



## Enhanced Surveillance Measure (ESM)

### 1. What is the purpose for introduction of ESM framework?

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 surveillance measures such as Graded Surveillance Measure (GSM), Additional surveillance Measure (ASM), 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 advise investors to be extra cautious while dealing in these securities and
- Advise market participants to carry out necessary due diligence while dealing in these securities.

In continuation with the various measures already implemented, SEBI and Exchanges, pursuant to discussions in joint surveillance meetings, have decided that along with the aforesaid measures there shall be Enhanced Surveillance Measure (ESM) on mainboard companies and stocks listed under SME Segment. The said measure shall be applicable to companies with market capitalization less than INR 1000 crores based on objective parameters viz. price variation, standard deviation etc.

### 2. What are the criteria for shortlisting scrips under ESM framework and what are the applicable surveillance actions on the shortlisted scrips?

The shortlisting of securities for placing in ESM framework is based on objective criteria as jointly decided by SEBI and Exchanges covering the following market based dynamic parameters:

- High Low Variation
- Close to Close Price Variation
- Market Capitalization
- Standard Deviation

The criteria for shortlisting and review of securities under ESM Framework as per below Notices issued by the Exchange:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230718-46>



<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230602-44>

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20240809-42>

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20241004-65>

3. Should shortlisting under ESM be construed as an adverse action against the concerned company/entity?

The shortlisting of securities under ESM is purely on account of market surveillance and should not be construed as an adverse action against the concerned company/entity.

4. Some of the securities which have been identified under ESM are already under various Surveillance actions mentioned in the ESM Framework. What does this mean?

As stated, the ESM Framework shall work in addition to existing actions undertaken by the Exchange on the company's securities. In case the securities are already attracting any action in ESM Framework, then such actions shall continue to work in conjunction with appropriate action under ESM Framework.

5. Where do I get the complete list of securities under ESM?

Market Participants are requested to refer the latest circulars issued by the Exchange with respect to applicability of Enhanced Surveillance Measure (ESM) containing the complete list of securities under ESM.

6. How will the market participants be made aware of various surveillance measures undertaken by the Exchanges?

Consolidated list of securities on which various Surveillance measures applicable are available in REG INDddmmy available under below link:

<https://www.bseindia.com/members/index.aspx> ➡ SCRIIP.ZIP ➡  
REG\_INDddmmy

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