

Additional Surveillance Mechanism (ASM)

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In news- The National Stock Exchange (NSE) has recently placed Adani Enterprises, Adani Ports, and Ambuja Cements under the additional surveillance mechanism (ASM).

What is an additional surveillance mechanism (ASM)?

- The ASM was **introduced on March 26, 2018 with the intention to protect investors from market volatility and unusual changes in share price.**
- According to the National Stock Exchange (NSE), 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 Surveillance Measures (ASM) on securities** with surveillance concerns based on objective parameters viz. Price / Volume variation, Volatility etc.
- It means **trading in their shares will require a 100% margin**, which is aimed at curbing speculation and short selling.
- **The shortlisting of securities for placing in ASM is based on criteria that are jointly decided by the SEBI and exchanges, covering the parameters of “high low variation**, client concentration, PE, close to close price variation, market capitalisation, volume variation, delivery percentage, and number of unique PANs.
- Put simply, **an ASM shortlisting signals to investors that the stocks have seen unusual activity.**
- The shortlisting 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.