



**Date:** August 23, 2022

**Subject:** PetroChina Company Limited – ADR Termination/Anticipated Cash Settlement  
Option Symbol: PTR  
Date: ???

The Bank of New York (the “Depository”) announced it will terminate the Deposit Agreement among PetroChina Company Limited (PTR), the Depository, and Owners and Holders of PTR ADRs. The termination will become effective at 5:00 PM (Eastern Time) on Monday, October 17, 2022.

PTR ADR holders have until at least Friday, October 20, 2023, to surrender their PTR ADRs for delivery of PetroChina Company Limited H shares, which underlie the ADRs. PTR ADR holders who surrender their ADRs for the underlying shares will be required to pay a cable fee of \$17.50, a cancellation fee of up to \$5.00 per 100 ADRs surrendered, and any applicable U.S. or local taxes or governmental charges.

Subsequent to Friday, October 20, 2023, the Depository may attempt to sell the H shares that underlie any remaining ADRs not surrendered. If the Depository sell such shares, shareholders must surrender their ADRs to obtain payment of the sale proceeds, net of the expenses of sale, withholdings, and a cancellation fee of up to \$0.05 per ADS.

**Exercise Consideration** - At the time of the contract adjustment, the deliverable for adjusted PTR options will be 100 x the net cash proceeds received per PTR ADR from the sale of remaining underlying H shares after October 20, 2023. PTR 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 receive the ADRs. 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 PTR will not change

**Date:** ???

**New Deliverable**

**Per Contract:** 100 x the cash proceeds received per PTR ADR, less applicable fees and withholdings, if any

Settlement in PTR 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).

### **Expiration Processing**

If an OTC trading market does not develop for PTR ADRs following the delisting of the shares from the New York Stock Exchange ("NYSE"), OCC may elect to remove automatic exercise thresholds for PTR options in OCC's expiration processing. If this occurs, holders of expiring PTR options will be required to independently ascertain the value of the PTR securities and issue positive instructions to exercise any expiring options.

### **Special Risks**

If an OTC trading market does not develop or is not sustained, it is uncertain if the National Securities Clearing Corporation (NSCC) will continue to accept for settlement PTR options exercise and assignment activity. If these circumstances cause impairments in the ability of OCC to settle PTR options exercise and assignment activity, OCC may take the following actions: 1) if PTR ADRs are only transferrable to the Depository, OCC **may** delay settlement of PTR options exercise and assignment activity until the final net cash proceeds from the sale of the underlying shares amount is available (which is not expected to occur before October 20, 2023), or 2) if PTR ADRs remain transferrable, OCC **may** direct that the PTR 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 PTR 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 PTR ADRs and the possibility that PTR options exercise and assignment activity may be delayed until the final cash proceeds amount is determined pose possible risks for PTR 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 PTR 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 PTR ADRs does not exist, price protection may require a purchase or sale of PetroChina Company Limited H shares 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](mailto: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](mailto:memberservices@theocc.com).