

RMB Financial Products in Hong Kong
Co-hosted by ASIFMA and ISDA
Hong Kong • April 7 2011



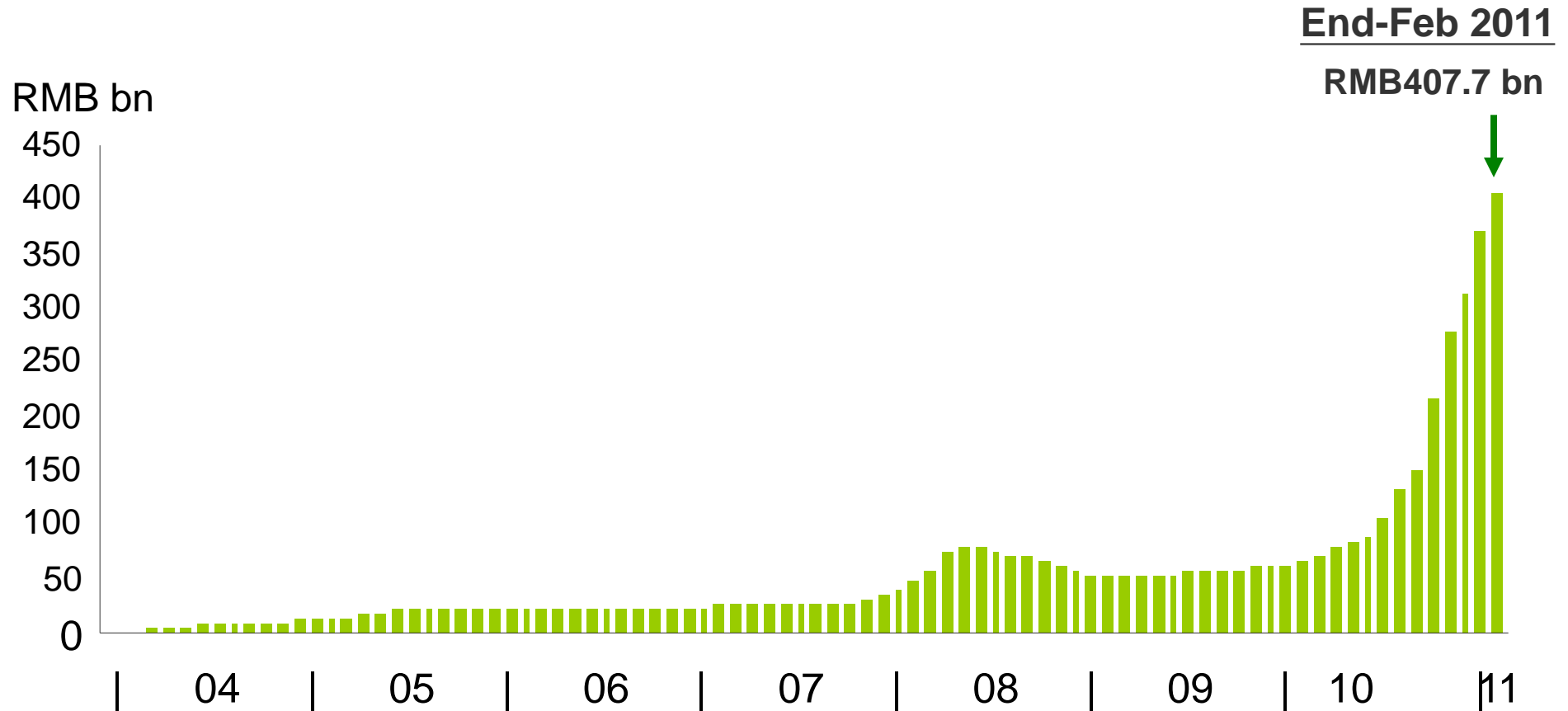
Financial Infrastructure and Liquidity Developments



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Liquidity supply of RMB in Hong Kong



As of end-February, RMB deposits in Hong Kong totalled RMB 407.7bn, which accounted for around 14.38% of foreign currency deposits and 6.97% of total deposits maintained with authorised institutions respectively.

