

Futures & Options Segment

July 02, 2020

Circular No: MCCIL/EDS/1694/2020.

Sub: Adjustment of Futures and Options contracts on the security of ITC Limited (ITC).

In terms of the provisions of the Rules, Bye-Laws and Regulations of the Metropolitan Clearing Corporation of India Ltd. (MCCIL); SEBI master circular's reference no. 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 MSEI Circular No: MSE/TRD/9184/2020 dated July 01, 2020, members are hereby informed that procedure for adjustment of Futures and Options contracts on the underlying security **ITC Limited.(ITC)** on account of the dividend of Rs.10.15/-, per equity share is as follows.

1. Futures Contracts Adjustment:

All open positions in Futures contracts with the underlying security as ITC existing after End of day on July 03, 2020 will be adjusted as under:

All positions in futures contracts with the underlying security as ITC would be marked-to-market on the last cum-dividend date i.e. July 06, 2020, based on the daily settlement price of the respective futures contract.

Adjusted futures price shall be arrived at by reducing the dividend amount of Rs. 10.15/- from the daily mark to market settlement price of the relevant futures contract on July 06, 2020. Subsequent to such processing, open positions shall be carried forward at the adjusted futures price for the respective futures contract.

Begin of day margins on July 06, 2020 would be computed for the futures contract with underlying as ITC 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 hereunder:

CM	TM	Client Code	Expiry Date	Position(in units)*		Settlement Price		Value	
				Old	New	Old	New	Old	New
CM1	TM1	Cli1	30-Jul-2020	1000	1000	200.00	189.85	200,000.00	189,850.00
CM2	TM2	Cli2	27-Aug-2020	1500	1500	206.50	196.35	309,750.00	294,525.00
CM3	TM3	Cli3	24-Sep-2020	(-)1500	(-)1500	206.75	196.60	310,125.00	294,900.00

* '-' indicates sell

Metropolitan Clearing Corporation of India Limited

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2. Options Contracts Adjustment:

The full value of dividend i.e. Rs.10.15/- would be deducted from all the cum-dividend strike prices on the ex-dividend date. All positions in existing strike prices shall continue to exist in the corresponding new adjusted strike prices.

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-Jul-2020	200	189.85	1000	1000
CM2	TM2	Cli2	PE	27-Aug-2020	206	195.85	1500	1500
CM3	TM3	Cli3	PE	24-Sep-2020	206	195.85	(-)1500	(-)1500

* '-' indicates sell

Members are requested to refer to the 'Corporate Action Adjustment to member' 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 022-61129010 or send an Email at info@mclear.in.

For and on behalf of

Metropolitan Clearing Corporation of India Limited

Shweta Bhatt
Manager

Metropolitan Clearing Corporation of India Limited

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