

Frequently Asked Questions in relation to the early termination of
the Hang Seng TECH Index, Semiconductor Manufacturing International Corp.
affected structured products

Summary of Key Dates

	HSTECH Warrants	HSTECH CBBCs	SMIC(981.HK) Warrants
Last Trading date	2021/2/1	2021/2/1	2021/2/1
Trading suspension date	2021/2/2	2021/2/2	2021/2/2
Early termination date	2021/2/5	2021/2/2	2021/2/5
Valuation date	2021/2/5	2021/2/2	2021/1/29, 2/1,2,3,4
Publication date of early termination amount	2021/2/8	2021/2/3	2021/2/8
Settlement date of early termination amount	2021/2/10	2021/2/5	2021/2/10

1) Why did J.P. Morgan terminate the Hang Seng TECH Index and Semiconductor Manufacturing International Corp. (981.HK), linked Warrants/CBBCs (affected structured products)?

As a result of Executive Order 13959, issued by the President of the United States (“Executive Order”) and subsequent FAQs, J.P. Morgan has determined that a Change in Law Event has occurred under the terms and condition of the affected structured products. Therefore, we have decided to early terminate the affected structured products on the respective early termination dates (see key dates table above).*

**If you are holding an affected structured product that expires before the early termination date, the affected structured product will expire on its original scheduled expiry date at Cash Settlement Amount per board lot according to the terms and conditions of such product as specified in the relevant launch announcement and supplemental listing document.*

2) What if investors are still holding the affected structured products stated in the announcement?

The last trading day of affected structured products linked to the Hang Seng TECH Index and SMIC is scheduled to be 1 February 2021. J.P. Morgan continues to quote bid and ask prices in a similar manner as our usual structured products based on the original expiry date for the affected structured products. Investors can sell back their holding of the affected structured products to us on or before the relevant last trading day as mentioned above. J.P. Morgan is providing in good faith, as much time as possible for affected investors to sell their position.

Investors should also exercise particular caution in trading the affected structured products before the trading suspension date as the price may fluctuate significantly. If you have any questions regarding to the bid and ask prices offered by J.P. Morgan, please call our hotline +852 2800 7878.

3) How is the Warrants/CBBCs Warrants going to be settled if I don't sell the affected structured products before the trading suspension date?

Please see below J.P. Morgan's calculation methodology for each of the affected products.

The settlement price for **HSTECH Warrants** will be based on market factors including:

- Closing level: average of the underlying index level during the 5-mins interval on Valuation Date, 5 February 2021^
- The average of the implied volatility based on the mid-price of J.P. Morgan's bid and ask quotes as at or immediately before market close on 29 January and 1 February 2021 respectively; and;
- The time value between the Early Termination Date and the original scheduled Expiry Date

The settlement price for **HSTECH CBBCs** will be based on market factors including:

- Closing level: average of the underlying index level during the 5-mins interval on Valuation Date, 2 February 2021[^]
- The interest rate, and dividend rate of the underlying index, from the Early Termination Date to the original scheduled Expiry Date;
- The average of the implied Funding Cost with reference to the mid-price of J.P. Morgan's bid and ask quotes as at or immediately before market close on 29 January and 1 February 2021 respectively

The settlement price for **SMIC (981.HK) Warrants** will be based on market factors including:

- Average closing prices on the Valuation Dates (29 January, 1, 2, 3, 4 February 2021)
- The average of the implied volatility based on the mid-price of J.P. Morgan's bid and ask quotes as at or immediately before market close on 29 January and 1 February 2021 respectively
- The time value between the Early Termination Date and the original scheduled Expiry Date

[^]If such average index level is not provided by Index Compiler, we will refer to the closing index level of the underlying index made available by the Index Compiler on such valuation date

4) How does J.P. Morgan determine the fair settlement price?

J.P. Morgan is committed to conducting the early termination arrangement in good faith in order to reduce the impact of termination to investors and the market. We have been working closely with the relevant regulators on the determination of calculation methodology for the early termination amount.

5) Will J.P. Morgan's other structured products be impacted by the U.S. Executive Order?

J.P. Morgan continues to monitor the Executive Order and corresponding FAQs, including their potential impact on our product offerings. We will inform investors of any change in a timely manner through our website and via the HKEX.

All related announcements have been published on HKEX website and J.P. Morgan Warrants website. [Click here for related announcements.](#)

Should you have any questions, please call our hotline at +852 2800 7878.

Important Disclaimer:

These FAQs are provided for your information only and do not supersede any terms and condition of the affected structured products published by J.P. Morgan. These FAQs do not constitute any investment, legal, or tax advice nor will it constitute an invitation or offer to acquire, purchase or subscribe for any of the structured products described in the FAQs.

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