

Futures & Options

February 03, 2021

Circular No: MCCIL/EDS/1885/2021

Sub: Adjustment of Futures and Options contracts in the security of Indian Oil Corporation Limited (IOC).

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 and 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/10065/2021 dated February 03, 2021, members are hereby informed that procedure for adjustment of Futures and Options contracts on the underlying security **Indian Oil Corporation Limited (IOC)** on account of the dividend of Rs.7.50/-.

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 IOC existing after End of day on February 08, 2021 will be adjusted as under:

All positions in futures contracts with the underlying security as IOC would be marked-to-market on the last cum-dividend date i.e. February 08, 2021, 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. 7.50/- from the daily mark to market settlement price of the relevant futures contract on February 08, 2021. 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 February 09, 2021 would be computed for the futures contract with underlying as IOC 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	25-Feb-2021	270	270	100	92.50	27000.00	24975.00
CM2	TM2	Cli2	25-Mar-2021	540	540	100	92.50	54000.00	49950.00
CM3	TM3	Cli3	29-Apr-2021	(-)540	(-)540	100	92.50	54000.00	49950.00

* '-' indicates sell

Metropolitan Clearing Corporation of India Limited

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2. Options Contracts Adjustment:

The full value of dividend i.e. Rs. 7.50/- 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	25-Feb-2021	135	127.50	2700	2700
CM2	TM2	Cli2	PE	25-Mar-2021	140	132.50	5400	5400
CM3	TM3	Cli3	PE	29-Apr-2021	145	137.50	(-)5400	(-)5400

* '-' indicates sell

Members are requested to refer to the Corporate Action Adjustment file to member 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 022-25040161 or send an e-mail to info@mclear.in.

For and on behalf of

Metropolitan Clearing Corporation of India Limited

Shweta Bhatt
Manager