2, 2010.
- Securities transferred out of Trade for Trade settlement to Rolling settlement as per quarterly Trade for Trade Review Exercise will not be considered in immediate following fortnightly Trade for Trade review for shifting it back to Trade for Trade.

## II. Criteria for TFT Quarterly:

### Criteria A

Price Earnings Multiple (P/E) less than or equal to 0 **OR** greater than or equal to upper limit # subject to a minimum of 25 as on the relevant date (*i.e. end date of relevant quarterly review period*).

#### AND

Price Variation greater than or equal to 25% plus S &P BSE 500/ Nifty 500 Index variation in the last 2 fortnights; subject to a minimum of 10%

#### AND

Volatility greater than three times S&P BSE SENSEX/ Nifty 50 volatility over a period of 6 fortnights. Volatility is computed as standard deviation of log normal close to close returns.

*(# If S&P BSE SENSEX/ Nifty P/E on the relevant date ( i.e end date of relevant quarterly review period) is in the range of 15-20, then the upper limit will be 30. If S&P BSE SENSEX/ Nifty 50 P/E >20 or <15 then the difference rounded off to nearest number will be added to or subtracted from 30).*

### Criteria B

Price Earnings Multiple (P/E) greater than 0 but less than the upper limit # subject to a minimum of 25 as on the relevant date (*i.e. end date of relevant quarterly review period*)

#### AND

Price Variation greater than or equal to 50% plus S&P BSE 500/ Nifty 500 variation in the last 2 Fortnights

#### AND

Volatility greater than three times S&P BSE SENSEX/ Nifty 50 volatility over a period of 6 Fortnights.

Volatility is computed as standard deviation of log normal close to close returns.

*(# If S&P BSE SENSEX/ Nifty 50 P/E on the relevant date ( i.e. end date of relevant quarterly review period) is in the range of 15-20, then the upper limit will be 30. If S&P BSE SENSEX/ Nifty 50 P/E >20 or <15 then the difference rounded off to nearest number will be added to or subtracted from 30).*

### Criteria C

Market capitalisation of less than 100 crores.

#### AND

Average daily volume variation for 2 Fortnights over previous 2 Fortnights greater than 200% + Average volume variation of S&P BSE 500/ Nifty 500 Index constituents, subject to minimum of 200% (average daily volume in the recent 2 Fortnights being more than 1000 shares)

#### AND

Concentration (Gross Purchase plus Gross Sales) of Top 10 Clients on the basis of PAN during the 2 Fortnights more than 25% (Concentration excluding market makers shall be considered)

#### AND

Price Variation greater than or equal to 25% plus S&P BSE 500/ Nifty 500 Index variation in the last 2 Fortnights, subject to a minimum of 10%.

<b>Criteria D</b>
Number of non-promoter shareholders less than 100 as per the latest shareholding pattern available with the Exchange.

**Dropping Criteria for the TFT Quarterly Review**

The following dropping Criteria shall be applied on the Stocks eligible to move to Trade for Trade as per above Criteria:

Market Capitalisation is greater than Rs. 250 crores as on relevant date (*i.e end date of relevant quarterly review period*).

**AND**

Institutional Holding is more than 20%

**OR**

Stocks where company is paying dividend or issued bonus shares (and no dividend) in at least two out of last three years.

**Exceptions for the TFT Quarterly Review**

The following Stocks shall be excluded from the Quarterly review process:

Stocks with Dynamic Price Bands.

**OR**

Newly listed Stocks (IPO) and the Stocks which are made available for trading in Trade for Trade segment for the first 10 trading days with applicable price band, while keeping the price band open on the first day of trading as per SEBI circular bearing no SEBI/Cir/ISD/1/2010 dated September 2, 2010.

**OR**

Stocks transferred to Trade for Trade segment as per immediate preceding fortnightly Trade to Trade Review Exercise will not be considered for review for shifting it back to Rolling Settlement.

**III. Action on the shortlisted stocks**

No change is proposed from existing framework followed for mainboard securities.

The scrips in Trade for Trade segment are made available for trading under BE / Trade for Trade series. The settlement of scrips available in this segment is done on a trade for trade basis and no netting off is allowed with a maximum Price Band of 5% and applicable margin of 100%.

**IV. Exit Criteria**

The Stocks that are in Trade for trade shall move out of the framework in the Quarterly review if they do not meet any shortlisting criteria.