

US Dollar Liquidity Facility

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

The Hong Kong Monetary Authority (HKMA) announced today (July 30) the conversion of the existing temporary US Dollar Liquidity Facility to a standing arrangement.

The US dollar funding market in Hong Kong has been operating smoothly, and the US Dollar Liquidity Facility is mainly a backstop facility by nature. In March 2020, the US Federal Reserve announced the establishment of a temporary repurchase agreement facility for foreign and international monetary authorities (FIMA Repo Facility) to help alleviate tightness in the global US dollar interbank money markets brought about by COVID-19. The HKMA then launched the temporary US Dollar Liquidity Facility using the funds obtained through the FIMA Repo Facility to provide licensed banks with an additional channel to obtain US dollar liquidity. The US Federal Open Market Committee [announced](#) after its meeting on July 27 and 28 the conversion of the said temporary FIMA Repo Facility to a standing arrangement. Accordingly, the HKMA has decided to convert the existing temporary US Dollar Liquidity Facility to a standing arrangement.

As a standing arrangement, the key operational parameters of the US Dollar Liquidity Facility will remain unchanged. A total of US\$10 billion is available to banks under the Facility in the form of repurchase transactions for a term of seven days through competitive tenders held by the HKMA every week. The minimum bid rate is currently set at 0.25 per cent, which aligns with the interest rate of the standing FIMA Repo Facility. The HKMA will publish the tender schedule together with the total allotted amount and relevant interest rates of each tender on the website.