

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

Download Ref No : NSE/FAOP/34151

Date : February 09, 2017

Circular Ref. No : 06/2017

All Members,

Adjustment of Futures and Options contracts in the security CANBK

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

Canara Bank has informed the Exchange that the Board of Directors has decided to issue equity shares of face value of Re. 10 each (Equity Shares) of the Bank, to the existing shareholders of the Bank on a rights basis (Rights Issue) in the ratio of 1:10 i.e. one Equity Shares for every ten Equity Shares, at a price of Rs. 207 per Equity Share, (including a premium of Rs. 197 per Equity Share.)

Symbol : CANBK
Rights ratio : 1:10
Ex-date : February 17, 2017

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 **3093**

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 **3093**

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 February 17, 2017

Members are advised to load the updated contract.gz file in the trading application before trading on February 17, 2017. 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 February 16, 2017

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

**Abhijeet Sontakke
Senior Manager**

Toll Free No	Fax No	Email id
1800-266-0053	+91-22-26598155	msm@nse.co.in

Annexure-1

Underlying close price on the last cum date (P):	309.45#
Issue price of the rights (S):	207
Rights Entitlement (A):	1
Number of Existing shares (B):	10
Total Entitlement (A+B) :	11
Benefit per Right Entitlement (C) : $(P - S) \times A$	102.45
Benefits per share (E) : $E = C / (A+B)$	9.313636364
Adjustment Factor: $AF = (P-E)/P$	0.969903

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	CANBK	23-FEB-2017	310.00	CE	3000
OPTSTK	CANBK	23-FEB-2017	310.00	PE	3000
OPTSTK	CANBK	23-FEB-2017	320.00	CE	3000
OPTSTK	CANBK	23-FEB-2017	320.00	PE	3000

Options contracts after adjustment:

Instrument	Symbol	Expiry date	Strike	Type	Market Lot
OPTSTK	CANBK	23-FEB-2017	300.65	CE	3093
OPTSTK	CANBK	23-FEB-2017	300.65	PE	3093
OPTSTK	CANBK	23-FEB-2017	310.35	CE	3093
OPTSTK	CANBK	23-FEB-2017	310.35	PE	3093

Futures contract before adjustment:

Instrument	Symbol	Expiry date	Market Lot	Futures Base Price
FUTSTK	CANBK	23-FEB-2017	3000	303.25

Futures contract after adjustment:

Instrument	Symbol	Expiry date	Market Lot	Futures Base Price
FUTSTK	CANBK	23-FEB-2017	3093	294.10

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.