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HSBC TO TAKE PART IN HONG KONG'S NEW WHOLESALE CBDC PROJECT

HSBC announced today its participation in Project Ensemble, a new Wholesale Central Bank Digital Currency (wCBDC) project led by the Hong Kong Monetary Authority (HKMA) on Tokenised Money and Real World Assets (RWA).

HSBC will leverage its subject matter expertise on tokenised deposits and tokenised assets, contributing to the development of technical standards and protocols for a potential new financial market infrastructure (FMI) in Hong Kong with the HKMA.

The new FMI could capture the full benefits of tokenisation by combining central bank money, tokenised deposits and tokenised assets on a programmable platform. It would, in particular, have the potential to combine central bank money and commercial bank money with other assets, facilitating the instantaneous payment, clearing and settlement of any transaction.

Luanne Lim, Chief Executive Officer, Hong Kong, HSBC, said: "Global spending on blockchain solutions is projected to reach nearly USD19 billion by 2024.* As the technology behind ledgers becomes more sophisticated, we have the opportunity to unlock its full benefits for cash and asset transactions. A crucial step towards achieving this goal is the establishment of rules and standards for a financial market infrastructure that supports tokenisation. Through this project, we will join forces with the HKMA, peers and other industry stakeholders to build the foundation for Hong Kong to become the next generation international hub for tokenised deposits and assets."

As part of the new wCBDC project, a sandbox will be created to test payment and asset settlement flows between market participants in Hong Kong using tokenised deposits. The objective is to explore the feasibility of cross-chain delivery-versus-payment for RWA transactions by simulating an integration of deposit token ledgers and tokenised asset platforms.

HSBC's involvement in various projects related to CBDC, tokenised deposits and tokenised assets showcases its pioneering efforts in shaping the future of money. In 2023, HSBC participated in the HKMA's hypothetical e-HKD Pilot Programme and collaborated with Visa and Hang Seng Bank in a pilot that used tokenised deposits settled over wCBDC for property payments and acquirer-merchant settlement.

Additionally, HSBC has been engaged in proof-of-concept initiatives in the US and the UK, exploring the feasibility of the Regulated Liability Network – a hypothetical financial market infrastructure model that records, transfers and settles central bank money, commercial bank money and electronic money on the same chain.

Using HSBC Orion as the digital assets platform, HSBC successfully helped the 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, 2024.

* Source: Statista (<https://www.statista.com/statistics/800426/worldwide-blockchain-solutions-spending/>)

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Note to editors:

The Hongkong and Shanghai Banking Corporation Limited

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