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Non-collateralised Structured Products

issued by

J.P. Morgan Structured Products B.V. (“Issuer”)

(incorporated with limited liability in The Netherlands)

and unconditionally and irrevocably guaranteed by

JPMorgan Chase Bank, National Association

(a national banking association organized under the laws of United States of America)

**Announcement in relation to Early Termination and Limited Liquidity
Period of Warrants**

**Linked to each of China Mobile Limited, China Telecom Corporation
Limited and China Unicom (Hong Kong) Limited**

This announcement serves to inform investors in the Affected Structured Products (as defined below):

- (a) that we will only provide limited liquidity with one-sided bid quotes commencing from 9:30 a.m. (Hong Kong time) on 12 January 2021 until 22 January 2021 (“**Limited Liquidity Period**”) (subject to the exceptions listed under Part 3 below);
- (b) that the last trading day is scheduled to be 22 January 2021;
- (c) that the Affected Structured Products will be suspended from trading on 25 January 2021;
- (d) that the Affected Structured Products will be early terminated with effect on 28 January 2021; and
- (e) on further details about the Early Termination Event and LP Disruption Event (as defined below).

OVERVIEW

As described further in Part 2 of this announcement, we may early terminate a series of derivative warrants (“**Warrants**”) if it becomes illegal or impracticable (i) for us (as the Issuer) to perform our obligations under the Warrants or for the Guarantor to perform its obligations under the guarantee as a result of a change in law event, or (ii) for us (as the Issuer) or any of our affiliates to maintain our hedging arrangement with respect to the Warrants due to a change in law event.

Due to a recent change in the laws of United States of America (“**United States**”) (as described further in Part 2):

- (a) an event as contemplated in the Early Termination Condition of each series of the Affected Structured Products has occurred;
- (b) we have determined to early terminate all the Affected Structured Products on 28 January 2021 in accordance with the relevant terms and conditions;
- (c) a LP Disruption Event has occurred, which will hinder the ability of the Liquidity Provider to provide ask quotes in its liquidity provision with effect from 12 January 2021; and

- (d) the Liquidity Provider will offer one-sided bid quotes only for the Affected Structured Products during the Limited Liquidity Period.

Investors should note the following key dates (each as described further below) in respect of each series of the Affected Structured Products:

| Key Dates | Events |
|------------------------------------|--|
| 12 January 2021 (Tuesday) | Commencement date of the Limited Liquidity Period |
| 22 January 2021 (Friday) | The last trading day |
| | The end of the Limited Liquidity Period |
| 25 January 2021 (Monday) | Trading suspension date |
| 21, 22, 25, 26 and 27 January 2021 | Valuation period |
| 28 January 2021 (Thursday) | Early Termination Date (as defined below) |
| | Delisting date |
| 29 January 2021 (Friday) | The publication date of announcement in respect of the Early Termination Amount (as defined below) |
| 2 February 2021 (Tuesday) | The Settlement Date (as defined below) for payment of the Early Termination Amount to each holder |

Terms not defined in this announcement have the meanings given to them in the relevant base listing document and launch announcement and supplemental listing document relating to the Affected Structured Products. References herein to “we” shall mean the Issuer, and the words “us” and “our” should be construed accordingly.

PART 1. EARLY TERMINATION AND LIMITED LIQUIDITY ARRANGEMENTS

We announce that:

- (a) an Early Termination Event has occurred pursuant to the Early Termination Condition (as described further below) of the terms and conditions of the Warrants listed in the schedule hereto (the “**Affected Structured Products**”). In accordance with the Early Termination Condition, we have determined to early terminate all the Affected Structured Products with effect on 28 January 2021 (the “**Early Termination Date**”). Setting of the Early Termination Date is consistent with the current practice for expiry date for Warrants, with 3 CCASS Settlement Days between the last trading day and the expiry date. The Affected Structured Products will (i) expire on the Early Termination Date, rather than the original scheduled expiry date stated in the schedule hereto, and (ii) be delisted after market close on the Early Termination Date;
- (b) we have applied for a waiver with the Stock Exchange to provide only one-sided bid quotes during the Limited Liquidity Period due to the occurrence of a LP Disruption Event arising from a Change in Law Event as described further in Part 2;
- (c) the last trading day of each series of the Affected Structured Products is scheduled to be 22 January 2021; and

- (d) pursuant to Rule 6.02 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), an application to suspend the trading of each series of the Affected Structured Products with effect from 9:00 a.m. (Hong Kong time) on 25 January 2021 will be submitted to the Stock Exchange, and all the Affected Structured Products will be suspended from trading with effect from 9:00 a.m. (Hong Kong time) on 25 January 2021.

