



**THE FOUNDATION
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#51493

Date: December 05, 2022

Subject: China Petroleum & Chemical Corporation – ADR
Termination/Anticipated Cash Settlement
Option Symbol: SNPTY
Date: ???
*** Update ***

Citibank, N.A. (the "Depository") announced it will terminate the Deposit Agreement among China Petroleum & Chemical Corporation (SNPTY), the Depository, and the holders of American Depositary Shares ("ADSs"). The termination became effective on December 5, 2022. **SNPTY ADRs ceased trading OTC before the open on December 5, 2022.**

SNPTY ADR holders will have the right to return the ADSs to the Depository in exchange for underlying H shares of the China Petroleum & Chemical Corporation until June 5, 2023. SNPTY ADS holders who surrender their ADSs for delivery of the underlying shares will be required to pay a cable fee of \$15.00, a cancellation fee of \$0.05 per ADS surrendered, and any other applicable fees, taxes, and expenses.

After June 5, 2023, the Depository may sell the securities represented by the then outstanding ADSs and will pay the net cash proceeds, after deducting applicable fees and expenses, to the holders of such remaining ADSs.

Exercise Consideration - At the time of the contract adjustment, the deliverable for adjusted SNPTY options will be 100 x the net cash proceeds received per SNPTY ADS. SNPTY 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

The option symbol SNPTY will not change.

Date: ???

New Deliverable

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

Settlement: Starting December 5, 2022, SNPTY options will be subject to delayed settlement, pending the determination of the cash proceeds paid per SNPTY ADR, less fees and withholdings, if any.

Once the cash amount to be included in the SNPTY options deliverable is determined, settlement in SNPTY 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 SNPTY options exercise and assignment activity. If these circumstances cause impairments in the ability of OCC to settle SNPTY options exercise and assignment activity, OCC **may** take the following actions: 1) if SNPTY ADSs are only transferrable to the Depository, OCC **may** delay settlement of SNPTY options exercise and assignment activity until the final net cash liquidation amount is available (which is not expected to occur before June 5, 2023), or 2) if SNPTY ADSs remain transferrable, OCC may direct that the SNPTY 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 SNPTY 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 SNPTY ADSs and the possibility that SNPTY options exercise and assignment activity may be delayed until the final cash proceeds amount is determined poses possible risks for SNPTY 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 SNPTY 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 SNPTY ADSs does not exist, price protection may require a purchase or sale of China Petroleum & Chemical Corporation 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. 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.