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#51720

**Date:** January 04, 2023

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

SNPTY exercise and assignment activity has been subject to delayed settlement since December 5, 2022. Effective January 4, 2023, OCC has determined that, effective with exercises of December 5, 2022 and thereafter, all SNPTY exercise and assignment activity will settle on a broker to broker basis.

All delayed settlement obligations from December 5, 2022 through January 3, 2023 will no longer be delayed and will settle on a broker to broker basis. The deliverable for SNPTY options will remain the underlying SNPTY ADSs.

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

### **No Exercise Restrictions**

OCC has determined not to impose any exercise restrictions with respect to SNPTY options. Therefore OCC will continue to accept and process exercise instructions in accordance with its Rules and as further described below. Because OCC has been informed NSCC will not accept exercise/assignment transactions involving the SNPTY for settlement, such settlement will be effected as follows.

### **Broker to Broker Settlement**

Pursuant to OCC By-Law Article VI, Section 19, OCC has determined that, effective with exercises of December 5, 2022 and thereafter, all SNPTY exercise and assignment activity shall settle on a broker to broker basis. The deliverable for SNPTY options will remain the underlying SNPTY ADSs.

If it is not possible for the delivering Clearing Member to effect delivery of the SNPTY shares on the designated settlement date, then the settlement obligations of both delivering and receiving Members shall be delayed until such time as OCC designates a new exercise settlement date, settlement method and/or settlement value. This determination allows delivering Members the opportunity to effect settlement if they have SNPTY shares and are able to effect delivery, but delays the settlement obligation when this is not possible. Both the delivering and receiving Clearing Members are required to immediately notify OCC if they are unable to effect settlement.

In determining that delivery of the SNPTY shares is in fact not possible in respect of a given exercise or assignment, OCC shall require an appropriate officer(s) of the delivering Clearing Member to represent in writing that delivery is not possible. (Upon exercise or assignment of SNPTY options, OCC will contact each delivering Clearing Member to provide the specific requirements and procedures for such representation.)

Pursuant to customary OCC broker to broker settlement procedures, inability to effect delivery may subsequently occasion cash settlement as determined by OCC.

### **Broker to Broker Delivery Advice/Settlement Procedures**

Clearing Members should note that SNPTY exercise and assignment activity will be reported on the Broker to Broker Delivery Advice, which is a separate report from the regular Delivery Advice. Members will need to refer to this report each day to be informed of SNPTY exercise/assignment activity. The Broker to Broker Delivery Advice will also identify the opposite side Clearing Member with whom settlement is to be made. Members are responsible for contacting the opposing side on all SNPTY activity and for making arrangements for settlement. Both delivering and receiving Members are also reminded of their obligation to inform OCC when settlement is made. OCC will continue to margin SNPTY exercise/assignment activity until settlement is accomplished.

### **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@theoocc.com](mailto:options@theoocc.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@theoocc.com](mailto:memberservices@theoocc.com).