PART 2. OCCURRENCE OF AN EARLY TERMINATION EVENT AND LP DISRUPTION EVENT

Early Termination Condition

Pursuant to condition 14 of the Terms and Conditions of the Cash-Settled Stock Warrants (the “**Early Termination Condition**”) applicable to the relevant series of the Affected Structured Products, we may terminate the relevant Affected Structured Products prior to their respective original scheduled expiry dates if we determine in good faith and in a commercially reasonable manner that, for reasons beyond our control, it has become or it will become illegal or impracticable:

- (a) for us (as the Issuer) to perform our obligations under the Affected Structured Products, or for the Guarantor to perform its obligations under the guarantee, in whole or in part as a result of:
- (i) the adoption of, or any change in, any relevant law or regulation (including any tax law); or
 - (ii) the promulgation of, or any change in, the interpretation by any court, tribunal, governmental, administrative, legislative, regulatory or judicial authority or power with competent jurisdiction of any relevant law or regulation (including any tax law),
- (each of (i) and (ii), a “**Change in Law Event**”); or
- (b) for us (as the Issuer) or any of our affiliates to maintain the Issuer’s hedging arrangements with respect to the Affected Structured Products due to a Change in Law Event.

In such event, the amount payable by us (if any) will be the fair market value of the Affected Structured Products, less our cost of unwinding any related hedging arrangements as determined by us.

Occurrence of a Change in Law Event and an Early Termination Event

Under the Issuer’s Hong Kong listed issuance programme for structured products (the “**Programme**”):

- (a) JPMorgan Chase Bank, National Association (a national banking association organized under the laws of the United States) is the Guarantor of structured products issued under the Programme, under which, it guarantees the timely and complete payment and performance, as and when due, of the obligations of the Issuer under the structured products issued under the Programme (including the Affected Structured Products) in accordance with the product terms and conditions; and
- (b) J.P. Morgan Broking (Hong Kong) Limited (a company incorporated in Hong Kong) is appointed by the Issuer as its agent to provide liquidity for all structured products issued under the Programme, including the Affected Structured Products (the “**Liquidity Provider**”).

The Guarantor, the Issuer and the Liquidity Provider are collectively referred to as the “**Issuer Group**” in this announcement.

Based on the publicly available information as of the date of this announcement with respect to the Executive Order 13959 issued by the President of the United States on 12 November 2020 (the “**Executive Order**”) and the Frequently Asked Questions (“**FAQ**”) 864 related to the Executive Order published by

The Office of Foreign Assets Control (“**OFAC**”) on 6 January 2021 (US time), the Issuer Group has determined in good faith and in a commercially reasonable manner that:

- (a) the Executive Order constitutes a Change in Law Event applicable to the Issuer Group;
- (b) the Early Termination Condition has been triggered due to such Change in Law Event; and
- (c) the Affected Structured Products will be early terminated on the Early Termination Date in accordance with the Early Termination Condition (the “**Early Termination Event**”), at the applicable Early Termination Amount as described further in Part 4 below.

The Executive Order will affect the Affected Structured Products with effect from 9:30 a.m. eastern standard time (US time) on 11 January 2021. The applicability of the prohibitions in the Executive Order to the Affected Structured Products on 11 January 2021 are based on the guidance publicly available from OFAC as of 8 January 2021 (US time), and are subject to any additional guidance OFAC might issue either as to the scope of the prohibitions under the Executive Order or as to the effective date.

There may be other listed structured products linked to certain restricted companies that are subject to the Executive Order with effect from 1 February 2021 (US time).

