

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Limited)

Department : FUTURES & OPTIONS

Download Ref No: NCL/CMPT/47232

Date : February 05, 2021

Circular Ref. No: 016/2021

All Members

Sub: Revised circular for Adjustment of Futures and Options contracts in the security Indus Towers Limited (INDUSTOWER)

This circular is issued as revision of circular NCL/CMPT/47186 dated February 01, 2021.

Pursuant to NSE Circular no. 07/2021 (Download no. 47156) dated January 29, 2021 regarding Adjustment of Futures and Options contracts in the security INDUSTOWER. The following action with regards to clearing and settlement would be taken by NSE Clearing in this regard.

1. Action by the Clearing Corporation in respect of Futures Contracts:

Adjustment of futures contracts available in INDUSTOWER shall be carried out based on the reference rate of the relevant futures contracts on February 05, 2021 (last cum-dividend date). The reference rate to be reckoned for the purpose of adjustment shall be the daily mark to market settlement price of the relevant futures contract, which shall be reduced by the dividend amount.

Accordingly, all positions in futures contracts with the underlying security as INDUSTOWER would be marked-to-market on the last cum-dividend date i.e. February 05, 2021, based on the daily settlement price of the respective futures contract. Subsequent to such processing, open positions shall be carried forward at the daily settlement price less Rs.17.82 (dividend amount) for the respective futures contract.

From February 08, 2021 (ex-dividend date), daily mark to market settlement of futures contracts with the underlying security as INDUSTOWER would continue as per normal procedures.

Begin of day margins on February 08, 2021 would be computed for the futures contract with underlying as INDUSTOWER 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 | Symbol | Expiry Date | Long Position | * Long Value | Short Position | * Short Value |
|-----------------|----------------|-------------|------------|------------|-------------|---------------|--------------|----------------|---------------|
| A | ABC | A1 | FUTSTK | INDUSTOWER | 25-Feb-2021 | 2800 | 672000 | | |
| B | PQR | A2 | FUTSTK | INDUSTOWER | 25-Mar-2021 | 0 | | 2800 | 672000 |
| C | XYZ | A3 | FUTSTK | INDUSTOWER | 29-Apr-2021 | 0 | | 5600 | 1344000 |

* Valued at price Rs.240.00/-

1.2 Positions after adjustment:

| Clearing Member | Trading Member | Client Code | Instrument | Symbol | Expiry Date | Long Position | *Long Value | Short Position | *Short Value |
|-----------------|----------------|-------------|------------|------------|-------------|---------------|-------------|----------------|--------------|
| A | ABC | A1 | FUTSTK | INDUSTOWER | 25-Feb-2021 | 2800 | 622104 | | |
| B | PQR | A2 | FUTSTK | INDUSTOWER | 25-Mar-2021 | 0 | | 2800 | 622104 |
| C | XYZ | A3 | FUTSTK | INDUSTOWER | 29-Apr-2021 | 0 | | 5600 | 1244208 |

* Valued at price Rs.222.18 (Rs.240.00 – Rs.17.82 which is the dividend amount)

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

The full value of dividend i.e. Rs.17.82 would be deducted from all the cum-dividend strike prices on the ex-dividend date and adjusted to nearest tick size to arrive at the new strike prices. All positions in existing strike prices shall continue to exist in the corresponding 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 | Symbol | Expiry Date | Strike Price | Option Type | Long Position | Short Position |
|-----------------|----------------|-------------|------------|------------|-------------|--------------|-------------|---------------|----------------|
| A | ABC | A1 | OPTSTK | INDUSTOWER | 25-Feb-2021 | 235.00 | CE | 2800 | 0 |
| B | PQR | A2 | OPTSTK | INDUSTOWER | 25-Mar-2021 | 240.00 | PE | 0 | 2800 |
| C | XYZ | A3 | OPTSTK | INDUSTOWER | 29-Apr-2021 | 245.00 | CE | 0 | 5600 |

2.2 Positions after Strike Price adjustment:

| Clearing Member | Trading Member | Client Code | Instrument | Symbol | Expiry Date | Strike Price | Option Type | Long Position | Short Position |
|-----------------|----------------|-------------|------------|------------|-------------|--------------|-------------|---------------|----------------|
| A | ABC | A1 | OPTSTK | INDUSTOWER | 25-Feb-2021 | 217.20 | CE | 2800 | 0 |
| B | PQR | A2 | OPTSTK | INDUSTOWER | 25-Mar-2021 | 222.20 | PE | 0 | 2800 |
| C | XYZ | A3 | OPTSTK | INDUSTOWER | 29-Apr-2021 | 227.20 | CE | 0 | 5600 |

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

Position details of futures and options contracts with the underlying security as INDUSTOWER provided in PS_03 / 04 files for trade date February 05, 2021, would indicate positions in the relevant contracts (without adjustment for dividend) on February 05, 2021.

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 February 05, 2021:

INDUSTOWER_<Member Code>_EXISTING_POSITIONS.CSV
 INDUSTOWER_<Member Code>_ADJUSTED_POSITIONS.CSV

The details of these files are provided as Annexure I.

**For and on behalf of
 NSE Clearing Limited**

**Nisha Pillai
 Associate Vice President**

| | | |
|---------------------|-----------------|------------------------------|
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Annexure I

Position file formats for Corporate Action Adjustment for futures and options contracts on underlying security – INDUSTOWER

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 February 05, 2021.

The file shall be comma separated. The file shall be named as INDUSTOWER _<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 | INDUSTOWER |
| Expiry date | 25-Feb-2021 25-Mar-2021 29-Apr -2021 |
| Strike Price | Existing Strike Prices |
| Option Type | 'CE'/'PE' |
| CA Level | 1 |
| Post Ex / Asgmt Long Quantity | XXX |
| Post Ex / Asgmt Long Value | XXX (value 0 for option contracts) |
| Post Ex / Asgmt Short Quantity | XXX |
| Post Ex / Asgmt 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 members having positions in INDUSTOWER contracts shall be provided an additional file with the adjustments with regards to the dividend as detailed in 1.1 and 1.2 for futures contracts and 2.1 and 2.2 for options contracts.

The comma separated file shall be named as INDUSTOWER_<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 | OPTSTK/ FUTSTK |
| Symbol | INDUSTOWER |
| Expiry date | 25-Feb-2021 25-Mar-2021 29-Apr -2021 |
| Strike Price | Adjusted Strike Prices |
| Option Type | 'CE'/'PE' |
| CA Level | 0 |
| Post Ex / Asgmt Long Quantity | 0 |
| Post Ex / Asgmt Long Value | 0 |
| Post Ex / Asgmt Short Quantity | 0 |
| Post Ex / Asgmt Short Value | 0 |
| C/f Long Quantity | XXX |
| C/f Long Value* | XXX (value 0 for options contracts) |
| C/f Short Quantity | XXX |
| C/f Short Value* | XXX (value 0 for options 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 C/f Long/ Short Quantity and adjusted daily settlement price (i.e. daily settlement price less Rs.17.82).