Futures & Options Segment

December 01, 2021

Circular No: MCCIL/EDS/2104/2021

Sub: Adjustment of Futures and Options contracts in the security Indian Energy Exchange Ltd. (IEX)

In terms of the provisions of the Rules, Bye-Laws and Regulations of the Metropolitan Clearing Corporation of India Ltd. (MCCIL);SEBI master circulars reference SEBI/HO/MRD/DP/CIR/P/2016/135 dated December 16,2016 & SMDRP/DC/CIR-8/01 dated June 21, 2001; MCCIL Circular No.: MCX-SX/C&S/F&O/1003/2013 dated February 07, 2013 and Circular No.: MSE/TRD/11168/2021 dated November 30, 2021, members are hereby informed of the procedure for adjustment of Futures and Options contracts in the underlying security INDIAN ENERGY EXCHANGE LIMITED (IEX) on account of Bonus Issue in the ratio of 2:1.

The 'adjustment factor' for the corporate action shall be 3 and the ex-date for the corporate action shall be December 03, 2021. The following action would be taken by MCCIL in this regard:-

1. **Futures Contracts Adjustment:**

All open positions in Futures contracts with the underlying security as IEX existing after End of day on December 02, 2021 will be adjusted as under:

Positions: The adjusted positions shall be arrived at by multiplying number of contracts in the pre adjusted position by the adjustment factor. The adjustment factor is defined as below:

Adjustment Factor:

Adjustment factor for Bonus issue of A:B is defined as (A+B)/B. As the bonus issue ratio of SRF is 2:1, the adjustment factor is (2+1)/1=3, since the bonus ratio is 2:1.

Futures Price: Adjusted futures price shall be arrived at by dividing the settlement price of relevant futures contracts on December 02, 2021 by 'adjustment factor'.

Adjusted value: The Adjusted value/carry forward value shall be computed by multiplying pre adjusted futures positions with the adjusted settlement price.

Begin of day margins on December 03, 2021 would be computed for the futures contract with underlying as 'IEX' based on the adjusted carry forward value. Subsequently, intra-day margins would be computed based on the relevant traded prices at the time the intra-day span risk parameter files are generated.

An example of adjustment of futures contract is detailed here under:

CM	**TM**	**Client Code**	**Expiry Date**	**Position(in units)***	
				Old	**New**
CM1	TM1	Cli1	30/12/2021	1250	3750
CM2	TM2	Cli2	27/01/2022	(-)1250	(-)3750
CM3	TM3	Cli3	24/02/2022	1250	3750

** '-' indicates sell*

2. Options Contracts Adjustment:

All open positions in Options contracts with the underlying security as IEX, after End of Day on December 02, 2021 shall be adjusted as under:

Strike Price: The adjusted Strike Price shall be arrived at by dividing the old strike price by the 'adjustment factor' i.e. 3.

Positions: The adjusted positions shall be arrived at by multiplying number of contracts in the pre adjusted position by the adjusted market lot. The adjusted market lot shall be as per Circular no. MSE/TRD/11168/2021 dated November 30, 2021.

An example of the adjustments in option contracts is detailed hereunder:

CM	**TM**	**Client Code**	**Option Type**	**Expiry Date**	**Strike Price**		**Position(in units)***	
					Old	**New**	**Old**	**New**
CM1	TM1	Cli1	CE	30/12/2021	790	263.33	1250	3750
CM2	TM2	Cli2	PE	27/012021	800	266.67	(-)1250	(-)3750
CM2	TM2	Cli2	PE	24/02/2021	810	270.00	1250	3750

** '-' indicates sell*

Members are requested to refer to the Corporate Action Adjustment file for details. (File format is as per circular no. MSEI/IT/4689/2016 dated November 8, 2016)

For clarifications, members may contact Customer Service on 022–6831-6600 or send an email to settlement@mclear.in

For and on behalf of

Metropolitan Clearing Corporation of India Ltd.

Shweta Bhatt
Manager