The United States government has publicly stated its intention to impose sanctions on additional companies under the Executive Order, and those sanctions may affect other structured products linked to such additional company names in the future.

We will monitor the developments with respect to the Executive Order and will publish further announcement to inform investors if any of our listed structured products is linked to the underlying company names and securities restricted pursuant to the Executive Order on a timely basis.

LP Disruption Event

Rule 15A.22 of the Listing Rules requires the Issuer to provide liquidity in each structured product issue either by means of continuously inputting orders into the Stock Exchange’s trading system (“**Continuous Quotes**”) or by entering orders into the Stock Exchange’s trading system in response to requests for quotes (“**Quote Request**”). The method chosen should be described in the respective launch announcements and supplemental listing documents.

Due to the Change in Law Event applicable to the Issuer Group as described in Part 2, we have determined in good faith and commercially reasonable manner that:

- (a) we can no longer offer ask quotes for the Affected Structured Products after market close in Hong Kong on 11 January 2021 (“**LP Disruption Event**”); and
- (b) commencing on 12 January 2021 and during the Limited Liquidity Period, we can only offer one-sided bid quotes to purchase any Affected Structured Products.

PART 3. ONE-SIDED BID QUOTE ARRANGEMENT DURING LIMITED LIQUIDITY PERIOD

One-sided Bid Quotes

The Liquidity Provider is an affiliate of the Issuer and will act as our agent in providing quotes. You can request a quote to sell your holding in the Affected Structured Products by calling the Liquidity Provider at the telephone number below.

We will quote bid prices in a similar manner as for our usual products based on the original expiry date for the Affected Structured Products during the Limited Liquidity Period according to the following arrangement:

How to contact the Liquidity Provider for quotes?

Liquidity Provider: J.P. Morgan Broking (Hong Kong) Limited

Address: 23-29/F, Chater House, 8 Connaught Road Central, Hong Kong

Telephone Number: +852 2800 7878

Quotation Method: Continuous Quotes

Minimum quantity for which liquidity will be provided: 20 Board Lots

In addition, investors can also call the above telephone number for a Quote Request. The Liquidity Provider will respond within 10 minutes with a minimum holding time of 5 minutes, and the quote will be displayed on the Stock Exchange's designated stock page for the Affected Structured Products.

What are the circumstances under which the Liquidity Provider is not obliged to provide liquidity?

As disclosed in the relevant launch announcement and supplemental listing document, there will be circumstances under which the Liquidity Provider is not obliged to provide liquidity, which will continue to apply.

During the Limited Liquidity Period, we will provide only bid prices (“**One-sided Bid Quote**”) by continuously inputting bid prices in the Stock Exchange's trading system to buy-back the Affected Structured Products. There are exceptional circumstances under which the Liquidity Provider is not obliged to provide bid prices:

- (i) during the first 5 minutes of each morning trading session or the first 5 minutes after trading commences for the first time on a trading day;
- (ii) during a pre-opening session or a closing auction session (if applicable) or any other circumstances as may be prescribed by the Stock Exchange;
- (iii) when the relevant Affected Structured Products are suspended from trading for any reason;
- (iv) when there are operational and technical problems beyond the control of the Liquidity Provider hindering the ability of the Liquidity Provider to provide liquidity;
- (v) if underlying Share or the stock market experiences exceptional price movement and high volatility over a short period of time which materially affects the Liquidity Provider's ability to source a hedge or unwind an existing hedge; or
- (vi) if the theoretical value of the Affected Structured Products is less than HK\$0.01.

During the Limited Liquidity Period, there may be only limited secondary market in the Affected Structured Products. Investors must exercise caution for any ask price quoted by other trading participants, which may not represent a fair value of the product in the absence of ask prices provided by the Liquidity Provider.

