

National Stock Exchange Of India Limited

Department : FUTURES & OPTIONS

Download Ref No: NSE/FAOP/40530

Date : March 25, 2019

Circular Ref. No: 44/2019

All Members,

Adjustment of Futures and Options contracts in the security IDEA

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

Vodafone Idea Limited (IDEA) has informed the Exchange that Board of Directors at its meeting held on March 20, 2019, has decided to issue equity shares on rights basis in the ratio of 87 : 38, i.e 87 Equity Shares for every 38 Equity Shares held. Issue Price is 12.50 per share. Further the company has fixed Record Date as April 2, 2019 for the purpose of determining the shareholders who will be eligible to apply for the Issue.

Symbol : IDEA
Rights ratio : 87:38
Ex-date : March 29, 2019

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 20284.

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 20284.

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 NSE Clearing Limited.

The above changes shall be effective from March 29, 2019

Members are advised to load the updated contract.gz file in the trading application before trading on March 29, 2019. 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 March 28, 2019.

For and on behalf of
National Stock Exchange of India Limited

Khushal Shah
Associate Vice President

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Annexure-1

Underlying close price on the last cum date (P):	30.25 [#]
Issue price of the rights (S):	12.5
Rights Entitlement (A):	87
Number of Existing shares (B):	38
Total Entitlement (A+B) :	125
Benefit per Right Entitlement (C) : $(P - S) \times A$	1544.25
Benefits per share (E) : $E = C / (A+B)$	12.354
Adjustment Factor: $AF = (P-E)/P$	0.591603

[#] 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	IDEA	25-APR-2019	30.00	CE	12000
OPTSTK	IDEA	25-APR-2019	30.00	PE	12000
OPTSTK	IDEA	30-MAY-2019	31.00	CE	12000
OPTSTK	IDEA	30-MAY-2019	31.00	PE	12000

Options contracts after adjustment:

Instrument	Symbol	Expiry date	Strike	Type	Market Lot
OPTSTK	IDEA	25-APR-2019	17.75	CE	20284
OPTSTK	IDEA	25-APR-2019	17.75	PE	20284
OPTSTK	IDEA	30-MAY-2019	18.35	CE	20284
OPTSTK	IDEA	30-MAY-2019	18.35	PE	20284

Futures contract before adjustment:

Instrument	Symbol	Expiry date	Market Lot	Futures Base Price
FUTSTK	IDEA	25-APR-2019	12000	27.90

Futures contract after adjustment:

Instrument	Symbol	Expiry date	Market Lot	Futures Base Price
FUTSTK	IDEA	25-APR-2019	20284	16.50

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.