NATIONAL SECURITIES CLEARING CORPORATION LIMITED
FUTURES & OPTIONS SEGMENT
Circular No.1067

Download Reference No: NSE/CMPT/15057 **June 25, 2010**

Dear Members

Sub: Adjustment of Futures and Options contracts in the security Tulip Telecom Limited (TULIP)

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 no. 13061) and Circular no. 057 (Download no. 15051) dated June 24, 2010 members are hereby informed the procedure for adjustment of Futures and Options contracts in the underlying security Tulip Telecom Limited (TULIP), on account of Face Value Split of shares from Rs.10 per share to Re.2 per share.

The 'adjustment factor' for the corporate action shall be '5' and the ex-date for the corporate action shall be July 06, 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 TULIP existing after End of day on July 05, 2010 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. Circular no. 057 (Download No. 15051) dated June 24, 2010.

Futures Price: The adjusted futures price would be based on the Settlement price of the relevant futures contracts on July 05, 2010. Adjusted futures price shall be settlement price of relevant futures contracts on July 05, 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 TULIP would be marked-to-market on July 05, 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 July 06, 2010, daily mark to market settlement of futures contracts with the underlying security as TULIP would continue as per normal procedures.

Begin of day margins on July 06, 2010 would be computed for the futures contract with underlying as TULIP 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	TULIP	July 29, 2010	250	0
B	PQR	458	FUTSTK	TULIP	July 29, 2010	0	500
C	XYZ	BRH01	FUTSTK	TULIP	July 29, 2010	0	1000

1.2 Positions after adjustment:

Clearing Member	Trading Member	Client Code	Instrument	Security Symbol	Expiry Date	Long position	Short position
A	ABC	H4	FUTSTK	TULIP	July 29, 2010	1250	0
B	PQR	458	FUTSTK	TULIP	July 29, 2010	0	2500
C	XYZ	BRH01	FUTSTK	TULIP	July 29, 2010	0	5000

2 Action by Clearing Corporation in respect of Option Contracts:

All open positions in option contracts with the underlying security as TULIP, as existing after exercise-assignment on July 05, 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. 5.

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. 057 (Download No. 15051) dated June 24**,** 2010.

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	TULIP	July 29, 2010	840	CA	250	0
B	PQR	458	OPTSTK	TULIP	July 29, 2010	840	PA	0	500
C	XYZ	BRH1	OPTSTK	TULIP	July 29, 2010	1000	CA	0	500

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	TULIP	July 29, 2010	168	CA	1250	0
B	PQR	458	OPTSTK	TULIP	July 29, 2010	168	PA	0	2500
C	XYZ	BRH1	OPTSTK	TULIP	July 29, 2010	200	CA	0	2500

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

Position details of futures and options contracts with the underlying security as TULIP would be provided in PS_03 / 04 files for trade date July 05, 2010, would indicate final positions in the relevant contracts (without adjustment) after exercise-assignment processing on July 05, 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 July 05, 2010:

TULIP _<Member Code>_EXISTING_POSITIONS.CSV

TULIP _<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 – TULIP

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 July 05, 2010.

The file shall be comma separated. The file shall be named as TULIP_<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	TULIP
Expiry date	29-Jul-2010/26-Aug-2010/30-Sept-2010
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 TULIP_<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	TULIP
Expiry date	29-Jul-2010/26-Aug-2010/30-Sept-2010
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.