

Futures & Options Segment

March 06, 2018

Circular No. : MSE/C&S/EDS/6087/2018

Ref. No. : MCCIL/EDS/996/2018

Sub: Adjustment of Futures and Options contracts in the security 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 circular reference 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/6080/2018 dated March 05, 2018, members are hereby informed the procedure for adjustment of Futures and Options contracts in the underlying security Indian Oil Corporation Limited (IOC), on account of Bonus Issue in the ratio of 1:1.

The 'adjustment factor' for the corporate action shall be 2 and the ex-date for the corporate action shall be March 15, 2018. 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 March 14, 2018 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/6080/2018 dated March 05, 2018.

Futures Price: Adjusted futures price shall be arrived at by dividing the settlement price of relevant futures contracts on March 14, 2018 by 'adjustment factor' i.e. 2.

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 March 15, 2018 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)* | |
|-----|-----|-------------|-------------|---------------------|----------|
| | | | | Old | New |
| CM1 | TM1 | Cli1 | 28/03/2018 | 1500 | 3000 |
| CM2 | TM2 | Cli2 | 28/03/2018 | (-)6000 | (-)12000 |
| CM3 | TM3 | Cli3 | 28/03/2018 | 6000 | 12000 |

* '-' indicates sell

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

2. Options Contracts Adjustment:

All open positions in Options contracts with the underlying security as IOC, after End of Day on March 14, 2018 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/6080/2018 dated March 05, 2018.

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 | 28/03/2018 | 360 | 180 | 1500 | 3000 |
| CM2 | TM2 | Cli2 | PE | 28/03/2018 | 370 | 185 | (-)6000 | (-)12000 |
| CM3 | TM3 | Cli3 | PE | 28/03/2018 | 380 | 190 | 1500 | 12000 |

* '-' 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

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