



CIRCULAR

SEBI/HO/MRD2/MRD2_DCAP/P/CIR/2022/90

June 28, 2022

To

All Recognized Stock Exchanges and Clearing Corporations

Dear Sir/ Madam,

Sub: Adjustment in derivative contracts for dividend announcements

SEBI, vide Circulars [SMDRP/DC/CIR-8/01](#) dated June 21, 2001, [SMDRP/DC/CIR-15/02](#) dated December 18, 2002 and [CIR/MRD/DoP-1/P/00108/2018](#) dated July 05, 2018, has *inter-alia*, laid down a framework for adjustment in derivative contracts (single stock options and futures) post dividend announcements.

2. SEBI has been receiving representations from various stakeholders requesting to review the framework for adjustment in derivative contracts for dividend announcements. The suggestions were examined at the Secondary Market Advisory Committee (SMAC) of SEBI.
3. Based on the recommendations of SMAC, it has been decided that the adjustment in derivative contracts shall be carried out in cases where dividends declared are at or above 2% of the market value of underlying stock.
4. The revised threshold, as stated above, would be applicable for dividend announcements done on or after the effective date of the circular.
5. SEBI circulars dated June 21, 2001, December 18, 2002 and July 05, 2018 shall, accordingly, be modified to the above extent. All other provisions of the said SEBI circulars shall continue to remain applicable.
6. The provisions of this circular shall come into effect from June 29, 2022.
7. Stock Exchanges and Clearing Corporations are directed to:
 - a) take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules and regulations;
 - b) bring the provisions of this circular to the notice of their members and also disseminate the same on their websites; and



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Securities and Exchange Board of India

- c) confirm to SEBI, that the of the provisions of this circular have been implemented.
8. This circular is being issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
9. This circular is available on SEBI website at www.sebi.gov.in at "Legal→Circulars".

Yours faithfully

(Vishal Shukla)
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