



**THE FOUNDATION  
FOR SECURE  
MARKETS**

**#51343**

**Date:** November 11, 2022

**Subject:** China Life Insurance Company Limited – ADR Termination/Anticipated  
Cash Settlement  
Option Symbol: LFCHY  
Date: ???  
\* \* \* Update \* \* \*

Deutsche Bank Trust Company Americas (the “Depository”) announced it will terminate the Amended and Restated Deposit Agreement among China Life Insurance Company Limited (LFCHY), the Depository, and the holders of American Depositary Shares (“ADSs”). The termination became effective at 5:00 PM (Eastern Time) on November 11, 2022.

LFCHY ADR holders will be able to surrender their ADRs for cancellation and to take delivery of the underlying H shares at any time prior to May 11, 2023. LFCHY ADR holders who surrender their ADSs for delivery of the underlying shares, will be required to pay a cable fee of \$15.00, and cancellation fee of up to \$0.05 per ADS surrendered and any applicable U.S. or local taxes or governmental charges.

Subsequent to May 11, 2023, the Depository may sell the H shares that underlie any remaining ADRs not surrendered and will distribute the net proceeds of any such sale to the holders of the ADRs not surrendered.

**LFCHY ADRs ceased trading OTC before the open on November 11, 2022.**

**Exercise Consideration** - At the time of the contract adjustment, the deliverable for adjusted LFCHY options will be 100 x the net cash proceeds received per LFCHY ADR. LFCHY 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 LFCHY will not change**

**Date:** ???

#### **New Deliverable**

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

**Settlement:** Starting November 11, 2022, LFCHY options will be subject to delayed settlement, pending the determination of the cash proceeds paid per LFCHY ADR, less fees and withholdings, if any

Once the cash amount to be included in the LFCHY options deliverable is determined, settlement in LFCHY 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**

It is uncertain if the National Securities Clearing Corporation (NSCC) will continue to accept for settlement LFCHY options exercise and assignment activity. If these circumstances cause impairments in the ability of OCC to settle LFCHY options exercise and assignment activity, OCC may take the following actions: 1) if LFCHY ADRs are only transferrable to the Depositary, OCC **may** delay settlement of LFCHY options exercise and assignment activity until the final net cash liquidation amount is available (which is not expected to occur before May 11, 2023), or 2) if LFCHY ADRs remain transferrable, OCC **may** direct that the LFCHY 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 LFCHY cash proceeds amount is determined, after which time the unsettled obligations would settle for cash.**

The absence of an OTC trading market for the LFCHY ADRs and the possibility that LFCHY options exercise and assignment activity may be delayed until the final cash proceeds amount is determined poses possible risks for LFCHY 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 LFCHY 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 LFCHY ADRs does not exist, price protection may require a purchase or sale of China Life Insurance Company Limited 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).