

Futures & Options Segment

June 26, 2019

Circular No. : MSE/C&S/EDS/7822/2019

Ref. No. : MCCIL/EDS/1349/2019

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

In terms of the provisions of the Rules, Bye-Laws and Regulations of the Metropolitan Clearing Corporation of India Ltd. (MCCIL), SEBI master circular 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/7815/2019 dated June 25, 2019, members are hereby informed the procedure for adjustment of Futures and Options contracts in the underlying security UPL Limited (UPL) on account of Bonus Issue in the ratio of 1:2.

The 'adjustment factor' for the corporate action shall be 1.5 and the ex-date for the corporate action shall be July 02, 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 UPL existing after End of day on July 01, 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/7815/2019 dated June 25, 2019.

Futures Price: Adjusted futures price shall be arrived at by dividing the settlement price of relevant futures contracts on July 01, 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 02, 2019 would be computed for the futures contract with underlying as 'UPL' 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:

Metropolitan Clearing Corporation of India Limited

Regd. Office: 4th Floor, Vibgyor Towers, Opp. Trident Hotel, Plot No. C62, Bandra Kurla Complex, Bandra (East), Mumbai - 400 098

Tel: +91-22-6112 9000 • Fax: +91-22-2652 5731 • URL: www.mclear.in • Email: info@mclear.in • CIN: U67120MH2008PLC188032

CM	TM	Client Code	Expiry Date	Position(in units)*	
				Old	New
CM1	TM1	Cli1	27/06/2019	600	900
CM2	TM2	Cli2	27/06/2019	(-)1200	(-)1800
CM3	TM3	Cli3	27/06/2019	1200	1800

* '-' indicates sell

2. Options Contracts Adjustment:

All open positions in Options contracts with the underlying security as UPL, after End of Day on July 01, 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. 1.5.

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/7815/2019 dated June 25, 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	920	613.33	600	900
CM2	TM2	Cli2	PE	27/06/2019	930	620	(-)1200	(-)1800
CM2	TM2	Cli2	PE	27/06/2019	940	626.66	1200	1800

* '-' indicates sell

Members are requested to refer to the Corporate Action Adjustment file to member 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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