



NOTICE TO MEMBERS

No. 2011 - 095

September 15, 2011

Sino-Forest Corporation (TRE) Put Options

Members are referred to Notice to Members No. 2011-093 dated September 9, 2011 and Notice to Members No. 2011-094 dated September 14, 2011 concerning the application made by Canadian Derivatives Clearing Corporation (CDCC) to the Ontario Securities Commission seeking a variance to the cease trading order issued by the OSC in respect of securities of Sino-Forest Corporation (TRE) to permit the exercise of outstanding options.

On September 15, 2011, the OSC granted an order varying the cease trade order in relation to certain put options. The effect of the variation is as follows:

1. put option holders that currently own Sino-Forest Corporation common shares may exercise those put options and settle the trades, to the extent of their available shares; and
2. put option exercise that settle in Sino-Forest common shares will only be accepted if the relevant Member provides an affidavit to CDCC and the OSC, including confirmation of current shareholdings and that the put option holder is not a Sino-Forest Corporation insider who is disqualified from relying on the OSC order.

The OSC order does not waive the application of the cease trade order to holders of put options who do not hold sufficient Sino-Forest Corporation common shares to make delivery upon exercise (“naked” put options). If naked put options are exercised, the holder will not be permitted to source Sino-Forest common shares for delivery so long as the cease trade order is in effect. Any exercises by such holders will default, the exercise will not settle and the Member will be subject to margin obligations until such time as delivery of Sino-Forest common shares is made in accordance with Section B-412 (Deposit of Security Funds) under the CDCC rules. Members are cautioned that there is no certainty as to when, if ever, such delivery could be made. Members and their affected clients should contact CDCC for further information regarding the exercise and settlement of these options.

Due to the cease trade order, writers and holders of call options should be aware that Sino-Forest Corporation common shares cannot currently be delivered on exercise of the call options. CDCC has not obtained any relief from the OSC with respect to call options.

Canadian Derivatives Clearing Corporation

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As noted above, Clearing Members will be required to have an affidavit completed for each position holder that wishes to exercise its put option. The format of the affidavit has been prepared and can be obtained by contacting Roger Warner, CDCC's Director, Member Services at 416-350-2775 or via e-mail at RWarner@cdcc.ca. A copy of the OSC order can also be obtained from Mr. Warner.

Glenn Goucher
President and Chief Clearing Officer

Canadian Derivatives Clearing Corporation

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