

NOTICE TO MEMBERS

No. 2025-027

February 18, 2025

SELF-CERTIFICATION

AMENDMENTS TO THE RULES AND RISK MANUAL OF THE CANADIAN DERIVATIVES CLEARING CORPORATION TO INTRODUCE OPTIONS ON CANADIAN DEPOSITARY RECEIPTS

On October 29, 2024, the Board of Directors of the Canadian Derivatives Clearing Corporation (“CDCC”) approved certain amendments to the rules and risk manual of CDCC in order to allow for the listing of Options on Canadian Depositary Receipts (“CDR”) in order to align with those of the Bourse de Montréal Inc. (the “Bourse”) and allow for the CDR contracts to flow through clearing, similar to other security option contracts listed by the Bourse, and cleared by CDCC.

CDCC wishes to inform the Clearing Members that these amendments have been self-certified pursuant to the self-certification process set forth in the *Derivatives Act* (C.Q.L.R., c I-14.01) and submitted to the Ontario Securities Commission in accordance with the Rule Protocol Regarding the Review and Approval of CDCC Rules by the Commission.

You will find attached hereto the amendments set to come into force and to be incorporated into the version of the rules and risk manual of CDCC that will be made available on the CDCC website at www.cdcc.ca on **February 28, 2025**, after market close.

If you have any questions or concerns regarding this notice, please contact Maxime Rousseau-Turenne, Legal Counsel, by email at maxime.rousseauturenne@tmx.com.

George Kormas
President

PROPOSED AMENDMENTS TO THE RULES BLACKLINE VERSION

CANADIAN DERIVATIVES CLEARING CORPORATION RULES

XX, 2025

PART A - GENERAL

RULE A-1 - DEFINITIONS

[...]

Section A-102 - Definitions

[...]

“**Derivative Instrument**” – means a financial instrument, the value of which derives from the value of an Underlying Interest. Without limiting the foregoing, this Underlying Interest may be a commodity or a financial instrument such as a stock, [a Canadian depositary receipt](#), a bond, a currency, a stock or economic index or any other asset.

[...]

“**Underlying Interest**” – means an asset which underlies and determines the value of a Derivative Instrument or of an OTCI. The Underlying Interest may be a commodity or a financial instrument such as a stock, [a Canadian depositary receipt](#), a bond, a currency, a stock or economic index or any other asset.

[...]

RULE A-9 - ADJUSTMENTS IN CONTRACT TERMS

[...]

Section A-902 - Adjustments in Terms

- (1) Whenever there is a dividend, stock dividend, stock distribution, stock split, trust unit split, reverse stock split, reverse trust unit split, rights offering, distribution, reorganization, recapitalization, reclassification or similar event in respect of any Underlying Interest, or a merger, consolidation, dissolution or liquidation of the issuer of any Underlying Interest, the number of contracts of the Derivative Instruments, the Unit of Trading, the Settlement Price, the Exercise Price, and the Underlying Interest, or any of them, with respect to all outstanding Derivative Instruments open for trading in that Underlying Interest may be adjusted in accordance with this Section A-902.
- (2) The Corporation, acting through a committee (“Adjustment Committee”), shall determine whether to make adjustments to reflect particular events in respect of an Underlying Interest, and the nature and extent of any such adjustment, based on its judgment as to what is appropriate for the protection of investors and the public interest, taking into account such factors as fairness to buyers and sellers of the affected Derivative Instruments and to Clearing Members and the Corporation, the maintenance of a fair and orderly market in Derivative Instruments on the Underlying Interest,

consistency of interpretation and practice, efficiency of exercise settlement procedures, efficiency of Futures settlement procedures and the coordination with other clearing agencies of the clearance and settlement of transactions in the Underlying Interest. The Adjustment Committee may, in addition to determining adjustments on a case-by-case basis, adopt statements of policy or interpretation having general application to specified types of events. Any such statements of policy or interpretation shall be disseminated to all Clearing Members, Exchanges and securities and/or derivative instruments regulatory authorities having jurisdiction over the Corporation. Every determination by the Adjustment Committee pursuant to this Section A-902 shall be within the sole discretion of the Adjustment Committee, as it deems necessary in such circumstances and at the time of such determination, and shall be conclusive and binding on all investors and Clearing Members and not subject to review, other than review by securities and/or derivative instruments regulatory authorities having jurisdiction over the Corporation pursuant to applicable provisions of the respective statutes. The Adjustment Committee has the discretion to deviate from policy or precedent when it deems unusual circumstances make such a deviation appropriate. If the Adjustment Committee is not informed of an event, or not informed in a timely manner, and such an event could possibly have required an adjustment, the Corporation will not be liable in any circumstances if i) it does not proceed with such adjustment or ii) it proceeds with an adjustment with a delay.

