



NOTICE TO MEMBERS

No. 2013 – 218

September 6, 2013

FINAL CONTRACT ADJUSTMENT Horizons S&P/TSX 60 Index ETF (HXT) 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 Exchange Traded Funds (« Horizons ») will consolidate the class A units of Horizons S&P/TSX 60 Index ETF (“HXT Fund”). The reverse unit split on the basis of a 1 for 2 ratio will be effective at the opening of markets on Monday, September 9, 2013.

CDCC - adjustment details:

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

- **EFFECTIVE DATE:** September 9, 2013
- **OPTIONS SYMBOL:** HXT will become HXT1
- **NUMBER OF CONTRACTS:** Unchanged
- **NEW DELIVERABLE PER CONTRACT:** 50 Horizons S&P/TSX 60 Index ETF (HXT)
- **MULTIPLIER:** 50
- **POSITION AND EXERCISE LIMITS** The position and exercise limits will be fixed at 75,000 contracts.
- **STRIKE PRICES :** Strike Prices will double (See table below)



➤ **NEW CUSIP :** 44049A 12 4

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 HXT options class will be transferred to the HXT1 options class representing the new deliverable. Actual series that do not have open interest will not be adjusted.

Horizons S&P/TSX 60 Index ETF		
Symbol	Actual Strike Prices	New Strike Prices
HXT1	\$8.00	\$16.00
HXT1	\$9.00	\$18.00
HXT1	\$10.00	\$20.00
HXT1	\$11.00	\$22.00
HXT1	\$12.00	\$24.00
HXT1	\$13.00	\$26.00

Numerical Example:

For a member holding a long put strike \$8.00 position and considering that HXT Fund's closing price on September, 6 2013 is \$7.00, the intrinsic value of the option prior to the adjustment is:

$$\begin{aligned} \text{Intrinsic Value} &= \$8.00 \times 100 - \$7.00 \times 100 \\ &= \$100 \end{aligned}$$

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

$$\begin{aligned} \text{Intrinsic Value} &= \text{New Strike Price} \times \text{New Multiplier} - \text{New Underlying Market Price} \times \text{New Deliverable} \\ &= \$16.00 \times 50 - \$14.00 \times 50 \\ &= \$100 \end{aligned}$$



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 Louise Leclair, Trading Systems Analyst Market Operations, Bourse de Montréal Inc. at (514) 871-3526. Clearing members may contact the CDCC Operations Department.

Glenn Goucher
President and Chief Clearing Officer

Canadian Derivatives Clearing Corporation

The Exchange Tower	800 Victoria Square
130 King Street West, 5 th Floor	3 rd Floor
Toronto, Ontario	Montréal, Québec
M5X 1J2	H4Z 1A9
Tel. : 416-367-2463	Tel. : 514-871-3545

www.cdcc.ca