NSE Clearing Limited
(Formerly known as National Securities Clearing Corporation Limited)

Department : FUTURES & OPTIONS	
Download Ref No: NCL/CMPT/45411	Date : August 20, 2020
Circular Ref. No: 122/2020	

All Members,

Sub: Adjustment of Futures and Options contracts in the security EICHERMOT

In pursuance of Byelaws of NSCCL pertaining to Clearing and Settlement of deals, SEBI circular reference SMDRP/DC/CIR-8/01 dated June 21, 2001, Circular no. 001 (Download no. NSCCL/CMPT/43079) dated January 01, 2020 and Circular no. 78/2020 (Download no. NSE/FAOP/45396) dated August 19, 2020 are hereby informed the procedure for adjustment of Futures and Options contracts in the underlying security EICHERMOT , 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 August 24, 2020. The following action would be taken by NSE Clearing Ltd. in this regard.

1 Action by the Clearing Corporation in respect of Futures Contracts:

All open positions in Futures contracts with the underlying security as EICHERMOT existing after End of day on August 21, 2020 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. 78/2020 (Download No. 45396) dated August 19, 2020.

Futures Price: The adjusted futures price would be based on the Settlement price of the relevant futures contracts on August 21, 2020. Adjusted futures price shall be settlement price of relevant futures contracts on August 21, 2020 divided by 'adjustment factor'.

Adjusted value: In order to avoid difference arising due to rounding off of adjusted settlement price, the carry forward/adjusted value shall be computed by multiplying pre adjusted futures long/short quantity with pre adjusted settlement price. Accordingly, all positions in futures contracts with the underlying security as EICHERMOT would be marked-to-market on August 21, 2020 based on the daily settlement price of the respective futures contract. Further, the adjusted positions would be carried forward at the adjusted value.

From August 24, 2020, daily mark to market settlement of futures contracts with the underlying security as EICHERMOT would continue as per normal procedures.

Begin of day margins on August 24, 2020 would be computed for the futures contract with underlying as EICHERMOT 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:

1.1 Positions before adjustment:

Clearing Member	Trading Member	Client Code	Instrument	Security Symbol	Expiry Date	Long position	Short position
A	ABC	H4	FUTSTK	EICHERMOT	27-AUG-2020	35	0
B	PQR	458	FUTSTK	EICHERMOT	27-AUG-2020	0	35

1.2 Positions after adjustment:

Clearing Member	Trading Member	Client Code	Instrument	Security Symbol	Expiry Date	Long position	Short position
A	ABC	H4	FUTSTK	EICHERMOT	27-AUG-2020	350	0
B	PQR	458	FUTSTK	EICHERMOT	27-AUG-2020	0	350

2 Action by Clearing Corporation in respect of Options Contracts:

All open positions in Options contracts with the underlying security as EICHERMOT, as existing on August 21, 2020 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 and continue to exist in the new adjusted strike prices. The adjusted market lot shall be as per the Circular no. 78/2020 (Download No. 45396) dated August 19, 2020.

An example of the adjustments in the strike prices is detailed hereunder:

2.1 Positions before Strike Price adjustment:

Clearing Member	Trading Member	Client Code	Instrument	Security Symbol	Expiry Date	Strike Price	Option Type	Long position	Short position
A	ABC	H4	OPTSTK	EICHERMOT	27-AUG-2020	21000	CE	35	0
B	MNO	458	OPTSTK	EICHERMOT	29-AUG-2020	21500	PE	0	35
C	PQR	BRH1	OPTSTK	EICHERMOT	24-SEP-2020	21000	CE	35	0
D	XYZ	A5	OPTSTK	EICHERMOT	24-SEP-2020	21500	PE	0	35

2.2   Positions after Strike Price adjustment:

Clearing Member	Trading Member	Client Code	Instrument	Security Symbol	Expiry Date	Strike Price	Option Type	Long position	Short position
A	ABC	H4	OPTSTK	EICHERMOT	27-AUG-2020	2100	CE	350	0
B	MNO	458	OPTSTK	EICHERMOT	27-AUG-2020	2150	PE	0	350
C	PQR	BRH1	OPTSTK	EICHERMOT	24-SEP-2020	2100	CE	350	0
D	XYZ	A5	OPTSTK	EICHERMOT	24-SEP-2020	2150	PE	0	350

3. Members are advised to note the following in respect of Futures and Options contracts on underlying security EICHERMOT

Position details of Futures and Options contracts with the underlying security as EICHERMOT would be provided in PS_03 / 04 files for trade date August 21, 2020 would indicate final positions in the relevant contracts (without adjustment) on August 21, 2020.