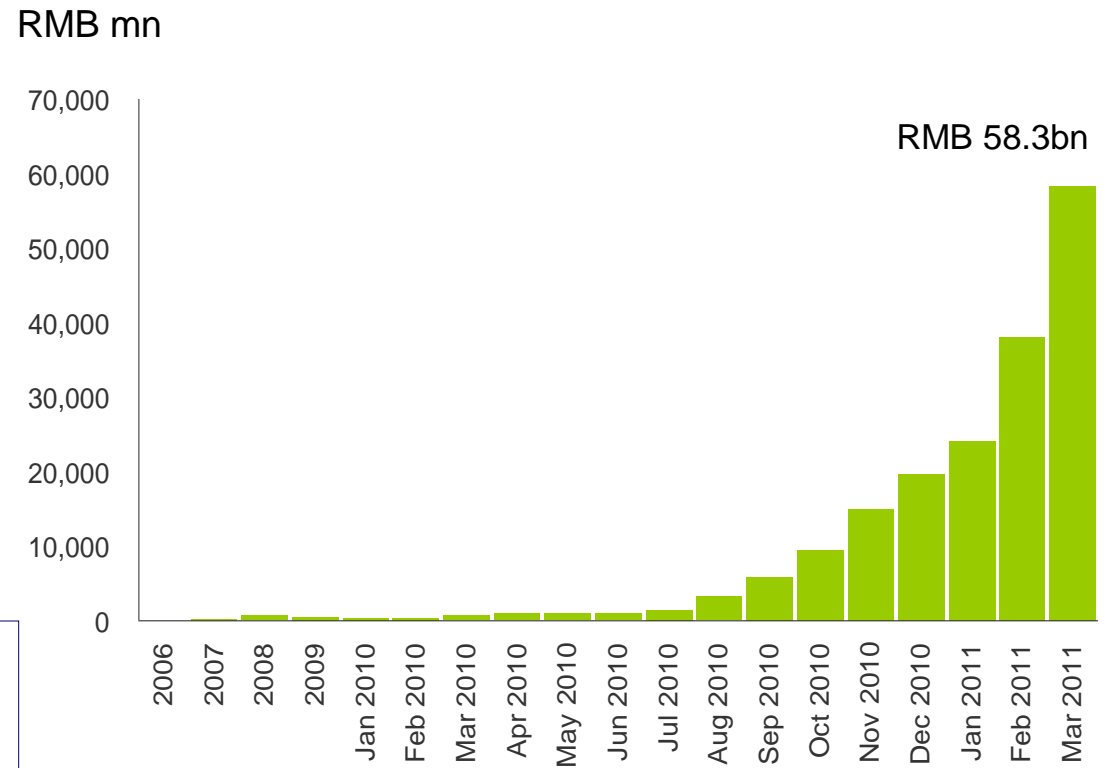


RTGS turnover in Hong Kong

- While RMB RTGS turnover has grown rapidly since July 2010, the average daily turnover (RMB58.3bn in Mar) remained relatively small when compared with the size of RMB deposits (RMB407.7bn as of end Feb).
- In comparison, the average daily turnover of HKD RTGS system in the first quarter of 2011 was HKD544bn, with the aggregate balance standing at HKD149bn as of end Mar.

RMB liquidity is far more than sufficient for banks to meet their payment obligations for the time being.

**Renminbi RTGS System
— average daily turnover**





Liquidity management tools

- To prepare for settlement needs arising from new RMB businesses, the HKMA has worked along with RMB Clearing Bank to introduce the following liquidity management tools in the RMB RTGS system:
 - (A) Intraday RMB repo (facilities provided by RMB Clearing Bank)
 - Launched on 21 Feb 2011
 - Eligible securities include sovereign bonds issued by Mainland's Ministry of Finance, bonds issued by Bank of China and bonds issued by Mainland's policy banks
 - RMB Clearing Bank may consider expanding the list of eligible securities should needs arise in the future
 - (B) Liquidity optimisers
 - RTGS Liquidity Optimiser was launched in Dec 2010 to enhance the settlement efficiency of real-time payments
 - Other types of optimisers such as CHATS Optimiser and CCASS Optimiser are planned to launch later this year to enhance the settlement efficiency of bulk clearing items (such as paper cheques and stock related payments)



RMB financial infrastructure in Hong Kong

- In the HKMA's point of view, Hong Kong has well established RMB financial infrastructure to cater for different types of RMB businesses, be they conducted in Hong Kong or other economies outside Mainland:

Linkage between RMB RTGS system and HKD, USD and euro RTGS systems

- facilitates settlement of foreign exchange transactions on a payment-versus-payment (PvP) basis

Linkage between RMB RTGS system and CCASS system

- facilitates settlement of equities and payments on a delivery-versus-payment (DvP) basis

Linkage between RMB RTGS system and CMU

- facilitates repo to be done on a DvP basis
- facilitates settlement of debt securities and payments on a DvP basis

Electronic trading platforms

- promote transparency of conducting RMB-related foreign exchange transactions



Thank You