NSE

NIFTY 50 Stock of the nation

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

DEPARTMENT : SURVEILLANCE	
Download Ref No. : NSE/SURV/33844	Date : December 19, 2016
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All NSE Members

Sub : Revision in Criteria for Shifting Securities to/from Trade for Trade Segment

The securities in Trade for Trade segment are made available for trading under BE or BT series. The settlement of securities available in this segment is done on a trade for trade basis and no netting off is allowed. Currently, the surveillance action whereby securities are transferred for trading and settlement on a trade-to-trade basis is reviewed monthly. These criteria for shifting securities to/from Trade for Trade segment are decided jointly by the stock exchanges in consultation with SEBI and reviewed periodically.

With a view to rationalize the criteria of shifting of securities to/from Trade for Trade Segment and to bring it in line with the current market dynamics, SEBI and Stock Exchanges after deliberation and discussions have decided to revise the criteria and periodicity for trade for trade review.

Henceforth, the process of identifying the securities moving to Trade to Trade will be done on a fortnightly basis while securities moving to/from Trade to Trade will be done on a quarterly basis.

This review will be applicable to all securities irrespective of Price Bands.

Fortnightly Review for shifting securities to Trade to Trade:

The detailed fortnightly review criteria for shifting of securities to Trade for Trade segment is given below. The securities satisfying all the Criteria shall be transferred to Trade for Trade segment.

Price Earnings Multiple (P/E)

Price Earnings Multiple (P/E) less than 0 or greater than or equal to upper limit # subject to a minimum of 25 as on the relevant date.

(# If Nifty P/E on the relevant date is in the range of 15-20, then the upper limit will be 30. If Nifty P/E >20 or <15 then the difference rounded off to nearest number will be added to or subtracted from 30). **AND**

Price variation

Fortnightly Price Variation is greater than or equal to Sectoral Index* or Nifty 500 Index Fortnightly Variation plus 25% subject to a minimum of 10%.
(*In case a particular Sectoral Index is available only on one exchange the other exchange shall also use the same to compare price variation in securities of the concerned sector for the purpose of shifting to Trade for Trade segment). **AND**

Market Capitalisation

Less than equal to Rs. 500 crores as on relevant date.

Exceptions:

The following securities shall be excluded from the Fortnightly review process:

- Securities with Dynamic Price Bands.
- Newly listed securities (IPO) and the securities 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 to Trade settlement to Rolling settlement as per quarterly Trade to Trade Review Exercise will not be considered in immediate following fortnightly Trade to Trade review for shifting it back to Trade to Trade.

Quarterly Review for shifting securities to / from Trade to Trade:

Securities satisfying the following criteria on the date of review shall be shifted to trade for trade. The securities satisfying any of the following criteria A, B, C or D shall be transferred to Trade for Trade segment.

Criteria A

- Price Earnings Multiple (P/E) less than 0 or greater than or equal to upper limit # subject to a minimum of 25 as on the relevant date **AND**
- Price variation greater than or equal to 25% plus Sectoral Index* / Nifty 500 variation in the last 2 fortnights; subject to a minimum of 10% **AND**
- Volatility greater than three times Nifty volatility over a period of 6 fortnights.

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

OR

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 **AND**
•Price variation greater than or equal to 50% plus Sectoral Index / Nifty 500 variation in the last 2 Fortnights **AND**
•Volatility greater than three times Nifty volatility over a period of 6 Fortnights.

OR

Criteria C

Criteria C shall be applicable to securities with a market capitalization of less than 2 times of the market capitalization** arrived at for the review
•Average daily volume variation for 2 Fortnights over previous 2 Fortnights greater than 200% + Average volume variation of Nifty 500 constituents. (computed as average of average volume variation month over month across the constituents as on relevant date, rounded off to the nearest 5%), 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% **AND**
•Price variation greater than or equal to 25% plus Sectoral Index / Nifty 500 variation in the last 2 Fortnights, subject to a minimum of 10%.
OR
Criteria D

Number of non-promoter shareholders less than 500 as per the latest shareholding pattern available with the Exchange.

(# If Nifty P/E on the relevant date is in the range of 15-20, then the upper limit will be 30. If Nifty P/E>20 or <15 then the difference rounded off to nearest number will be added to or subtracted from 30).
(*In case a particular Sectoral Index is available only on one exchange the other exchange shall also use the same to compare price variation in securities of the concerned sector for the purpose of shifting to Trade for Trade segment).
(**Market capitalization threshold shall be linked to the Nifty / Sensex movement between December 01, 2003 taking base as Rs. 200 crores and present quarterly relevant date (after rounding off to the nearest Rs. 50 crores of higher of Nifty / Sensex movement) but restricted to an upper limit of 500 crores.

Securities moving out of Trade for Trade segment would be placed under 5 % price band until the next review for upward revision of Price bands.

Dropping Criteria:

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

· Market Capitalisation is greater than Rs. 500 crores as on relevant date **OR**

· Institutional Holding is more than 20% **OR**

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

Exceptions:

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

· Securities with Dynamic Price Bands.

·Newly listed securities (IPO) and the securities 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 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.

A calendar detailing the dates for reviewing securities to be shifted into and out of Trade for Trade segment will be intimated in due course.

For any clarifications, trading members are advised to contact Mr. Sareesh Koroth or Mr. Ashish Tiwari.

For and on behalf of
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