NATIONAL STOCK EXCHANGE OF INDIA LIMITED

DEPARTMENT : FUTURES & OPTIONS	
Download Ref No : NSE/FAOP/34145	Date : February 08, 2017
Circular Ref. No : 05/2017	

All Members,

Adjustment of Futures and Options contracts in the security SOUTHBANK

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 South Indian Bank Limited has informed the Exchange that the Board of Directors of The Bank at their meeting held on December 21, 2016, has decided to issue equity shares of face value of Re. 1 each (Equity Shares) of the Bank, to the existing shareholders of the Bank on a rights basis (Rights Issue) in the ratio of 1:3 i.e. one Equity Shares for every three Equity Shares held by the shareholders in the Company as on the record date, at a price of Rs. 14 per Equity Share, (including a premium of Rs. 13 per Equity Share).

Symbol   : SOUTHBANK
Rights ratio   : 1:3
Ex-date   : February 16, 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 **33301**

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 **33301**

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 16, 2017.

Members are advised to load the updated contract.gz file in the trading application before trading on February 16, 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 15, 2017.

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):	23.2#
Issue price of the rights (S):	14
Rights Entitlement (A):	1
Number of Existing shares (B):	3
Total Entitlement (A+B) :	4
Benefit per Right Entitlement (C) : $(P - S) \times A$	9.2
Benefits per share (E) : $E = C / (A+B)$	2.3
Adjustment Factor: $AF = (P-E)/P$	0.900862

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	SOUTHBANK	23-FEB-2017	20.00	CE	30000
OPTSTK	SOUTHBANK	23-FEB-2017	20.00	PE	30000
OPTSTK	SOUTHBANK	23-FEB-2017	22.50	CE	30000
OPTSTK	SOUTHBANK	23-FEB-2017	22.50	PE	30000

Options contracts after adjustment:

Instrument	Symbol	Expiry date	Strike	Type	Market Lot
OPTSTK	SOUTHBANK	23-FEB-2017	18.00	CE	33301
OPTSTK	SOUTHBANK	23-FEB-2017	18.00	PE	33301
OPTSTK	SOUTHBANK	23-FEB-2017	20.25	CE	33301
OPTSTK	SOUTHBANK	23-FEB-2017	20.25	PE	33301

Futures contract before adjustment:

Instrument	Symbol	Expiry date	Market Lot	Futures Base Price
FUTSTK	SOUTHBANK	23-FEB-2017	30000	23.15

Futures contract after adjustment:

Instrument	Symbol	Expiry date	Market Lot	Futures Base Price
FUTSTK	SOUTHBANK	23-FEB-2017	33301	20.85

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.