

27 February 2024

HSBC AND BEA EXECUTE FIRST REPO TRADE IN HONG KONG USING DIGITAL BONDS

HSBC announced today it has executed a Hong Kong dollar repo transaction with The Bank of East Asia, Limited (“BEA”), which used the Hong Kong government digitally native green bonds as collateral for financing purposes. This is the first repo in Hong Kong involving digital bonds.

Bryan Wong, General Manager and Head of Treasury Markets Division of BEA, said: “Investing in Hong Kong’s first-ever digitally native bonds and transacting repo trades with the bonds as collateral has been a smooth process. This repo transaction marks a significant milestone in building liquidity for digital bonds, while reinforcing our bank’s support for the development of Hong Kong dollar capital markets.”

John O’Neill, Global Head of Digital Assets Strategy, HSBC, said: “The four digital bonds – recently issued by the Hong Kong government on HSBC Orion as part of the CMU’s infrastructure – have seen unprecedented investor demand, secondary trading, and now repo trading. Digital bonds should be as liquid as conventional bonds, and HSBC is proud to have been part of the first multi-currency digital bond transaction globally to achieve this standard.”

Using HSBC Orion as the digital assets platform, HSBC successfully helped the Hong Kong Monetary Authority (HKMA) complete a HKD6 billion-equivalent digitally native green bond issuance for the Hong Kong government across four currencies (HKD, CNH, USD, EUR). This was the largest digital bond issuance globally, as well as the first multi-currency digital bond issuance. The bonds settled on 7 February.

In Hong Kong, the HKMA’s CMU (Central Moneymarkets Unit) operates HSBC Orion, enabling digitally native bond issuance and settlement via the CMU’s infrastructure. This opens up the global investor base through the CMU’s linkages with other international central securities depositories, which in turn helps drive market liquidity for new digital bonds.

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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 62 countries and territories. With assets of US\$3,039bn at 31 December 2023, HSBC is one of the world's largest banking and financial services organisations.

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