

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. 2021 - 173

November 17, 2021

### FINAL CONTRACT ADJUSTMENT The Valens Company Inc (VLNS) Reverse Split

The Bourse and CDCC wish to inform you that The Valens Company Inc. (TSX: "VNLS") will consolidate its Common Shares. The reverse split on the basis of a one-for-three ratio will be effective at the opening of the markets on November 18, 2021.

#### CDCC - Adjustment Details:

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

- **EFFECTIVE DATE:** November 18, 2021
- **OPTIONS SYMBOL:** VLNS will become VLNS1
- **NUMBER OF CONTRACTS:** Unchanged
- **MULTIPLIER:** 100
- **NEW DELIVERABLE PER CONTRACT:** 33 common shares of The Valens Company Inc. and a cash consideration equivalent to 0.3333 (100 x 0.003333) of a Valens Company Inc. share. A follow-up circular will confirm the amount.
- **STRIKE PRICES:** Unchanged
- **NEW CUSIP :** 91914P 60 3
- **POSITION AND EXERCISE LIMITS:** Position and exercise limits will change to 75,000 contracts

CDCC will not adjust any outstanding escrow receipts.

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### **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 VLNS options class will be transferred to the VLNS1 options class representing the new deliverable.

<b>Actual Class Symbol</b>	<b>New Class Symbol</b>
VLNS	VLNS1

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 - VLNS (VLNS1)**

For a member holding a long put strike \$3.00 position and considering that closing price on November 16, 2021 is \$1.90, the intrinsic value of the option prior to the adjustment is:

$$\text{Intrinsic Value} = \$3.00 \times 100 - \$1.90 \times 100$$

$$= \$110.00$$

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

$$\text{Intrinsic Value} = \text{Strike Price} \times \text{Multiplier} - \text{New Underlying Price} \times \text{New Deliverable}$$

$$= \$3.00 \times 100 - \$5.70 \times (100/3)$$

$$= \$110.00$$

**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.

Anne Fiddes  
Vice President, Integrated Operations CDCC