



CIRCULAR 004-19
January 7, 2019

**FINAL CONTRACT ADJUSTMENT
Kinder Morgan Canada Limited. (KML)
Reverse 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 Kinder Morgan Canada Limited (“Kinder Morgan” or “the Company”) 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 January 8, 2019.

CDCC - Adjustment Details:

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

- **EFFECTIVE DATE:** January 8, 2019
- **OPTIONS SYMBOL:** KML will become KML1
- **NUMBER OF CONTRACTS:** Unchanged
- **MULTIPLIER:** 100
- **NEW DELIVERABLE PER CONTRACT:** 33 common shares of Kinder Morgan (KML) and a cash consideration equivalent to 0.33 common shares (0.0033 x 100) of KML. A follow-up circular will confirm the cash rate.
- **STRIKE PRICES:** Unchanged
- **NEW CUSIP :** 494549 70 2
- **POSITION AND EXERCISE LIMITS:** Position and exercise limits will change to 75,000 contracts

CDCC will not adjust any outstanding escrow receipts.

The Bourse - Adjustment details:

1800 - 1190 avenue des Canadiens-de-Montréal, C. P. 37
Montréal (Québec) H3B 0G7
Telephone: (514) 871-2424
Toll-free within Canada and the U.S.A.: 1 800 361-5353
Website: www.m-x.ca

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 KML options class will be transferred to the KML1 options class representing the new deliverable.

Kinder Morgan Canada Limited		
Actual Strike Prices	Actual Class Symbol	New class symbol
\$ 1.60	KML	KML1
\$ 2.60	KML	KML1
\$ 3.60	KML	KML1
\$ 4.60	KML	KML1
\$ 5.60	KML	KML1
\$ 6.60	KML	KML1
\$ 7.60	KML	KML1
\$ 8.60	KML	KML1
\$ 9.60	KML	KML1
\$ 10.60	KML	KML1
\$ 11.60	KML	KML1

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:

For a member holding a long put strike \$6.00 position and considering that KML closing price on January 4, 2019 is \$4.92, the intrinsic value of the option prior to the adjustment is:

$$\begin{aligned} \text{Intrinsic Value} &= \$6.00 \times 100 - \$4.92 \times 100 \\ &= \$108.00 \end{aligned}$$

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

$$\begin{aligned} \text{Intrinsic Value} &= \text{Strike Price} \times \text{Multiplier} - \text{New Underlying Price} \times \text{New Deliverable} \\ &= \$6.00 \times 100 - \$14.76 \times (100/3) \\ &= \$108.00 \end{aligned}$$

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 Member Services Department.

Gladys Karam
 Director, Equity Derivatives
 Financial Markets