

Futures & Options Segment

July 03, 2019

Circular No.. : MCCIL/EDS/1360/2019

Sub: Adjustment of Futures and Options contracts in the security GAIL (India) Limited (GAIL)

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 MSE Circular No.: MSE/TRD/7808/2019 dated June 24, 2019, members are hereby informed of the procedure for adjustment of Futures and Options contracts in the underlying security GAIL (India) Limited (GAIL) on account of Bonus Issue in the ratio of 1:1.

The 'adjustment factor' for the corporate action shall be 2 and the ex-date for the corporate action shall be July 09, 2019. 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 GAIL existing after End of day on July 08, 2019 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 adjusted market lot. The adjusted market lot shall be as per the Circular No.: MSE/TRD/7808/2019 dated June 24, 2019.

Futures Price: Adjusted futures price shall be arrived at by dividing the settlement price of relevant futures contracts on July 08, 2019 by 'adjustment factor'.

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

Begin of day margins on July 09, 2019 would be computed for the futures contract with underlying as 'GAIL' 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:

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CM	TM	Client Code	Expiry Date	Position(in units)*	
				Old	New
CM1	TM1	Cli1	27/06/2019	2667	5334
CM2	TM2	Cli2	27/06/2019	(-)5334	(-)10668
CM3	TM3	Cli3	27/06/2019	5334	10668

* '-' indicates sell

2. Options Contracts Adjustment:

All open positions in Options contracts with the underlying security as GAIL, after End of Day on July 08, 2019 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. 2.

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/7808/2019 dated June 24, 2019.

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	27/06/2019	300	150	2667	5334
CM2	TM2	Cli2	PE	27/06/2019	305	152.5	(-)5334	(-)10668
CM2	TM2	Cli2	PE	27/06/2019	310	155	5334	10668

* '-' indicates sell

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

For clarifications, members may contact Customer Service on 022-61129010 or send an email at info@mclear.in.

For and on behalf of

Metropolitan Clearing Corporation of India Ltd.

Shweta Bhatt
Manager

Metropolitan Clearing Corporation of India Limited

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