

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

Download Ref No : NSE/FAOP/36811

Date : January 23, 2018

Circular Ref. No : 04/2018

All Members,

Adjustment of Futures and Options contracts in the security TATASTEEL

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

Tata Steel Limited has informed the Exchange that the meeting of the Board of Directors of the Company held on December 18 & 19, 2017 approving the issuance of equity and equity linked instruments including ordinary shares of the Company of face value Rs.10 each ("Ordinary Shares") by way of a rights issue to the existing shareholders of the Company as on the record date for an amount not exceeding Rs.12,800 crore in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and other applicable laws. Further, the company has fixed record date as February 1, 2018 for the purpose of determining the shareholders eligible to apply for the rights issue of the company.

Symbol	: TATASTEEL
Rights ratio for Fully Paid Shares	: 4:25
Rights ratio for Partly Paid Shares	: 2:25
Ex-date	: January 31, 2018

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 **1062**.

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 **1062**.

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 January 31, 2018

Members are advised to load the updated contract.gz file in the trading application before trading on January 31, 2018. 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 January 30, 2018.

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

**Khushal Shah
Chief 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):	#779.75
Issue price of the rights (S):	##545
Rights Entitlement (A):	6
Number of Existing shares (B):	25
Total Entitlement (A+B) :	31
Benefit per Right Entitlement (C) : $(P - S) \times A$	1408.5
Benefits per share (E) : $E = C / (A+B)$	45.435483
Adjustment Factor: $AF = (P-E)/P$	0.941731

The figure is only an indicative value for the purpose of example.

Calculation based on weighted average issue price of fully and partly paid up shares.

Option contracts before adjustment:

Instrument	Symbol	Expiry date	Strike	Type	Market Lot
OPTSTK	TATASTEEL	22-FEB-2018	780	CE	1000
OPTSTK	TATASTEEL	22-FEB-2018	780	PE	1000
OPTSTK	TATASTEEL	22-FEB-2018	790	CE	1000
OPTSTK	TATASTEEL	22-FEB-2018	790	PE	1000

Options contracts after adjustment:

Instrument	Symbol	Expiry date	Strike	Type	Market Lot
OPTSTK	TATASTEEL	22-FEB-2018	734.55	CE	1062
OPTSTK	TATASTEEL	22-FEB-2018	734.55	PE	1062
OPTSTK	TATASTEEL	22-FEB-2018	743.95	CE	1062
OPTSTK	TATASTEEL	22-FEB-2018	743.95	PE	1062

Futures contract before adjustment:

Instrument	Symbol	Expiry date	Market Lot	Futures Base Price
FUTSTK	TATASTEEL	22-FEB-2018	1000	779.95

Futures contract after adjustment:

Instrument	Symbol	Expiry date	Market Lot	Futures Base Price
FUTSTK	TATASTEEL	22-FEB-2018	1062	734.50

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.