



**THE FOUNDATION
FOR SECURE
MARKETS**

#50884

Date: August 17, 2022

Subject: Huaneng Power International, Inc. – ADR Termination/Anticipated Cash Settlement
Option Symbol: HNPIY
Date: ???

On July 12, 2022, The Bank of New York Mellon (the “Depository”) announced it will terminate the Depository Agreement among Huaneng Power International, Inc. (HNPIY), the Depository, and Owners and Holders of ADSs. The termination will become effective at 5:00 PM Eastern Time on October 11, 2022.

As a result of the termination of the Deposit Agreement, holders of the HNPIY ADRs may exchange their ADRs for the underlying shares. HNPIY ADR holders may surrender their ADRs to the Depository until at least October 16, 2023. HNPIY ADR holders who surrender their ADRs for the underlying shares will be required to pay a fee to the Depository of up to \$5.00 per 100 ADRs, a cable fee of \$17.50 and any applicable taxes or governmental charges.

Subsequent to October 16, 2023, the Depository may attempt to sell the underlying shares that underlie any ADRs not yet surrendered. If the Depository sells such shares, ADR holders must surrender their ADRs to obtain payment of the sale proceeds, net of sale expenses and withholdings, if any, and a cancellation fee of up to \$0.05 per ADR.

Exercise Consideration - At the time of the contract adjustment, the deliverable for adjusted HNPIY options will be 100 x the net cash proceeds received per HNPIY ADR. HNPIY call option holders who wish to receive the corresponding ADRs and who do not wish to receive the cash proceeds from the sale of ADRs, should exercise their options in sufficient time to exchange the ADRs for the underlying shares. In all cases, it is the sole responsibility of persons holding call options seeking to receive the underlying securities to determine when to exercise their options.

Contract Adjustment

The option symbol HNPIY will not change

Date: ???

**New Deliverable
Per Contract:** 100 x the cash proceeds received per HNPIY ADS, less applicable fees and withholdings, if any

Settlement: Starting October 12, 2022, HNPIY options will be subject to delayed settlement, pending the determination of the cash proceeds paid per HNPIY ADR, less fees and withholdings, if any

Settlement in HNPIY options will take place through OCC's cash settlement system. Settlement will be accomplished by payment of the difference between the extended strike amount and the cash deliverable.

Acceleration of Expirations

Pursuant to OCC Rule 807, equity stock option contracts whose deliverables are adjusted to call for cash-only delivery will be subject to **an acceleration of the expiration dates for outstanding option series** (See OCC Information Memo 23988).

Special Risks

If an OTC trading market is not sustained, it is uncertain if the National Securities Clearing Corporation (NSCC) will continue to accept for settlement HNPIY options exercise and assignment activity. If these circumstances cause impairments in the ability of OCC to settle HNPIY options exercise and assignment activity, OCC **may** take the following actions: 1) if HNPIY ADRs are only transferrable to the Depositary, OCC may delay settlement of HNPIY options exercise and assignment activity until the final net cash liquidation amount is available (which is not expected to occur before October 16, 2023), or 2) if HNPIY ADRs remain transferrable, OCC **may** direct that the HNPIY options exercise and assignment activity be settled on a broker to broker basis through OCC's system; however, OCC may delay the settlement obligations of both the delivering and receiving parties if the delivering party is not able to effect broker to broker settlement on the original exercise settlement date. **Such a delay in settlement may extend until the final HNPIY cash proceeds amount is determined, after which time the unsettled obligations would settle for cash.**

The possible absence of an OTC trading market for the HNPIY ADRs and the possibility that HNPIY options exercise and assignment activity may be delayed until the final cash proceeds amount is determined poses possible risks for HNPIY options exercisers and assignees: If subject to delayed settlement, an exerciser or assignee may be impaired in ability to protect himself from a decrease or increase in the value of the HNPIY deliverable which occurs from the original exercise date to the date the final cash proceeds amount is determined. Under normal circumstances, an offsetting sale or purchase could be effected in the marketplace to protect against the increase or decrease in value of the deliverable security. But if a market for the HNPIY ADRs ceases to exist, price protection may require a purchase or sale of Huaneng Power International, Inc. on the home market.

Disclaimer

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

For questions regarding this memo, please email the Investor Education team at options@theocc.com.

Clearing Member Firms of OCC may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.