

People's Bank of China to issue Bills in Hong Kong

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

The Governor of the People's Bank of China (PBoC), Mr Yi Gang, and the Chief Executive of the Hong Kong Monetary Authority (HKMA), Mr Norman Chan, signed a "Memorandum of Co-operation on Using Central Moneymarkets Unit for Issuance of PBoC Bills" today (September 20), for the tendering and issuance of PBoC bills through CMU BID, the HKMA's Central Moneymarkets Unit's (CMU) bond tendering platform. The details of the issuance will be separately announced. The issuance of PBoC bills in Hong Kong aims to enrich the spectrum of renminbi financial products of high credit rating in Hong Kong, improve the yield curve of renminbi bonds in Hong Kong, and support the development of offshore renminbi business in Hong Kong.

Mr Chan said, "All along there has been strong demand for high quality and liquid renminbi assets in the offshore market. Following the annual issuance of sovereign bonds by the Ministry of Finance, PBoC bills may further satisfy demand in this aspect, especially the demand for debt instruments of a shorter tenor. Furthermore, this will improve the yield curve in the offshore market, provide a better foundation for financial institutions to develop renminbi products, and offer more renminbi liquidity management tools for financial institutions. The issuance of PBoC bills in Hong Kong will also reinforce Hong Kong's position as the global hub for offshore renminbi business. "

The CMU is operated by the HKMA. It serves as a platform for tendering, clearing and settlement of bonds. Since 2010, the Ministry of Finance has used the CMU bond tendering platform to tender for offshore renminbi sovereign bonds every year.