

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.



## NOTICE TO MEMBERS

No. 2022 - 156

December 16, 2022

### FINAL CONTRACT ADJUSTMENT HEXO Corp. (HEXO) Reverse Split

The Bourse and CDCC wish to inform you that “HEXO Corp.” (TSX: “HEXO”) will consolidate its Common Shares.

The reverse split on the basis of a one-for-fourteen ratio will be effective at the opening of the markets on December 19, 2022.

The company will start trading under the new CUSIP on the Toronto Stock Exchange at the opening of business on December 19, 2022.

#### **CDCC - Adjustment Details:**

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

- **EFFECTIVE DATE:** December 19, 2022
- **OPTIONS SYMBOL:** HEXO will become HEXO2
- **NUMBER OF CONTRACTS:** Unchanged
- **MULTIPLIER:** 100
- **NEW DELIVERABLE PER CONTRACT:** 7 common shares of HEXO Corp. (HEXO) and a cash consideration equivalent to 0.1429 (100 x 0.001429) of a HEXO Corp. share. A follow-up circular will confirm the amount.
- **STRIKE PRICES:** Unchanged
- **NEW CUSIP :** 428304 40 6
- **POSITION AND EXERCISE LIMITS:** Position and exercise limits will remain unchanged at 250,000 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 HEXO options class will be transferred to the HEXO2 options class representing the new deliverable.

<b>Actual Class Symbol</b>	<b>New Class Symbol</b>
HEXO	HEXO2

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.

**Numerical Example - HEXO (HEXO2)**

For a member holding a long put strike \$3.00 position and considering that closing price on December 14, 2022 is \$0.215, the intrinsic value of the option prior to the adjustment is:

$$\begin{aligned} \text{Intrinsic Value} &= \$3.00 \times 100 - \$0.215 \times 100 \\ &= \$278.50 \end{aligned}$$

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

$$\begin{aligned} \text{Intrinsic Value} &= \text{Strike Price} \times \text{Multiplier} - \text{New Underlying Price} \times \text{New Deliverable} \\ &= \$3.00 \times 100 - \$3.01 \times (100/14) \\ &= \$278.50 \end{aligned}$$

**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 Corporate Operations Department.

Anna Linardakis  
Director, Business Operations  
CDCC