

# [Hong Kong Monetary Authority and Bank of Japan launch a cross-border delivery-versus-payment link](#)

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) announced the launch today (April 1) of the delivery-versus-payment (DvP) link for cross-currency securities transactions between the Hong Kong dollar (HKD) Clearing House Automated Transfer System (CHATS) (See Note) and the Bank of Japan Financial Network System for Japanese Government Bond (BOJ-NET JGB) Services.

The link would support DvP settlement of the HKD sale and repurchase (repo) transactions using Japanese Government Bonds (JGB) as collateral. It helps eliminate settlement risk by ensuring simultaneous delivery of Hong Kong dollars in Hong Kong and JGBs in Japan.

The DvP link, by providing a settlement infrastructure, would facilitate banks in conducting cross-currency repo transactions to obtain the HKD funds. Such a funding tool can prove to be useful, particularly in times of stress, as banks (especially foreign banks) may mobilise their foreign currency debt securities for use in Hong Kong.

The link is operated by Bank of Japan in Japan and by Hong Kong Interbank Clearing Limited (HKICL) in Hong Kong. The HKICL operates the interbank clearing systems in Hong Kong, and is jointly owned by the HKMA and the Hong Kong Association of Banks.

Note: Clearing House Automated Transfer System, or CHATS, is a real-time gross settlement (RTGS) system for the transfer of funds in Hong Kong.