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HSBC ARRANGES PILOT TRADE LOAN TRANSACTION REFERENCING USD SOFR

HSBC has arranged a pilot trade loan referencing the alternative risk-free rate (RFR) – USD SOFR (Secured Overnight Financing Rate) for a commercial customer in Hong Kong.

The loan represents a major development in the gradual adoption of new interest rate benchmark by the local business community. The USD trade loan was used by Charter Link Limited, a textile and garment company in Hong Kong, to fund the procurement of raw materials from overseas.

HSBC has been investing in the necessary infrastructure, product capabilities and staff training to support the market transition from the use of Interbank Offered Rates (IBORs) to alternative RFRs. To assist clients in Hong Kong and help them better understand the changes, HSBC will continue to offer suitable RFR lending solutions, provide timely updates and arrange meetings and webinars to address possible enquiries.

Terence Chiu, Head of Commercial Banking, Hong Kong, HSBC, said: “As a close partner of businesses in Hong Kong, we have been actively supporting our customers to navigate any market developments. This pilot transaction demonstrates our capabilities to facilitate IBOR transition and help customers understand and manage the changes. We will continue to enrich our suite of relevant product offerings to meet changing customer needs as the market evolves.”

Last month, HSBC executed the market’s first HKD and Offshore RMB cross currency swaps referencing HONIA (Hong Kong Dollar Overnight Index Average) and SOFR, adding to the Bank’s track record of executing Hong Kong’s first HONIA-HIBOR interest rate swap (IRS) in October 2019 and the first centrally cleared HONIA IRS contract in July 2020.

For more information on IBOR reforms, please visit:
<https://www.business.hsbc.com/ibor>.

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Note to editors:

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. HSBC serves customers worldwide from offices in 64 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of \$2,956bn at 30 September 2020, HSBC is one of the world's largest banking and financial services organisations.

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