- (3) It shall be the general rule that there will be no adjustments of Options and Similar Instruments to reflect ordinary cash dividends or distributions, or ordinary stock dividends or distributions, or ordinary trust unit dividends or distributions declared by the issuer of the Underlying Interest, or any cash dividend or distribution declared by the issuer of the Underlying Interest if such dividend or distribution is less than the Canadian dollars equivalent of US\$ 0.125 per share provided that, in the case of a contract that is listed with a unit of trading greater than 100 shares, the applicable threshold shall be the Canadian dollars equivalent of US\$ 12.50 per contract.
- (4) It shall be the general rule that there will be no adjustments of Futures and Similar Instruments to reflect ordinary cash dividends or distributions, or ordinary stock dividends or distributions, or ordinary trust unit dividends or distributions declared by the issuer of the Underlying Interest if such dividend or distribution is less than the Canadian dollars equivalent of US\$ 0.125 per share provided that, in the case of a contract that is listed with a unit of trading greater than 100 shares, the applicable threshold shall be the Canadian dollars equivalent of US\$ 12.50 per contract.
- (5)
 - i) For all Options and Similar Instruments it shall be the general rule that in the case of a stock dividend, stock distribution, stock split, trust unit dividend, trust unit distribution, trust unit split or similar event whereby one or more whole number of additional shares of the Underlying Interest are issued with respect to each outstanding share, each Option and

Similar Instruments covering that Underlying Interest shall be increased by the same number of additional contracts as the number of additional shares issued with respect to each share of the Underlying Interest, and the Exercise Price per share in effect immediately prior to such event shall be proportionately reduced, and the Unit of Trading shall remain the same.

- ii) For all Options and Similar Instruments it shall be the general rule that in the case of a stock dividend, stock distribution, stock split, trust unit dividend, trust unit distribution, trust unit split or similar event whereby other than a whole number of shares of the Underlying Interest is issued in respect of each outstanding share, the Exercise Price in effect immediately prior to such event shall be proportionately reduced, and the Unit of Trading shall be proportionately increased.
- iii) For all Options and Similar Instruments it shall be the general rule that in the case of a reverse stock split, consolidation or combination of shares, or similar event, each Option and Similar Instruments covering the affected Underlying Interest shall be adjusted, solely for purposes of determining the property deliverable upon exercise of the Option and Similar Instruments, by decreasing the Unit of Trading to reflect the number of shares eliminated. If an adjustment is made in accordance with the preceding sentence, the Unit of Trading for all such adjusted series of Options and Similar Instruments shall remain unchanged for purposes of determining the aggregate Exercise Price of the Option and Similar Instruments and for purposes of determining the premium for any such Option and Similar Instruments purchased and sold.
- iv) For all Futures and Similar Instruments it shall be the general rule that in the case of a stock dividend, stock distribution, stock split, trust unit dividend, trust unit distribution, trust unit split or similar event whereby one or more whole number of additional shares of the Underlying Interest are issued with respect to each outstanding share, each Futures and Similar Instruments covering that Underlying Interest shall be increased by the same number of additional contracts as the number of additional shares issued with respect to each share of the Underlying Interest, the last Settlement Price established immediately before such event shall be proportionately reduced, and the Unit of Trading shall remain the same.
- v) For all Futures and Similar Instruments it shall be the general rule that in the case of a stock dividend, stock distribution, stock split, trust unit dividend, trust unit distribution, trust unit split or similar event whereby other than a whole number of shares of the Underlying Interest is issued in respect of each outstanding share, the last Settlement Price established immediately before such event shall be proportionately reduced, and the Unit of Trading shall be proportionately increased.