Adjustments for futures contracts would be carried out separately as detailed in 1.1 and 1.2 above. Similarly, adjustments of options contracts would be carried out on such strike prices as detailed in 2.1 and 2.2 above. All open positions at existing strike prices shall continue to exist at adjusted strike prices.

The following two additional files will be provided, at the end of the day on August 21, 2020:

EICHERMOT_<Member Code>_EXISTING_POSITIONS.CSV

EICHERMOT_<Member Code>_ADJUSTED_POSITIONS.CSV

The details of these files are provided as Annexure I.

**For and on behalf of
NSE Clearing Limited**

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Annexure I

Position file formats for Corporate Action Adjustment for Futures and Options contracts on underlying security – EICHERMOT

1.   Details of existing positions:

All members having positions in options contracts at existing strike prices and Futures contracts shall be given details of the same vide the regular F_PS03 & the F_PS04 files on August 21, 2020.

The file shall be comma separated. The file shall be named as EICHERMOT_<Member Code>_EXISTING_POSITIONS.CSV

This file shall be at client level

The file structure shall be as under:

Position Date	Date
Segment Indicator	'F'
Settlement Type	'S/G'
Clearing Member Code	CM Code
Member Type	'M'/'C'
Trading Member Code	TM Code / CP Code
Account Type	'P'/'C' etc.
Client Account / Code	Client Account No. / Code
Instrument Type	OPTSTK/ FUTSTK
Symbol	EICHERMOT
Expiry date	27-AUG-2020/ 24-SEP-2020/29-OCT-2020
Strike Price	Existing Strike Prices
Option Type	'CE'/'PE'
CA Level	1
Post Ex / Asgmnt Long Quantity	XXX
Post Ex / Asgmnt Long Value	XXX (value 0 for option contracts)
Post Ex / Asgmnt Short Quantity	XXX
Post Ex / Asgmnt Short Value	XXX (value 0 for option contracts)
C/f Long Quantity	0
C/f Long Value	0
C/f Short Quantity	0
C/f Short Value	0

2.   Details of Adjusted Positions:

All options positions in existing strike prices shall continue to exist in the corresponding new adjusted strike prices.

Members shall be given the adjusted positions i.e. the Post Ex / Asgmnt Long Quantity / Post Ex / Asgmnt Short Quantity with zero quantity and the Carry Forward Long Quantity / Carry Forward Short Quantity with adjusted quantities.

The comma separated file shall be named as EICHERMOT_<Member Code>_ADJUSTED_POSITIONS.CSV.

This file shall be at client level.

The file structure shall be as under:

Position Date	Date
Segment Indicator	'F'
Settlement Type	'S/G'
Clearing Member Code	CM Code
Member Type	'M'/ 'C'
Trading Member Code	TM Code / CP Code
Account Type	'P'/'C' etc.
Client Account / Code	Client Account No / Code
Instrument Type	FUTSTK/OPTSTK
Symbol	EICHERMOT
Expiry date	27-AUG-2020/ 24-SEP-2020/29-OCT-2020
Strike Price	Existing Strike Prices
Option Type	'CE'/'PE'
CA Level	0
Post Ex / Asgmnt Long Quantity	0
Post Ex / Asgmnt Long Value	0
Post Ex / Asgmnt Short Quantity	0
Post Ex / Asgmnt Short Value	0
C/f Long Quantity	XXX
C/f Long Value *	XXX (value 0 for option contracts)
C/f Short Quantity	XXX
C/f Short Value *	XXX (value 0 for option contracts)

* C/f Long Value and C/f Short Value shall be provided only for futures contracts. It shall be computed as the product of pre-adjusted C/f Long/ Short Quantity and pre-adjusted settlement price.