Waiver from the liquidity obligations under the Listing Rules from the Stock Exchange

Since the Liquidity Provider can no longer provide ask prices due to the LP Disruption Event arising from the Executive Order as described in Part 2, we have made an application to the Stock Exchange for, and the Stock Exchange, having considered the exceptional circumstances of the LP Disruption Event, will grant, a waiver from compliance with Rule 15A.22 of the Listing Rules in providing ask quotes by the Issuer and the Liquidity Provider, subject to the conditions that such waiver shall only apply to each series of the Affected Structured Products solely and directly for the purpose of enabling the Liquidity Provider to provide the One-sided Bid Quote to investors during the Limited Liquidity Period.

PART 4. EARLY TERMINATION ARRANGEMENT

Early Termination Amount

Pursuant to the Early Termination Condition, we will pay to each holder of the Affected Structured Products a cash amount determined by us in good faith and in a commercially reasonable manner, being the fair market value in respect of the Affected Structured Product held by such holder immediately prior to the early termination (ignoring such illegality or impracticability) less the cost to us of unwinding any related hedging arrangement as determined by J.P. Morgan Securities (Asia Pacific) Limited (as the agent) in its sole and absolute discretion (the “**Early Termination Amount**”).

As disclosed in the launch announcement and supplemental listing document applicable to each series of the Affected Structured Products, the price of a Warrant linked to an underlying asset will generally depend on the price of such underlying asset (being the underlying Shares), and a range of factors, including (amongst others):

- the Exercise Price of the derivative warrants;
- the value and volatility of the price of the underlying asset;
- the time remaining to expiry;
- the interim interest rates and expected dividends or distributions on the underlying asset;
- the liquidity of the underlying asset; and
- our related transaction cost.

In determining the Early Termination Amount for a series of the Affected Structured Products (being Warrants), we intend to use our existing pricing model for the relevant series of the Affected Structured Products.

In respect of a series of the Affected Structured Products, the key market factor inputs of such pricing model are:

- (a) comparison of the “**Average Price**” against the Exercise Price applicable to the relevant series,

Where:

- a. “**Average Price**” refers to the arithmetic mean of the closing prices of one Share for each Valuation Date;
 - b. the “**Valuation Date**” refers to each of the five Business Days immediately preceding the Early Termination Date (i.e. 28 January 2021);
- (b) the average of the implied volatility applicable to the relevant series by reference to the middle of our bid price quoted for the Warrants in the market and the theoretical ask price of the Warrants using our pricing model as at or immediately before market close in Hong Kong on the two trading days immediately preceding the trading suspension date (scheduled to be 21 and 22 January 2021); and
- (c) the time value between the Early Termination Date and the original scheduled expiry date of the relevant series.

Investors must note that the valuation methodologies applicable to different listed structured products vary according to the actual terms of the relevant product and the relevant valuation model applied by us based on our actual underlying hedging arrangements as of the relevant time. Our current intended approach for the valuation methodology applicable to the Early Termination Amount of the Affected Structured Products only applies to such product, and must not be construed as applicable to, or the benchmark for, other similar listed structured products (whether or not linked to the same underlying asset) issued under the Programme.

We will notify each holder of the Affected Structured Products of the actual amount of the Early Termination Amount no later than the Trading Day after the Early Termination Date (currently scheduled to be 29 January 2021) by publication of an announcement on the HKEXnews website.

Settlement process

The Early Termination Amount will be paid by transfer to the CCASS account through which the relevant Affected Structured Products are held on the third CCASS Settlement Date after the Early Termination Date (currently scheduled to be 2 February 2021, “**Settlement Date**”). Payment of the Early Termination Amount to such account will be a complete discharge of our obligation to pay such Early Termination Amount. Investors should note that if you do not have a CCASS Investor Participant securities account, you will have to rely on your broker to ensure that the Early Termination Amount is credited to your account maintained with your broker (and if applicable, its custodian).

Any payment of the Early Termination Amount shall be made net of any taxes, duties, fees, levies and other charges incurred in respect of such payment or otherwise in connection with such early termination. Investors should also check with their brokers (if any) as to whether there are any charges payable to their brokers. We are not responsible for any tax, duties or charges imposed by any tax authority in respect of the payment of the Early Termination Amount or otherwise in connection with such early termination. Investors should obtain independent tax advice if they are in any doubt.