- vi) For all Futures and Similar Instruments it shall be the general rule that in the case of a reverse stock split, consolidation or combination of shares, or similar event, each Futures and Similar Instruments covering the affected Underlying Interest shall be adjusted, solely for purposes of determining the property deliverable in respect of such Futures and Similar Instruments, by decreasing the Unit of Trading to reflect the number of shares eliminated. If an adjustment is made in accordance with the preceding sentence, the Unit of Trading for all such adjusted Futures and Similar Instruments shall remain unchanged for purposes of determining the aggregate settlement value of the Futures and Similar Instruments payable upon delivery and for purposes of determining the settlement value for any such Futures and Similar Instruments purchased and sold.
- (6) It shall be the general rule that in the case of any distribution made with respect to shares of an Underlying Interest, other than ordinary dividends or distributions subject to Subsection (3) and (4) of this Section A-902 and other than dividends or distributions for which adjustments are provided in Subsection (5) of this Section A-902, if an adjustment is determined by the Adjustment Committee to be appropriate, for Options and Similar Instruments:
- i) the Exercise Price in effect immediately prior to such event shall be reduced by the value per share of the distributed property, in which event the Unit of Trading shall not be adjusted, or
 - ii) the Unit of Trading in effect immediately prior to such event shall be adjusted so as to include the amount of property distributed with respect to the number of shares of the Underlying Interest represented by the Unit of Trading in effect prior to such adjustment, in which event the Exercise Price shall not be adjusted;

for all other Futures and Similar Instruments:

- i) the last Settlement Price established immediately before such event shall be reduced by the value per share of the distributed property, in which event the Unit of Trading shall not be adjusted, or
- ii) the Unit of Trading in effect immediately prior to such event shall be adjusted so as to include the amount of property distributed with respect to the number of shares of the Underlying Interest represented by the Unit of Trading in effect prior to such adjustment, in which event the Settlement Price shall not be adjusted.
- iii) The Adjustment Committee shall, with respect to adjustments under this Subsection or any other Subsection of this Section A-902, have the authority to determine the value of distributed property.

- (7) In the case of any event for which adjustments are not provided in any of the foregoing Subsections of this Section A-902, the Adjustment Committee may make such adjustments, if any, with respect to the characteristics of the Derivative Instrument affected by such event as the Adjustment Committee determines.
- (8) Adjustments pursuant to this Section A-902 as a general rule shall become effective in respect of Derivative Instruments outstanding on the “ex-dividend date” established by the exchange or exchanges on which the Underlying Interest is traded. In the event that the “ex-dividend date” for an Underlying Interest traded on exchanges differs from one exchange to another, the Adjustment Committee shall deem the earliest date to be the “ex-dividend date” for the purposes of this Section A-902. “Ex-dividend dates” established by any other exchange or exchanges on which an Underlying Interest may be traded shall be disregarded.
- (9) It shall be the general rule that (i) all adjustments of the Exercise Price of an outstanding Option and Similar Instruments shall be rounded to the nearest adjustment increment, (ii) when an adjustment causes an Exercise Price to be equidistant between two adjustment increments, the Exercise Price shall be rounded up to the next highest adjustment increment, (iii) all adjustments of the Unit of Trading shall be rounded down to eliminate any fraction, and (iv) if the adjustment is made pursuant to subparagraph (5)(iii) above, and the Unit of Trading is rounded down to eliminate a fraction, the value of the fractional share so eliminated as determined by the Adjustment Committee shall be added to the Unit of Trading, or if the adjustment is made pursuant to subparagraph (5)(ii) above, and the Unit of Trading is rounded down to eliminate a fraction, the adjusted Exercise Price may be further adjusted, to the nearest adjustment increment, to reflect any diminution in the value of the Option and Similar Instruments resulting from the elimination of the fraction.
- (10) It shall be the general rule that (i) all adjustments of the Settlement Price of an outstanding Futures and Similar Instruments shall be rounded to the nearest adjustment increment, (ii) when an adjustment causes a Settlement Price to be equidistant between two adjustment increments, the settlement price shall be rounded up to the next highest adjustment increment, (iii) all adjustments of the Unit of Trading shall be rounded down to eliminate any fraction, and (iv) if the adjustment is made pursuant to subparagraph (5)(vi) above, and the Unit of Trading is rounded down to eliminate a fraction, the value of the fractional share so eliminated as determined by the Adjustment Committee shall be added to the Unit of Trading, or if the adjustment is made pursuant to subparagraph (5)(v) above, and the Unit of Trading is rounded down to eliminate a fraction, the adjusted Settlement Price may be further adjusted, to the nearest adjustment increment, to reflect any diminution in the value of the Futures and Similar Instruments resulting from the elimination of the fraction.
- (11) Notwithstanding the general rules set forth in Subsections (3) through (10) of the Section A-902 or which may be set forth as interpretations and policies under this Section A-902, it shall be the general rule that adjustments on Securities Options, as defined in

