**NATIONAL SECURITIES CLEARING CORPORATION LIMITED**

**FUTURES & OPTIONS SEGMENT**
**Circular No.1034**

**Download Reference No: NSE/CMPT/14299** **March 12, 2010**

Dear Members

**Sub : Adjustment of Futures and Options contracts in the security IVRCL Infrastructures & Projects Ltd (IVRCLINFRA)**

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, NSE Circular no. NSCC/F&O/C&S/974 dated September 10, 2009 (download reference no CMPT/13061) and NSE Circular number 017 (download ref. no. NSE/FAOP/14291) dated March 11, 2010 members are hereby informed the procedure for adjustment of Futures and Option contracts in the underlying security IVRCL Infrastructures & Projects Ltd.(IVRCLINFRA), 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 18, 2010. The following action would be taken by NSCCL 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 IVRCLINFRA existing after End of day on March 17, 2010 will be adjusted as under:

Positions: The adjusted positions shall be arrived at by multiplying the old positions by the 'adjustment factor' which is 2.

Futures Price: The adjusted futures price would be based on the Settlement price of the relevant futures contracts on March 17, 2010. Adjusted futures price shall be settlement price of relevant futures contracts on March 17, 2010 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 IVRCLINFRA would be marked-to-market on March 17, 2010 based on the daily settlement price of the respective futures contract. Further, the adjusted positions would be carried forward at the adjusted value.

From March 18, 2010, daily mark to market settlement of futures contracts with the underlying security as IVRCLINFRA would continue as per normal procedures.

Begin of day margins on March 18, 2010 would be computed for the futures contract with underlying as IVRCLINFRA 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 | IVRCLINFRA | 25-Mar-2010 | 1000 | 0 |
| B | PQR | 458 | FUTSTK | IVRCLINFRA | 25-Mar-2010 | 0 | 2000 |
| C | XYZ | BRH01 | FUTSTK | IVRCLINFRA | 25-Mar-2010 | 0 | 2000 |

**1.2 Positions after adjustment:**

| Clearing Member | Trading Member | Client Code | Instrument | Security Symbol | Expiry Date | Long position | Short position |
|---|---|---|---|---|---|---|---|
| A | ABC | H4 | FUTSTK | IVRCLINFRA | 25-Mar-2010 | 2000 | 0 |
| B | PQR | 458 | FUTSTK | IVRCLINFRA | 25-Mar-2010 | 0 | 4000 |
| C | XYZ | BRH01 | FUTSTK | IVRCLINFRA | 25-Mar-2010 | 0 | 4000 |

**2 Action by Clearing Corporation in respect of Option Contracts:**

All open positions in option contracts with the underlying security as IVRCLINFRA, as existing after exercise-assignment on March 17, 2010 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: All positions in the existing strike prices shall be multiplied by the 'adjustment factor' of 2 and continue to exist in the new adjusted strike prices.

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 | IVRCLINFRA | 25-Mar-2010 | 280.00 | CA | 1000 | 0 |
| B | PQR | 458 | OPTSTK | IVRCLINFRA | 25-Mar-2010 | 330.00 | PA | 0 | 2000 |
| C | XYZ | BRH1 | OPTSTK | IVRCLINFRA | 25-Mar-2010 | 440.00 | CA | 0 | 2000 |

**2.2 Positions after Strike Price adjustment:**

| Clearing Member | Trading Member | Client Code | Instrument | Security Symbol | Expiry Date | Adjusted Strike Price | Option Type | Adjusted Long position | Adjusted Short position |
|---|---|---|---|---|---|---|---|---|---|
| A | ABC | H4 | OPTSTK | IVRCLINFRA | 25-Mar-2010 | 140.00 | CA | 2000 | 0 |
| B | PQR | 458 | OPTSTK | IVRCLINFRA | 25-Mar-2010 | 165.00 | PA | 0 | 4000 |
| C | XYZ | BRH1 | OPTSTK | IVRCLINFRA | 25-Mar-2010 | 220.00 | CA | 0 | 4000 |

**3**. Members are advised to note the following in respect of futures and options contracts on underlying security IVRCLINFRA.

Position details of futures and options contracts with the underlying security as IVRCLINFRA would be provided in PS_03 / 04 files for trade date March 17, 2010, would indicate final positions in the relevant contracts (without adjustment) after exercise-assignment processing on March 17, 2010.

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 March 17, 2010:

IVRCLINFRA _<Member Code>_EXISTING_POSITIONS.CSV

IVRCLINFRA _<Member Code>_ADJUSTED_POSITIONS.CSV

The details of these files are provided as Annexure I.

For any further clarifications Members may contact the following officials of the Clearing Corporation:
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## Annexure I

**Position file formats for Corporate Action Adjustment for futures and options contracts on underlying security –** IVRCL Infrastructures & Projects Ltd.

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 March 17, 2010.

The file shall be comma separated. The file shall be named as IVRCLINFRA_<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 | IVRCLINFRA |
| Expiry date | 25-Mar-10/29-Apr-10/27-May-10 |
| Strike Price | Existing Strike Prices |
| Option Type | 'CA'/'PA' |
| 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 IVRCLINFRA_<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 | IVRCLINFRA |

| | |
|---|---|
| Expiry date | 25-Mar-10/29-Apr-10/27-May-10 |
| Strike Price | Adjusted Strike Prices |
| Option Type | ‘CA’/’PA’ |
| 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.