



17 May 2021

HSBC COMPLETES THE FIRST THIRD PARTY ONSHORE RENMINBI FOREIGN CURRENCY TRADE UNDER NORTHBOUND BOND CONNECT

HSBC has completed the first third-party onshore Renminbi foreign currency (CNY FX) trade under Northbound Bond Connect scheme. This was enabled by the enhancement framework issued by the Hong Kong Monetary Authority (HKMA) on 5 March 2021 which provides investors with flexibility to engage more than one bank to conduct relevant currency conversion and foreign currency hedging.

Bond Connect has become a popular channel for international investors to access mainland China's bond market. The enhancement is an important step to provide greater convenience and options for participating investors. It is also a key criteria set out by FTSE Russell for the final confirmation of including Chinese government bonds into World Government Bond Index (WGBI) beginning at the end of October 2021.

The third-party CNY FX trade was settled for a HK-based institutional client who has been investing in mainland China bonds and conducting CNY FX to hedge currency exposure with its local custodian. HSBC worked closely with the client and its local custodian from regulatory application to settlement coordination to deliver the desired outcome.

Justin Chan, Head of Greater China, Global Markets, Asia-Pacific, HSBC said: "HSBC is pleased to have executed the first third-party CNY FX trade under Northbound Bond Connect. This is a beneficial change for global investors as they can now use alternate banks to get competitive prices for their trades. We will continue to enhance our solutions to facilitate the accelerating demand from global investors on their investment in the mainland China capital markets."

HSBC is at the forefront of driving better access to China's capital markets for global investors. To support the rollout of third-party CNY FX trade under Bond Connect, HSBC has organised investor education seminars and one-on-one discussion with clients to drive awareness and understanding of the changes.

ends/more

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 \$2,959bn at 31 March 2021, HSBC is one of the world's largest banking and financial services organisations.

ends/all