Section B-601, where the Underlying Interest is a class of Canadian depositary receipt, shall reflect such adjustments made by the issuer of such Canadian depositary receipt.

- (124) Notwithstanding the general rules set forth in Subsections (3) through (119) of this Section A-902 or which may be set forth as interpretations and policies under this Section A-902, the Adjustment Committee shall have the power to make exceptions in those cases or groups of cases in which, in applying the standards set forth in Subsection (2) thereof the Adjustment Committee shall determine such exceptions to be appropriate. However, the general rules shall be applied unless the Adjustment Committee affirmatively determines to make an exception in a particular case or group of cases.

[...]

PART B - OPTIONS

[...]

RULE B-6 - SECURITIES OPTIONS

This Rule B-6 is applicable to American Style Options and European Style Options where the Underlying Interest is a class of Security ~~class of shares or a class of units~~. Such Options are referred to in this Rule B-6 as “**Securities Options**”.

Section B-601 - Definitions

[...]

“**Securities Option**” – means an American Style Option or a European Style Option for which the Underlying Interest is a class of Security ~~shares or a class of units~~.

“**Security**” – means a share, a Canadian depositary receipt or a unit.

[...]

Section B-608 - Good Deliverable Form of ~~Securities~~ Stocks

A Security shall be deemed to be in good deliverable form for the purposes hereof only if the delivery of such Security would constitute good delivery under the regulations, rules and policies of all of the Exchanges.

PROPOSED AMENDMENTS TO THE RULES CLEAN VERSION

**CANADIAN DERIVATIVES CLEARING CORPORATION RULES
XX, 2025**

PART A - GENERAL

RULE A-1 - DEFINITIONS

[...]

Section A-102 - Definitions

[...]

“Derivative Instrument” – means a financial instrument, the value of which derives from the value of an Underlying Interest. Without limiting the foregoing, this Underlying Interest may be a commodity or a financial instrument such as a stock, a Canadian depositary receipt, a bond, a currency, a stock or economic index or any other asset.

[...]

“Underlying Interest” – means an asset which underlies and determines the value of a Derivative Instrument or of an OTCI. The Underlying Interest may be a commodity or a financial instrument such as a stock, a Canadian depositary receipt, a bond, a currency, a stock or economic index or any other asset.

[...]

RULE A-9 - ADJUSTMENTS IN CONTRACT TERMS

[...]

Section A-902 - Adjustments in Terms

- (1) Whenever there is a dividend, stock dividend, stock distribution, stock split, trust unit split, reverse stock split, reverse trust unit split, rights offering, distribution, reorganization, recapitalization, reclassification or similar event in respect of any Underlying Interest, or a merger, consolidation, dissolution or liquidation of the issuer of any Underlying Interest, the number of contracts of the Derivative Instruments, the Unit of Trading, the Settlement Price, the Exercise Price, and the Underlying Interest, or any of them, with respect to all outstanding Derivative Instruments open for trading in that Underlying Interest may be adjusted in accordance with this Section A-902.
- (2) The Corporation, acting through a committee (“Adjustment Committee”), shall determine whether to make adjustments to reflect particular events in respect of an Underlying Interest, and the nature and extent of any such adjustment, based on its judgment as to what is appropriate for the protection of investors and the public interest, taking into account such factors as fairness to buyers and sellers of the affected Derivative Instruments and to Clearing Members and the Corporation, the maintenance of a fair and orderly market in Derivative Instruments on the Underlying Interest, consistency of interpretation and practice, efficiency of exercise settlement procedures, efficiency of Futures settlement procedures and the coordination with other clearing

