

Memorandum of Understanding to support cross-border financing by Chinese enterprises and promote development of Hong Kong bond market between NDRC and HKMA

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

The National Development and Reform Commission (NDRC) and the Hong Kong Monetary Authority (HKMA) signed a Memorandum of Understanding (MOU) at the third Belt and Road Forum for International Cooperation yesterday (October 18) on supporting cross-border financing by Chinese enterprises and promoting the development of the Hong Kong bond market.

The MOU was signed by the Vice Chairman of the NDRC, Mr Cong Liang, and the Chief Executive of the HKMA, Mr Eddie Yue. Under the MOU, the NDRC and the HKMA agree to strengthen communication and co-operation, and to facilitate the cross-border financing activities of Chinese enterprises by leveraging Hong Kong's unique strengths in financial and professional services. The major areas of co-operation include:

- Supporting bond issuance by Chinese enterprises in Hong Kong: To broaden financing channels for Chinese enterprises, the two authorities agree to provide policy facilitation and support to eligible Chinese enterprises to issue bonds in Hong Kong, in compliance with relevant financial market regulations and supervisory requirements in the financial sector.
- Organising joint promotional activities: The two authorities will jointly organise and participate in promotional activities such as workshops, seminars, high-level fora, and more, to enhance the understanding of the relevant policies and requirements regarding Chinese offshore debts among market participants, and encourage them to leverage Hong Kong's platform to participate in the cross-border financing of Chinese entities.
- Promoting diversified development of the Hong Kong bond market: The two authorities will jointly promote the development of Hong Kong's green and sustainable finance market and dim sum bond market; encourage Chinese enterprises to conduct green and sustainable financing activities via Hong Kong's platform; and, leveraging on Hong Kong's edge as an offshore Renminbi (RMB) business hub, seek to expand the size, and

enhance the liquidity of the dim sum bond market, as well as broaden the scope of RMB business. The two authorities will also jointly promote innovation in Hong Kong's bond market, and encourage issuers to issue innovative bonds, thereby expanding product variety.

The NDRC and the HKMA also agree to maintain regular communication on the Chinese offshore debt market with a view to promoting the steady and orderly development of cross-border financing activities of Chinese enterprises.

Mr Yue said, "Hong Kong has been a premier offshore financing platform for Mainland enterprises. The signing of this MOU will further enable Hong Kong to leverage its unique strengths as an international financial centre in support of Mainland enterprises' access to broadened cross-border financing channels. We thank the NDRC for supporting and promoting the diversified development of Hong Kong's bond market, and look forward to collaborating closely with the NDRC to better serve the cross-border financing needs of Mainland enterprises."