

Futures & Options Segment

January 04, 2022

Circular No: MCCIL/EDS/2131/2022

Sub: Adjustment of Futures and Options contracts in the IPCA laboratories Limited (IPCALAB)

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/11317/2022 dated January 03, 2022, members are hereby informed of the procedure for adjustment of Futures and Options contracts in the underlying security IPCA laboratories Limited (IPCALAB) on account of subdivision of Equity Shares of the company from one (1) equity share of face value of Rs. 2/- each to two (2) Equity Shares of face value of Rs. 1/- each.

The 'adjustment factor' for the corporate action shall be 2 and the ex-date for the corporate action shall be January 10, 2022. 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 IPCA laboratories Limited (IPCALAB) existing after End of day on January 07, 2022, 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:

Adjusted value: for Stock Split of A: B is defined as A/B . As the sub-division ratio of IPCALAB is 2:1, the adjustment factor is $(2/1) = 2$, since the Stock Split is 2:1.

Futures Price: Adjusted futures price shall be arrived at by dividing the old future price of relevant futures contracts on January 07, 2022, 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 January 10, 2022, would be computed for the futures contract with underlying as 'IPCALAB' 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	27-Jan-22	225	450
CM2	TM2	Cli2	24-Feb-22	(-)225	(-)450
CM3	TM3	Cli3	31-Mar-22	225	450

* '-' indicates sell

2. Options Contracts Adjustment:

All open positions in Options contracts with the underlying security as IPCALAB, after End of Day on January 07, 2022, 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/11317/2022 dated January 03, 2022.

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

CM	TM	Client Code	Option Type	Expiry Date	Strike Price			
					Old	New	Old	New
CM1	TM1	Cli1	CE	27-Jan-22	2050	1025	225	450
CM2	TM2	Cli2	PE	24-Feb-22	2100	1050	(-)225	(-)450
CM2	TM2	Cli2	PE	31-Mar-22	2150	1075	225	450

* '-' 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 022-68316600 or send an email to settlement@mclear.in.

For and on behalf of

Metropolitan Clearing Corporation of India Ltd.

Shweta Bhatt
Manager

