



NOTICE TO MEMBERS

No. 2015 – 104

August 21, 2015

FINAL CONTRACT ADJUSTMENT Horizons BetaPro S&P/TSX Capped Energy Bull Plus ETF (HEU) 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 Horizons BetaPro S&P/TSX Capped Energy Bull Plus ETF (“HEU”). The reverse unit split on the basis of a 1 for 4 ratio will be effective at the opening of markets on August 24, 2015.

CDCC - adjustment details:

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

- **EFFECTIVE DATE:** **August 24, 2015**
- **OPTIONS SYMBOL:** **HEU will become HEU1**
- **NUMBER OF CONTRACTS:** **Unchanged**
- **NEW DELIVERABLE PER CONTRACT:** **25 Horizons BetaPro S&P/TSX Capped Energy Bull Plus ETF (HEU)**
- **MULTIPLIER:** **25**



- **POSITION AND EXERCISE LIMITS:** Effective August 24, 2015, position and exercise limits will be 75,000 contracts for options series already listed on that date and 25,000 contracts for all new series that will be listed after that date.
- **STRIKE PRICES:** Strike Prices will quadruple (See table below)
- **NEW CUSIP:** 44045X 20 1

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 HEU option class will be transferred to the HEU1 option class representing the new deliverable. Actual series that do not have open interest will not be adjusted.

Horizons BetaPro S&P/TSX Capped Energy Bull Plus ETF		
Symbol	Actual Strike Prices	New Strike Prices
HEU1	\$2.00	\$8.00
HEU1	\$2.50	\$10.00
HEU1	\$3.00	\$12.00
HEU1	\$4.00	\$16.00
HEU1	\$5.00	\$20.00
HEU1	\$6.00	\$24.00

Numerical Example

For a member holding a long put strike \$4.00 position and considering that HEU Fund's closing price on August 14, 2015 is \$2.46, the intrinsic value of the option prior to the adjustment is:

$$\begin{aligned} \text{Intrinsic Value} &= \$4.00 \times 100 - \$2.46 \times 100 \\ &= \$154 \end{aligned}$$



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

$$\begin{aligned}\text{Intrinsic Value} &= \text{New Strike Price} \times \text{New Multiplier} - \text{New Underlying Price} \times \text{New Deliverable} \\ &= \$16.00 \times 25 - \$9.84 \times 25 \\ &= \$154\end{aligned}$$

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. CDCC clearing members may contact the Corporate Operations Department.

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