

National Stock Exchange Of India Limited

Department : FUTURES & OPTIONS

Download Ref No: NSE/FAOP/45061

Date : July 20, 2020

Circular Ref. No: 67/2020

All Members,

Adjustment of Futures and Options contracts in the security M&MFIN

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

Mahindra & Mahindra Financial Services Limited has informed the Exchange that Board of Directors at its meeting held on July 18, 2020, has decided to issue equity shares on rights basis in the ratio of 1 : 1, i.e 1 Equity Shares for every 1 Equity Shares held. Issue Price is 50 per share. Further, the company has fixed Record Date as 23-Jul-2020 for the purpose of determining the shareholders who will be eligible to apply for the Issue.

Symbol : M&MFIN
Rights ratio : 1:1
Ex-date : July 22, 2020

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.

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.

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 Clearing Corporation.

The above changes shall be effective from July 22, 2020. Members are advised to load the updated contract.gz file in the trading application before trading on July 22, 2020. 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 July 21, 2020.

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):	229.60 [#]
Issue price of the rights (S):	50
Rights Entitlement (A):	1
Number of Existing shares (B):	1
Total Entitlement (A+B) :	2
Benefit per Right Entitlement (C) : $(P - S) \times A$	179.60
Benefits per share (E) : $E = C / (A+B)$	89.80
Adjustment Factor: $AF = (P-E)/P$	0.608885

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	M&MFIN	30-Jul-20	230	CE	2100
OPTSTK	M&MFIN	30-Jul-20	230	PE	2100
OPTSTK	M&MFIN	30-Jul-20	235	CE	2100
OPTSTK	M&MFIN	30-Jul-20	235	PE	2100

Options contracts after adjustment:

Instrument	Symbol	Expiry date	Strike	Type	Market Lot
OPTSTK	M&MFIN	30-Jul-20	140.05	CE	3449
OPTSTK	M&MFIN	30-Jul-20	140.05	PE	3449
OPTSTK	M&MFIN	30-Jul-20	143.10	CE	3449
OPTSTK	M&MFIN	30-Jul-20	143.10	PE	3449

Futures contract before adjustment:

Instrument	Symbol	Expiry date	Market Lot	Futures Base Price
FUTSTK	M&MFIN	30-Jul-20	2100	207.80

Futures contract after adjustment:

Instrument	Symbol	Expiry date	Market Lot	Futures Base Price
FUTSTK	M&MFIN	30-Jul-20	3449	126.55

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.