agencies of the clearance and settlement of transactions in the Underlying Interest. The Adjustment Committee may, in addition to determining adjustments on a case-by-case basis, adopt statements of policy or interpretation having general application to specified types of events. Any such statements of policy or interpretation shall be disseminated to all Clearing Members, Exchanges and securities and/or derivative instruments regulatory authorities having jurisdiction over the Corporation. Every determination by the Adjustment Committee pursuant to this Section A-902 shall be within the sole discretion of the Adjustment Committee, as it deems necessary in such circumstances and at the time of such determination, and shall be conclusive and binding on all investors and Clearing Members and not subject to review, other than review by securities and/or derivative instruments regulatory authorities having jurisdiction over the Corporation pursuant to applicable provisions of the respective statutes. The Adjustment Committee has the discretion to deviate from policy or precedent when it deems unusual circumstances make such a deviation appropriate. If the Adjustment Committee is not informed of an event, or not informed in a timely manner, and such an event could possibly have required an adjustment, the Corporation will not be liable in any circumstances if i) it does not proceed with such adjustment or ii) it proceeds with an adjustment with a delay.

- (3) It shall be the general rule that there will be no adjustments of Options and Similar Instruments to reflect ordinary cash dividends or distributions, or ordinary stock dividends or distributions, or ordinary trust unit dividends or distributions declared by the issuer of the Underlying Interest, or any cash dividend or distribution declared by the issuer of the Underlying Interest if such dividend or distribution is less than the Canadian dollars equivalent of US\$ 0.125 per share provided that, in the case of a contract that is listed with a unit of trading greater than 100 shares, the applicable threshold shall be the Canadian dollars equivalent of US\$ 12.50 per contract.
- (4) It shall be the general rule that there will be no adjustments of Futures and Similar Instruments to reflect ordinary cash dividends or distributions, or ordinary stock dividends or distributions, or ordinary trust unit dividends or distributions declared by the issuer of the Underlying Interest if such dividend or distribution is less than the Canadian dollars equivalent of US\$ 0.125 per share provided that, in the case of a contract that is listed with a unit of trading greater than 100 shares, the applicable threshold shall be the Canadian dollars equivalent of US\$ 12.50 per contract.
- (5)
 - i) For all Options and Similar Instruments it shall be the general rule that in the case of a stock dividend, stock distribution, stock split, trust unit dividend, trust unit distribution, trust unit split or similar event whereby one or more whole number of additional shares of the Underlying Interest are issued with respect to each outstanding share, each Option and Similar Instruments covering that Underlying Interest shall be increased by the same number of additional contracts as the number of additional

shares issued with respect to each share of the Underlying Interest, and the Exercise Price per share in effect immediately prior to such event shall be proportionately reduced, and the Unit of Trading shall remain the same.

- ii) For all Options and Similar Instruments it shall be the general rule that in the case of a stock dividend, stock distribution, stock split, trust unit dividend, trust unit distribution, trust unit split or similar event whereby other than a whole number of shares of the Underlying Interest is issued in respect of each outstanding share, the Exercise Price in effect immediately prior to such event shall be proportionately reduced, and the Unit of Trading shall be proportionately increased.
- iii) For all Options and Similar Instruments it shall be the general rule that in the case of a reverse stock split, consolidation or combination of shares, or similar event, each Option and Similar Instruments covering the affected Underlying Interest shall be adjusted, solely for purposes of determining the property deliverable upon exercise of the Option and Similar Instruments, by decreasing the Unit of Trading to reflect the number of shares eliminated. If an adjustment is made in accordance with the preceding sentence, the Unit of Trading for all such adjusted series of Options and Similar Instruments shall remain unchanged for purposes of determining the aggregate Exercise Price of the Option and Similar Instruments and for purposes of determining the premium for any such Option and Similar Instruments purchased and sold.
- iv) For all Futures and Similar Instruments it shall be the general rule that in the case of a stock dividend, stock distribution, stock split, trust unit dividend, trust unit distribution, trust unit split or similar event whereby one or more whole number of additional shares of the Underlying Interest are issued with respect to each outstanding share, each Futures and Similar Instruments covering that Underlying Interest shall be increased by the same number of additional contracts as the number of additional shares issued with respect to each share of the Underlying Interest, the last Settlement Price established immediately before such event shall be proportionately reduced, and the Unit of Trading shall remain the same.
- v) For all Futures and Similar Instruments it shall be the general rule that in the case of a stock dividend, stock distribution, stock split, trust unit dividend, trust unit distribution, trust unit split or similar event whereby other than a whole number of shares of the Underlying Interest is issued in respect of each outstanding share, the last Settlement Price established immediately before such event shall be proportionately reduced, and the Unit of Trading shall be proportionately increased.
- vi) For all Futures and Similar Instruments it shall be the general rule that in the case of a reverse stock split, consolidation or combination of shares, or similar event, each Futures and Similar Instruments covering the

