

## Futures & Options Segment

July 15, 2022

**Circular No:** MCCIL/EDS/2241/2022

### Sub: Adjustment of Futures and Options contracts in the TATA Steel Limited (TATASTEEL)

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/12061/2022 dated July 13, 2022, members are hereby informed of the procedure for adjustment of Futures and Options contracts in the underlying security TATA Steel Limited (TATASTEEL) on account of Face value split of shares from Rs.10 per share to Rs.1 per share.

The 'adjustment factor' for the corporate action shall be 10 and the ex-date for the corporate action shall be July 28, 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 TATA Steel Limited (TATASTEEL) existing after end of day on July 27, 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 TATASTEEL is 10:1, the adjustment factor is  $(10/1) = 10$  since the Stock Split is 10:1.

**Futures Price:** Adjusted futures price shall be arrived at by dividing the old future price of relevant futures contracts on July 27, 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 July 28, 2022, would be computed for the futures contract with underlying as 'TATASTEEL' 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	28-Jul-22	425	4250
CM2	TM2	Cli2	25-Aug-22	(-)425	(-)4250
CM3	TM3	Cli3	29-Sep-22	425	4250

\* '-' indicates sell

## 2. Options Contracts Adjustment:

All open positions in Options contracts with the underlying security as TATASTEEL, after end of day on July 27, 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., 10.

**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/12061/2022 dated July 13, 2022.

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	28-Jul-22	900	90	425	4250
CM2	TM2	Cli2	PE	25-Aug-22	920	92	(-)425	(-)4250
CM2	TM2	Cli2	PE	29-Sep-22	940	94	425	4250

\* '-' 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 022-6831 6600 or send an email to [info@mcclar.in](mailto:info@mcclar.in).

For and on behalf of

**Metropolitan Clearing Corporation of India Ltd.**

**Shweta Bhatt**  
Sr. Manager

