

New measures to deepen financial co-operation between Hong Kong and the Mainland

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

The Hong Kong Monetary Authority (HKMA) and the People's Bank of China (PBoC) announce today (January 13) new policy measures to deepen the financial market connectivity between Hong Kong and the Mainland, and consolidate Hong Kong's status as the global offshore RMB business hub. These measures include:

1. Introduction of the HKMA RMB Trade Financing Liquidity Facility: The HKMA will introduce an RMB Trade Financing Liquidity Facility for banks in Hong Kong as a stable source of relatively lower-cost RMB funds, so as to support banks in providing RMB trade finance services to their corporate customers. The new facility has a total size of RMB100 billion. The HKMA will offer 1-month, 3-month and 6-month RMB funds, with interest rates referencing onshore interest rates plus a spread. The new facility, apart from operating through repo transactions same as the existing RMB Liquidity Facility, will introduce currency swap where banks can swap their HKD funds for RMB funds with the HKMA. The HKMA will obtain the needed RMB funds from the PBoC through the Currency Swap Agreement between the two institutions.

The new facility will further enhance the liquidity of Hong Kong's offshore RMB market, meet enterprises' increasing funding demand for RMB trade financing, and strengthen Hong Kong's leading position as the global offshore RMB business hub. Details of the facility will be announced by the HKMA in due course, with the launch expected to take place by late February.

2. Further enhancement and expansion of Bond Connect (Southbound): Building on the smooth operation of Southbound Bond Connect, the HKMA and the PBoC will jointly implement a series of enhancement and expansion measures, including:

- Extending the settlement time under the Central Securities Depositories (CSDs) linkage;
- Supporting the settlement of multi-currency bonds in RMB, Hong Kong dollar, US dollar and euro through the CSDs linkage; and
- Further out, expanding the scope of eligible Mainland investors in due course.

These measures will further broaden the overseas investment channels for Mainland institutional investors, address their needs for diversified asset allocation, and improve transaction and settlement efficiency. They will also bolster the development of the Hong Kong bond market, particularly the Dim Sum bond market.

3. Offshore RMB repurchase (repo) using Northbound Bond Connect bonds as collateral: The HKMA supports developing offshore RMB repo business using Northbound Bond Connect bonds as collateral, with a view to establishing a market-based arrangement for offshore RMB liquidity management that will enhance Hong Kong's competitiveness as an offshore RMB business hub. This business will be launched soon. For more details, please refer to the [HKMA press release](#).

4. Inclusion of Northbound Bond Connect bonds as eligible margin collateral at OTC Clearing Hong Kong Limited (OTCC): The HKMA, the PBoC, and the Securities and Futures Commission have reached consensus to support offshore investors to use onshore bonds issued by the Ministry of Finance and Mainland policy banks that are held under Northbound Bond Connect as eligible margin collateral for derivative transactions at the OTCC. Further details will be announced in due course.

In recent years, relevant financial regulators in both the Mainland and Hong Kong have been working closely to actively promote the use of onshore RMB bonds as eligible collateral in offshore markets. Starting from February 26, 2024, the HKMA has expanded the list of eligible collateral for the HKMA's RMB Liquidity Facility to include RMB bonds issued onshore by the Ministry of Finance and the policy banks on the Mainland. In July 2024, relevant authorities in Hong Kong and the Mainland announced further support for offshore investors to use onshore bonds held under Bond Connect as margin collateral for Northbound Swap Connect. This measure was officially implemented on January 13, 2025. The new measures announced today will help further reduce the cost of RMB business for market participants, enhance capital efficiency, and vitalise offshore investors' onshore bond holdings, thereby enhancing the attractiveness of onshore bonds and RMB assets to investors.

5. Cross-boundary payment facilitation: The HKMA and the PBoC are working closely together to implement the linkage of faster payment systems in the Mainland and Hong Kong (i.e. the Mainland's Internet Banking Payment System (IBPS) and Hong Kong's Faster Payment System (FPS)). This linkage, which operates 24x7, can support residents in both places in making real-time, small-value, cross-boundary remittances, by entering the recipient's mobile number or account number. Some services are expected to be launched around mid-2025. Subject to the experience gained upon implementation, the service will be gradually enhanced over time. This will help support broader economic co-operation and exchange between the two places.

â€‹In addition, to address frequently asked questions from the industry and the public regarding cross-boundary remittance services, the HKMA has just published an [FAQ](#) clarifying and explaining the current policy arrangements for various cross-boundary remittance scenarios.

6. GBA financial facilitation: The HKMA welcomes the inclusion of new participating banks by the PBoC to offer account opening by attestation services for Hong Kong residents, providing Hong Kong residents with higher-quality and more convenient payment service for consumption, everyday life,

and commute on the Mainland.