affected Underlying Interest shall be adjusted, solely for purposes of determining the property deliverable in respect of such Futures and Similar Instruments, by decreasing the Unit of Trading to reflect the number of shares eliminated. If an adjustment is made in accordance with the preceding sentence, the Unit of Trading for all such adjusted Futures and Similar Instruments shall remain unchanged for purposes of determining the aggregate settlement value of the Futures and Similar Instruments payable upon delivery and for purposes of determining the settlement value for any such Futures and Similar Instruments purchased and sold.

- (6) It shall be the general rule that in the case of any distribution made with respect to shares of an Underlying Interest, other than ordinary dividends or distributions subject to Subsection (3) and (4) of this Section A-902 and other than dividends or distributions for which adjustments are provided in Subsection (5) of this Section A-902, if an adjustment is determined by the Adjustment Committee to be appropriate, for Options and Similar Instruments:

- i) the Exercise Price in effect immediately prior to such event shall be reduced by the value per share of the distributed property, in which event the Unit of Trading shall not be adjusted, or
- ii) the Unit of Trading in effect immediately prior to such event shall be adjusted so as to include the amount of property distributed with respect to the number of shares of the Underlying Interest represented by the Unit of Trading in effect prior to such adjustment, in which event the Exercise Price shall not be adjusted;

for all other Futures and Similar Instruments:

- i) the last Settlement Price established immediately before such event shall be reduced by the value per share of the distributed property, in which event the Unit of Trading shall not be adjusted, or
- ii) the Unit of Trading in effect immediately prior to such event shall be adjusted so as to include the amount of property distributed with respect to the number of shares of the Underlying Interest represented by the Unit of Trading in effect prior to such adjustment, in which event the Settlement Price shall not be adjusted.
- iii) The Adjustment Committee shall, with respect to adjustments under this Subsection or any other Subsection of this Section A-902, have the authority to determine the value of distributed property.

- (7) In the case of any event for which adjustments are not provided in any of the foregoing Subsections of this Section A-902, the Adjustment Committee may make such

adjustments, if any, with respect to the characteristics of the Derivative Instrument affected by such event as the Adjustment Committee determines.

