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CIRCULAR 075-17
May 26, 2017

FINAL CONTRACT ADJUSTMENT
BetaPro S&P 500 VIX Short-Term Futures 2X Daily Bull ETF (HVU)
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 BetaPro S&P 500 VIX Short-Term Futures 2x Daily Bull (“HVU”). The reverse unit split on the basis of a 1 for 3 ratio will be effective at the opening of markets on May 29, 2017.

CDCC - adjustment details:

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

- **EFFECTIVE DATE:** **May 29, 2017**
- **OPTIONS SYMBOL:** **HVU will become HVU1**
- **NUMBER OF CONTRACTS:** **Unchanged**
- **MULTIPLIER:** **100**
- **NEW DELIVERABLE PER CONTRACT:** **33 Units of BetaPro S&P 500 VIX Short-Term Futures 2x Daily Bull and a cash consideration equivalent to one third of HVU unit. A follow-up circular will confirm the amount.**
- **STRIKE PRICES:** **Unchanged**
- **NEW CUSIP :** **08660L 11 5**

- **POSITION AND EXERCISE LIMITS:** Position and exercise limits will remain unchanged at 250,000 contracts

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 HVU options class will be transferred to the HVU1 options class representing the new deliverable. **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.

BetaPro S&P 500 VIX Short-Term Futures 2x Daily Bull ETF (ADJUSTED)		
Actual Strike Prices	Actual Class Symbol	New class symbol
\$4.00	HVU	HVU1
\$5.00	HVU	HVU1
\$6.00	HVU	HVU1
\$7.00	HVU	HVU1
\$8.00	HVU	HVU1

Numerical Example

For a member holding a long put strike \$6.00 position and considering that HVU Fund's closing price on May 24 2017 is \$5.17, the intrinsic value of the option prior to the adjustment is:

$$\begin{aligned} \text{Intrinsic Value} &= \$6.00 \times 100 - \$5.17 \times 100 \\ &= \$83.00 \end{aligned}$$

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

$$\begin{aligned} \text{Intrinsic Value} &= \text{Strike Price} \times \text{Multiplier} - \text{New Underlying Price} \times \text{New Deliverable} \\ &= \$6.00 \times 100 - \$15.51 \times (100/3) \\ &= \$83.00 \end{aligned}$$

Please note that HVU option series will be relisted starting from Tuesday May 30th 2017 at the Montreal Exchange with new Strike prices, which will be multiplied by three (3) to reflect the consolidation of the units as shown in the table below:

BetaPro S&P 500 VIX Short-Term Futures 2x Daily Bull ETF		
Symbol	Actual Strike Prices	New Strike Prices
HVU	\$4.00	\$12.00
HVU	\$5.00	\$15.00
HVU	\$6.00	\$18.00
HVU	\$7.00	\$21.00
HVU	\$8.00	\$24.00

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.

Gladys Karam
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Financial Markets