

NATIONAL STOCK EXCHANGE OF INDIA LIMITED**DEPARTMENT : FUTURES & OPTIONS**

Download Ref No : NSE/FAOP/33420

Date : October 17, 2016

Circular Ref. No : 90/2016

All Members,

Adjustment of Futures and Options contracts in the security KTKBANK

In pursuance of SEBI guidelines for adjustments to futures and options contracts on announcement of corporate action, the members are informed of the following:

The Karnataka Bank Limited has informed the Exchange that the Board of Directors of the Company at its meeting held on August 05, 2016 has approved rights issue of One Rights Equity Shares for every two equity shares held by the shareholders in the Company as on the record date. Issue Price - Rs.70 per equity share (including premium of Rs.60 per equity shares.)

Symbol : KTKBANK
Rights ratio : 1:2
Ex-date : October 24, 2016

Adjustments for Options Contracts:

1. Strike Price: The adjusted strike price shall be arrived at by multiplying the old strike price by the adjustment factor.
2. Market Lot: The adjusted market lot shall be arrived at by dividing the old market lot by the adjustment factor. The revised market lot would be **7300**

Adjustments for Futures Contracts:

1. Futures price: The adjusted Futures base price shall be arrived at by multiplying the old Futures base price by the adjustment factor.
2. Market Lot: The adjusted market lot shall be arrived at by dividing the old market lot by the adjustment factor. The revised market lot would be **7300**

An example for deriving the adjustment factor, revised strike /futures base price and lot size is given in Annexure-1

The methodology for position adjustments shall be separately intimated by NSCCL.

The above changes shall be effective from October 24, 2016.

Members are advised to load the updated contract.gz file in the trading application before trading on October 24, 2016. This file can be obtained from the directory faoftp/faocommon on the Extranet server.

The details of the revised option strike prices, futures prices, lot size and quantity freeze limit will be informed to members separately on October 21, 2016.

**For and on behalf of
National Stock Exchange of India Limited**

**Abhijeet Sontakke
Senior Manager**

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Annexure-1

Underlying close price on the last cum date (P):	148.5#
Issue price of the rights (S):	70
Rights Entitlement (A):	1
Number of Existing shares (B):	2
Total Entitlement (A+B) :	3
Benefit per Right Entitlement (C) : $(P - S) \times A$	78.5
Benefits per share (E) : $E = C / (A+B)$	26.166667
Adjustment Factor: $AF = (P-E)/P$	0.823793

The figure is only an indicative value for the purpose of example.

Option contracts before adjustment:

Instrument	Symbol	Expiry date	Strike	Type	Market Lot
OPTSTK	KTKBANK	27-OCT-2016	145	CE	6000
OPTSTK	KTKBANK	27-OCT-2016	145	PE	6000
OPTSTK	KTKBANK	27-OCT-2016	150	CE	6000
OPTSTK	KTKBANK	27-OCT-2016	150	PE	6000

Options contracts after adjustment:

Instrument	Symbol	Expiry date	Strike	Type	Market Lot
OPTSTK	KTKBANK	27-OCT-2016	119.45	CE	7300
OPTSTK	KTKBANK	27-OCT-2016	119.45	PE	7300
OPTSTK	KTKBANK	27-OCT-2016	123.55	CE	7300
OPTSTK	KTKBANK	27-OCT-2016	123.55	PE	7300

Futures contract before adjustment:

Instrument	Symbol	Expiry date	Market Lot	Futures Base Price
FUTSTK	KTKBANK	27-OCT-2016	6000	149.40

Futures contract after adjustment:

Instrument	Symbol	Expiry date	Market Lot	Futures Base Price
FUTSTK	KTKBANK	27-OCT-2016	7300	123.05

If the revised strike/futures prices and the lot size on account of adjustment appear in decimal places, the strike/futures prices shall be rounded off to the nearest tick size and the lot size shall be rounded off to the nearest integer.