- (8) Adjustments pursuant to this Section A-902 as a general rule shall become effective in respect of Derivative Instruments outstanding on the “ex-dividend date” established by the exchange or exchanges on which the Underlying Interest is traded. In the event that the “ex-dividend date” for an Underlying Interest traded on exchanges differs from one exchange to another, the Adjustment Committee shall deem the earliest date to be the “ex-dividend date” for the purposes of this Section A-902. “Ex-dividend dates” established by any other exchange or exchanges on which an Underlying Interest may be traded shall be disregarded.
- (9) It shall be the general rule that (i) all adjustments of the Exercise Price of an outstanding Option and Similar Instruments shall be rounded to the nearest adjustment increment, (ii) when an adjustment causes an Exercise Price to be equidistant between two adjustment increments, the Exercise Price shall be rounded up to the next highest adjustment increment, (iii) all adjustments of the Unit of Trading shall be rounded down to eliminate any fraction, and (iv) if the adjustment is made pursuant to subparagraph (5)(iii) above, and the Unit of Trading is rounded down to eliminate a fraction, the value of the fractional share so eliminated as determined by the Adjustment Committee shall be added to the Unit of Trading, or if the adjustment is made pursuant to subparagraph (5)(ii) above, and the Unit of Trading is rounded down to eliminate a fraction, the adjusted Exercise Price may be further adjusted, to the nearest adjustment increment, to reflect any diminution in the value of the Option and Similar Instruments resulting from the elimination of the fraction.
- (10) It shall be the general rule that (i) all adjustments of the Settlement Price of an outstanding Futures and Similar Instruments shall be rounded to the nearest adjustment increment, (ii) when an adjustment causes a Settlement Price to be equidistant between two adjustment increments, the settlement price shall be rounded up to the next highest adjustment increment, (iii) all adjustments of the Unit of Trading shall be rounded down to eliminate any fraction, and (iv) if the adjustment is made pursuant to subparagraph (5)(vi) above, and the Unit of Trading is rounded down to eliminate a fraction, the value of the fractional share so eliminated as determined by the Adjustment Committee shall be added to the Unit of Trading, or if the adjustment is made pursuant to subparagraph (5)(v) above, and the Unit of Trading is rounded down to eliminate a fraction, the adjusted Settlement Price may be further adjusted, to the nearest adjustment increment, to reflect any diminution in the value of the Futures and Similar Instruments resulting from the elimination of the fraction.
- (11) Notwithstanding the general rules set forth in Subsections (3) through (10) of the Section A-902 or which may be set forth as interpretations and policies under this Section A-902, it shall be the general rule that adjustments on Securities Options, as defined in Section B-601, where the Underlying Interest is a class of Canadian depositary receipt, shall reflect such adjustments made by the issuer of such Canadian depositary receipt.

- (12) Notwithstanding the general rules set forth in Subsections (3) through (11) of this Section A-902 or which may be set forth as interpretations and policies under this Section A-902, the Adjustment Committee shall have the power to make exceptions in those cases or groups of cases in which, in applying the standards set forth in Subsection (2) thereof the Adjustment Committee shall determine such exceptions to be appropriate. However, the general rules shall be applied unless the Adjustment Committee affirmatively determines to make an exception in a particular case or group of cases.

[...]

PART B - OPTIONS

[...]

RULE B-6 - SECURITIES OPTIONS

This Rule B-6 is applicable to American Style Options and European Style Options where the Underlying Interest is a class of Security. Such Options are referred to in this Rule B-6 as “**Securities Options**”.

Section B-601 - Definitions

“**Securities Option**” – means an American Style Option or a European Style Option for which the Underlying Interest is a class of Security.

“**Security**” – means a share, a Canadian depositary receipt or a unit.

Section B-608 - Good Deliverable Form of Securities

A Security shall be deemed to be in good deliverable form for the purposes hereof only if the delivery of such Security would constitute good delivery under the regulations, rules and policies of all of the Exchanges.

PROPOSED AMENDMENTS TO THE RISK MANUAL BLACKLINE VERSION

RISK MANUAL

XX, 2025

Additional Margin for Specific Wrong-Way Risk

The risk covered by the Additional Margin for Specific Wrong-Way Risk arises when the exposure of a Clearing Member in its own products² is adversely correlated with the credit worthiness of that Clearing Member. The Additional Margin for Specific Wrong-Way risk aims to measure the risk exposure that represents the net wrong-way exposure less any eligible right-way exposure. For each situation described in the section below, the right-way exposure is limited to the value of the wrong-way risk exposure.

[...]

3.4 Valued Securities

3.4.1 General Considerations

CDCC accepts Valued Securities trading on the Toronto Stock Exchange or the TSX Venture Exchange.

Irrespective of the fact that a Valued Security fulfils all eligibility criteria, CDCC will not accept as collateral from or on behalf of a Clearing Member any Valued Security issued⁷ or guaranteed by the Clearing Member itself or its Affiliates.

No value will be recognized for a Valued Security whose closing price is below \$10 per share.

3.4.2 Settlement Procedures

Valued Securities must be transferable in book-entry form using CDSX of CDS Clearing and Depository Services Inc.

3.4.3 Currency of Denomination

Valued Securities must be denominated in Canadian dollars.

