



**POLICY OF TRADING BY CLIENTS IN SCRIPS NOTIFIED FOR  
ADDITIONAL SURVEILLANCE MARGIN AND GRADED SURVEILLANCE MARGIN**

This document outlines ASM & GSM policy and procedures framed and followed by VNS Finance and Capital Services Limited as a stock broker on National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd (BSE) (collectively hereinafter referred to as “Exchanges”). It is a part of RMS Policy duly approved in the same board meeting.

The policy and procedures as stated herein below are subject to change from time to time at the sole discretion of VNS, depending upon regulatory changes, its risk management framework, other market conditions, etc.

**Additional Surveillance Measure (ASM) Background:-**

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.

In continuation to various surveillance measure already implemented, SEBI and Exchanges, pursuant to discussions in joint surveillance meetings, have decided that along with the existing pre-emptive Surveillance measure like Graded Surveillance Measure (GSM), price band, periodic call auction and transfer of securities to Trade to Trade settlement from time to time; there shall be Additional Surveillance Measure (ASM) on securities with surveillance concerns viz. Price variation, Volatility etc.

**The main objective of these measures:-**

- 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

**There are 2 sections of Additional margins -**

1. Long term additional surveillance measures
2. Short term additional surveillance measures

In view thereof, short listing of securities for placing in ASM is based on objective criteria covering the following parameters:

- High Low Variation
- Client Concentration
- Close to Close Price Variation
- Market Capitalization
- Volume Variation
- Delivery Percentage
- No. of Unique PANs

**The surveillance actions applicable for the shortlisted securities are as under:-**

1. Securities shall be placed in Price Band of 5% or lower
2. Margins shall be levied at the rate of 100%
3. The shortlisted securities shall be further monitored on predetermined objective criteria and would be moved into the Trade for Trade segment once the criteria get satisfied.

**FAQ Regarding ASM:-**

Please refer below link:

- [NSE Quick link for Additional Surveillance Measure \(ASM\)](#)
- [FAQs on Additional Surveillance Measure \(ASM\)](#)

## **GRADED SURVEILLANCE MEASURE BACKGROUND:-**

GSM stands for 'Graded Surveillance Measure'. In order to enhance market integrity and safeguard the interest of investors, Securities and Exchange Board of India (SEBI) and Exchanges, have been introducing various enhanced surveillance measures such as reduction in price band, periodic call auction and transfer of securities to Trade to Trade segment from time to time.

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 with price not commensurate with financial health and fundamentals like Earnings, Book value, Fixed assets, Net-worth, P/E multiple, Market Capitalisation etc.

## **MAIN OBJECTIVES OF THESE MEASURES:-**

- Alert and advise 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.

## **DETAILS OF SECURITIES:-**

The list of such securities identified under GSM shall be informed by Exchange from time to time and the same shall be made available on the exchange's website. **However VNS may not allow trading in GSM scrips**

## STAGES OF SURVEILLANCE ACTIONS:-

Stage	Surveillance Actions
I	Applicable margin rate shall be 100% And price band of 5% or lower as applicable
II	Trade for trade with price band of 5% or lower as applicable and Additional Surveillance Deposit (ASD) of 50% of trade value to be deposited by the Buyers
III	Trade for trade with price band of 5% or lower as applicable and Trading permitted once a week (Every Monday/1 <sup>st</sup> trading day of the week) And ASD (100% of trade value) to be deposited by the buyers
IV	Trade for trade with price band of 5% or lower as applicable and Trading permitted once a week (Every Monday/1 <sup>st</sup> trading day of the week) And ASD (100% of trade value) to be deposited by the buyers with no upward movement.

## FAQ Regarding GSM:-

Please refer following links

- [FAQ\\_Graded\\_Surveillance\\_Measure](#)
- [Graded Surveillance Measure \(GSM\)](#)

## ADVISORY FOR CLIENTS:-

- Please note that ASM 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 short listing of securities under ASM is purely on account of market surveillance and it should not be construed as an adverse action against the concerned company / entity.
- VNS does not allow ASM scripts for intraday products like MIS, Cover order and bracket order. In case for any reason the client is trading in ASM intraday and Exchange charges ASM to him, then VNS will charge the same from the client. ASM amount shall remain blocked till the same is released by exchange.
- It may also be noted that only delivery based trading shall be allowed in ASM scripts. In other words, CNC square order for the day shall be blocked which means clients can sell their ASM holdings and are not allowed to buy it back on the same day and vice versa on the basis of fresh buying for the day. Further; if exchange is charging any margin to VNS,

we shall block the same amount in clients' account at our end till the same is released by exchange

- The ASM amount will be required and the same will be debited in the client ledger and will remain debited till the same is released by exchange. The margin so released will be available on the next day of the release. Therefore it may cause a shortfall in margin reporting in the cash segment, FNO segment & CD segment, if the client trades further and has a position.
- Exchanges have vide their respective circulars have provided for guidelines on GSM securities. The client can refer to the same in case of explanation required.
- Settlement shall be done on trade-to-trade basis and no netting off shall be allowed.
- VNS restricts clients to trade in GSM scrips and may not allow trading in GSM scrips.
- If for any reason trade happens in GSM scrips, the margin amount will be required and the same will be debited in the ledger account and will remain debited till the same is released by exchange. The margin so released will be available on the next day of the release. Therefore it may cause a shortfall in margin reporting in cash, FNO and CDS segments if the client trades further and has position.
- VNS also reserves the right not to allow any trades or transactions in respect of certain securities or segments or orders/requests which may be below / above certain value / quantity as may be decided by VNS from time to time.