



## NOTICE TO MEMBERS

No. 2017 – 096

June 22, 2017

### FINAL CONTRACT ADJUSTMENT Spartan Energy Corp. (SPE) Reverse Stock Split

**THE FOLLOWING INFORMATION IS PREPARED FOR THE CONVENIENCE OF CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC) MEMBERS AND BOURSE DE MONTRÉAL INC. (THE BOURSE) APPROVED PARTICIPANTS. THIS DOCUMENT IS AN UNOFFICIAL SUMMARY OF CERTAIN TERMS OF THE AFOREMENTIONED ADJUSTMENT. CDCC AND THE BOURSE ACCEPT NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. CDCC MEMBERS AND BOURSE APPROVED PARTICIPANTS MUST ENSURE THEY HAVE REVIEWED THE DOCUMENTATION PUBLISHED BY THE ISSUERS INVOLVED IN THIS CORPORATE ACTION.**

The Bourse and CDCC wish to inform you that Spartan Energy Corp. (“Spartan”) will consolidate its Common Shares. The reverse stock split on the basis of one-for-three ratio will be effective at the opening of markets on June 23, 2017.

#### **CDCC - adjustment details:**

Pursuant to Terms of Adjustment provided in Section A-902 of the Rules of CDCC, all SPE options will be adjusted as follows:

- **EFFECTIVE DATE:**                      **June 23, 2017**
- **OPTIONS SYMBOL:**                      **SPE will become SPE1**
- **NUMBER OF CONTRACTS:**              **Unchanged**
- **MULTIPLIER:**                              **100**
- **NEW DELIVERABLE PER CONTRACT:**              **33 Shares of Spartan Energy Corp. and a cash consideration equivalent to one third of SPE. A follow-up circular will confirm the amount.**
- **STRIKE PRICES:**                              **Unchanged**
- **NEW CUSIP :**                                      **846785 60 8**



- **POSITION AND EXERCISE LIMITS:** The position and exercise limits for existing series will be **75,000 contracts**

CDCC will not adjust any outstanding escrow receipts.

**The Bourse - adjustment details:**

It is important to note that on the effective date mentioned above, all open orders on this option class **will not be automatically modified** to reflect the reverse split and will therefore have to **be re-entered** into the Montreal Automated System (SAM) by the approved participants.

**The existing series of SPE options class will be transferred to the SPE1 options class representing the new deliverable. Please note that only closing transactions will be permitted on the adjusted class. Actual series that do not have open interest will not be adjusted.**

<b>Spartan Energy Corp.</b>		
<b>Actual Strike Prices</b>	<b>Actual Class Symbol</b>	<b>New class symbol</b>
\$ 1.00	SPE	SPE1
\$ 1.50	SPE	SPE1
\$ 2.00	SPE	SPE1
\$ 2.50	SPE	SPE1
\$ 3.00	SPE	SPE1
\$ 4.00	SPE	SPE1
\$ 5.00	SPE	SPE1
\$ 6.00	SPE	SPE1

**Numerical Example**

For a member holding a long put strike \$3.00 position and considering that SPE closing price on June 21 2017 is \$1.89, the intrinsic value of the option prior to the adjustment is:

$$\begin{aligned} \text{Intrinsic Value} &= \$3.00 \times 100 - \$1.89 \times 100 \\ &= \$111.00 \end{aligned}$$

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**Canadian Derivatives Clearing Corporation**

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After the adjustment, the intrinsic value of the option will be:

$$\begin{aligned}\text{Intrinsic Value} &= \text{Strike Price} \times \text{Multiplier} - \text{New Underlying Price} \times \text{New Deliverable} \\ &= \$3.00 \times 100 - \$5.67 \times (100/3) \\ &= \$111.00\end{aligned}$$

**PLEASE ENSURE THAT ALL CLIENTS WHO HAVE EITHER LONG OR SHORT POSITIONS IN THIS OPTION CLASS ARE ADVISED OF THIS NOTICE.**

For further information, please contact Market Operations Department at (514) 871-7877. Clearing members may contact the CDCC Member Services Department.

Glenn Goucher  
President and Chief Clearing Officer

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