3.5 Risk Control Measures

3.5.1 General Considerations

The CDCC collateral framework takes a conservative approach to manage the forms of eligible collateral accepted. The framework includes, but is not limited to, risk limits and calculation of Haircuts that apply to the different forms of eligible collateral.

3.5.2 Risk Limits

3.5.2.1 Limits at the Clearing Member Level

- Except for the Variation Margin account, for each acceptable Government Debt Security, excluding Treasury bills, a concentration limit equal to \$250 million or 10% of the total issue outstanding, whichever is less, is applied to each Clearing Member.

² A Clearing Member has exposure in its own products when the Clearing Member holds: 1) positions on a security issued by the Clearing Member or its Affiliates, 2) positions for which the Underlying Interest is a security issued by the Clearing Member or its Affiliates, 3) positions on a Canadian depositary receipt for which the underlying share is a security issued by the Clearing Member or its Affiliates, or 4) positions for which the Underlying Interest is a Canadian depositary receipt for which the underlying share is a security issued by the Clearing Member or its Affiliates.

⁷ This includes a Canadian depositary receipt for which the underlying share is a security issued by the Clearing Member or its Affiliates.

- Valued Securities issued⁸ or guaranteed by the Clearing Member or its Affiliates are not eligible.
- Valued Securities issued by the TMX Group are not eligible.

⁸ This includes a Canadian depositary receipt for which the underlying share is a security issued by the Clearing Member or its Affiliates.

PROPOSED AMENDMENTS TO THE RULES CLEAN VERSION

RISK MANUAL

XX, 2025

Additional Margin for Specific Wrong-Way Risk

The risk covered by the Additional Margin for Specific Wrong-Way Risk arises when the exposure of a Clearing Member in its own products² is adversely correlated with the credit worthiness of that Clearing Member. The Additional Margin for Specific Wrong-Way risk aims to measure the risk exposure that represents the net wrong-way exposure less any eligible right-way exposure. For each situation described in the section below, the right-way exposure is limited to the value of the wrong-way risk exposure.

[...]

3.4 Valued Securities

3.4.1 General Considerations

CDCC accepts Valued Securities trading on the Toronto Stock Exchange or the TSX Venture Exchange.

Irrespective of the fact that a Valued Security fulfils all eligibility criteria, CDCC will not accept as collateral from or on behalf of a Clearing Member any Valued Security issued⁷ or guaranteed by the Clearing Member itself or its Affiliates.

No value will be recognized for a Valued Security whose closing price is below \$10 per share.

3.4.2 Settlement Procedures

Valued Securities must be transferable in book-entry form using CDSX of CDS Clearing and Depository Services Inc.

3.4.3 Currency of Denomination

Valued Securities must be denominated in Canadian dollars.

3.5 Risk Control Measures

3.5.1 General Considerations

The CDCC collateral framework takes a conservative approach to manage the forms of eligible collateral accepted. The framework includes, but is not limited to, risk limits and calculation of Haircuts that apply to the different forms of eligible collateral.

3.5.2 Risk Limits

3.5.2.1 Limits at the Clearing Member Level

- Except for the Variation Margin account, for each acceptable Government Debt Security, excluding Treasury bills, a concentration limit equal to \$250 million or 10% of the total issue outstanding, whichever is less, is applied to each Clearing Member.

² A Clearing Member has exposure in its own products when the Clearing Member holds: 1) positions on a security issued by the Clearing Member or its Affiliates, 2) positions for which the Underlying Interest is a security issued by the Clearing Member or its Affiliates, 3) positions on a Canadian depositary receipt for which the underlying share is a security issued by the Clearing Member or its Affiliates, or 4) positions for which the Underlying Interest is a Canadian depositary receipt for which the underlying share is a security issued by the Clearing Member or its Affiliates.

⁷ This includes a Canadian depositary receipt for which the underlying share is a security issued by the Clearing Member or its Affiliates.

- Valued Securities issued⁸ or guaranteed by the Clearing Member or its Affiliates are not eligible.
- Valued Securities issued by the TMX Group are not eligible.

⁸ This includes a Canadian depositary receipt for which the underlying share is a security issued by the Clearing Member or its Affiliates.