

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. 2020 – 066

May 21, 2020

### FINAL CONTRACT ADJUSTMENT BetaPro Canadian Gold Miners -2x Daily Bear ETF (HGD & HGD1) Reverse Split and CUSIP Change

The Bourse and CDCC wish to inform you that “BetaPro Canadian Gold Miners -2x Daily Bear ETF” (TSX: “HGD”) will consolidate its Common Shares.

The reverse split on the basis of a one-for-two ratio will be effective at the opening of the markets on May 25, 2020.

The company will start trading under the new CUSIP on the Toronto Stock Exchange at the opening of business on May 25, 2020.

#### **CDCC - Adjustment Details - HGD:**

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

- **EFFECTIVE DATE:**                      **May 25, 2020**
- **OPTIONS SYMBOL:**                      **HGD will become HGD2**
- **NUMBER OF CONTRACTS:**              **Unchanged**
- **MULTIPLIER:**                              **50**
- **NEW DELIVERABLE PER CONTRACT:**      **50 common shares of BetaPro Canadian Gold Miners - 2x Daily Bear ETF (HGD)**
- **STRIKE PRICES:**                          **Strike Prices will be multiplied by two**
- **NEW CUSIP :**                                **08661P 30 5**

- **POSITION AND EXERCISE LIMITS:** Position and exercise limits will change to 50,000 contracts

CDCC will not adjust any outstanding escrow receipts.

**The Bourse - Adjustment Details - HGD:**

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 HGD options class will be transferred to the HGD2 options class representing the new deliverable.

<b>BetaPro Canadian Gold Miners -2x Daily Bear ETF</b>		
<b>Symbol</b>	<b>Actual Strike Prices</b>	<b>New Strike Prices</b>
HGD2	\$3.00	\$6.00
HGD2	\$4.00	\$8.00
HGD2	\$5.00	\$10.00
HGD2	\$6.00	\$12.00
HGD2	\$7.00	\$14.00
HGD2	\$8.00	\$16.00
HGD2	\$9.00	\$18.00
HGD2	\$10.00	\$20.00
HGD2	\$11.00	\$22.00
HGD2	\$12.00	\$24.00
HGD2	\$13.00	\$26.00
HGD2	\$14.00	\$28.00
HGD2	\$15.00	\$30.00

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.

**CDCC - Adjustment Details - HGD1:**

Pursuant to the Terms of Adjustment provided in Section A-902 of the Rules of CDCC, all HDG1 options will be adjusted as follows:

- **EFFECTIVE DATE:** May 25, 2020
- **OPTIONS SYMBOL:** HGD1 will become HGD3

- **NUMBER OF CONTRACTS:** Unchanged
- **MULTIPLIER:** 25 (Unchanged)
- **NEW DELIVERABLE PER CONTRACT:** 12 common shares of BetaPro Canadian Gold Miners - 2x Daily Bear ETF (HGD) and a cash consideration equivalent to 0.5 common shares of BetaPro Canadian Gold Miners -2x Daily Bear ETF (HGD). A follow-up circular will confirm the amount.
- **STRIKE PRICES:** Unchanged
- **NEW CUSIP :** 08661P 30 5
- **POSITION AND EXERCISE LIMITS:** Position and exercise limits will change to 25,000 contracts

CDCC will not adjust any outstanding escrow receipts.

**The Bourse - Adjustment Details - HGD1:**

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 HGD1 options class will be transferred to the HGD3 options class representing the new deliverable.

<b>BetaPro Canadian Gold Miners -2x Daily Bear ETF</b>		
Actual Strike Prices	Actual Class Symbol	New class symbol
\$8.00	HGD1	HGD3
\$12.00	HGD1	HGD3
\$16.00	HGD1	HGD3
\$20.00	HGD1	HGD3
\$24.00	HGD1	HGD3

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 - HGD1 (HGD3)**

For a member holding a long put strike \$12.00 position and considering that HGD closing price on May 20, 2020 is \$4.62 , the intrinsic value of the option prior to the adjustment is:

$$\begin{aligned} \text{Intrinsic Value} &= \$12.00 \times 25 - \$4.62 \times 25 \\ &= \$184.50 \end{aligned}$$

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

$$\begin{aligned} \text{Intrinsic Value} &= \text{Strike Price} \times \text{Multiplier} - \text{New Underlying Price} \times \text{New Deliverable} \\ &= \$12.00 \times 25 - (\$4.62 \times 2) \times (25/2) \\ &= \$184.50 \end{aligned}$$

**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 Corporate Operations Department.

Anne Fiddes  
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