PART 5. TRADING IN THE AFFECTED STRUCTURED PRODUCTS BEFORE EARLY TERMINATION DATE

Investors should exercise particular caution in trading the Affected Structured Products before commencement of and during the Limited Liquidity Period as the price of the Affected Structured Products may fluctuate significantly, which may adversely affect investors’ investment in the Affected Structured Products.

In particular, investors should be aware that there will not be normal bid and ask quotations available for the Affected Structured Products after market close in Hong Kong on 11 January 2021 during the Limited Liquidity Period, which may lead to a material adverse impact on the liquidity of the Affected Structured Products.

PART 6. CONTACT DETAILS FOR INVESTORS’ ENQUIRIES

Contact details

Investors in the Affected Structured Products may obtain further information relating to the Early Termination Event as follows:

- (a) visit our designated website at <http://www.ipmwarrants.com.hk>; or
- (b) call our hotline at +852 2800 7878.

The announcement contains important information which may negatively affect your investment in the Affected Structured Products. You must read this announcement carefully and (where appropriate) seek professional advice before investing in or dealing in the Affected Structured Products.

J.P. Morgan Structured Products B.V.
Hong Kong, 10 January 2021

Schedule: List of Affected Structured Products

1. China Mobile Limited (941.HK)

| | Stock Code of Affected Structured Products | Type | Underlying Shares / Stock Code | Exercise Price | Original Scheduled Expiry Date | Early Termination Date |
|---|---|---------------|---------------------------------------|-----------------------|---------------------------------------|-------------------------------|
| 1 | 15717 | Call Warrants | China Mobile Limited (941.HK) | HK\$50.7 | 12 July 2021 | 28 January 2021 |
| 2 | 16330 | Call Warrants | China Mobile Limited (941.HK) | HK\$65.05 | 29 January 2021 | 28 January 2021 |
| 3 | 17502 | Call Warrants | China Mobile Limited (941.HK) | HK\$58.58 | 31 May 2021 | 28 January 2021 |
| 4 | 20961 | Call Warrants | China Mobile Limited (941.HK) | HK\$61.61 | 26 February 2021 | 28 January 2021 |
| 5 | 24031 | Call Warrants | China Mobile Limited (941.HK) | HK\$68.93 | 26 January 2021 | 28 January 2021 |
| 6 | 25082 | Put Warrants | China Mobile Limited (941.HK) | HK\$52.52 | 2 February 2021 | 28 January 2021 |
| 7 | 27956 | Call Warrants | China Mobile Limited (941.HK) | HK\$55.55 | 31 March 2021 | 28 January 2021 |
| 8 | 28428 | Put Warrants | China Mobile Limited (941.HK) | HK\$44.44 | 30 April 2021 | 28 January 2021 |

2. China Telecom Corporation Limited (728.HK)

| | Stock Code of Affected Structured Products | Type | Underlying Shares / Stock Code | Exercise Price | Original Scheduled Expiry Date | Early Termination Date |
|---|---|---------------|--|-----------------------|---------------------------------------|-------------------------------|
| 1 | 15653 | Call Warrants | China Telecom Corporation Limited (728.HK) | HK\$2.42 | 14 May 2021 | 28 January 2021 |
| 2 | 24025 | Call Warrants | China Telecom Corporation Limited (728.HK) | HK\$3.13 | 31 March 2021 | 28 January 2021 |

3. China Unicom (Hong Kong) Limited (762.HK)

| | Stock Code of Affected Structured Products | Type | Underlying Shares / Stock Code | Exercise Price | Original Scheduled Expiry Date | Early Termination Date |
|---|---|---------------|---|-----------------------|---------------------------------------|-------------------------------|
| 1 | 24024 | Call Warrants | China Unicom (Hong Kong) Limited (762.HK) | HK\$6.86 | 26 February 2021 | 28 January 2021 |
| 2 | 24905 | Call Warrants | China Unicom (Hong Kong) Limited (762.HK) | HK\$7.47 | 29 October 2021 | 28 January 2021 |
| 3 | 27592 | Call Warrants | China Unicom (Hong Kong) Limited (762.HK) | HK\$6.48 | 22 December 2021 | 28 January 2021 |