



NOTICE TO MEMBERS

No. 2018 – 008

January 12, 2018

FINAL CONTRACT ADJUSTMENT
BetaPro S&P 500 VIX Short-Term Futures 2X Daily Bull ETF (HVU)
Reverse Unit 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 Horizons ETFs Management (Canada) Inc. (“Horizons ETFs”) will consolidate the units of BetaPro S&P 500 VIX Short-Term Futures 2x Daily Bull (“HVU”). The reverse unit split on the basis of a 1 for 5 ratio will be effective at the opening of markets on January 15, 2018.

CDCC - adjustment details:

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

- **EFFECTIVE DATE:** **January 15, 2018**
- **OPTIONS SYMBOL:** **HVU will become HVU2**
- **NUMBER OF CONTRACTS:** **Unchanged**
- **MULTIPLIER:** **20**
- **NEW DELIVERABLE PER CONTRACT:** **20 Units of BetaPro S&P 500 VIX Short-Term Futures 2x Daily Bull.**
- **STRIKE PRICES:** **Strike Prices will be multiplied by five**
- **NEW CUSIP :** **08660L 20 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 HVU options class will be transferred to the HVU2 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.

BetaPro S&P 500 VIX Short-Term Futures 2x Daily Bull ETF		
Symbol	Actual Strike Prices	New Strike Prices
HVU2	\$2.00	\$10.00
HVU2	\$2.50	\$12.50
HVU2	\$3.00	\$15.00
HVU2	\$4.00	\$20.00
HVU2	\$5.00	\$25.00
HVU2	\$6.00	\$30.00
HVU2	\$7.00	\$35.00
HVU2	\$8.00	\$40.00
HVU2	\$9.00	\$45.00
HVU2	\$10.00	\$50.00



Numerical Example

For a member holding a long put strike \$4.00 position and considering that HVU Fund's closing price on January 12, 2018 is \$2.97, the intrinsic value of the option prior to the adjustment is:

$$\begin{aligned}\text{Intrinsic Value} &= \$4.00 \times 100 - \$2.97 \times 100 \\ &= \$103.00\end{aligned}$$

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

$$\begin{aligned}\text{Intrinsic Value} &= \text{Strike Price} \times \text{Multiplier} - \text{New Underlying Price} \times \text{New Deliverable} \\ &= \$20.00 \times 20 - \$14.85 \times (100/5) \\ &= \$103.00\end{aligned}$$

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