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HSBC FACILITATES MAIDEN TRADES UNDER ENHANCED ARRANGEMENTS OF OFFSHORE BOND CONNECT REPURCHASE BUSINESS

HSBC today supported a number of banks, securities firms and hedge funds in completing the first trades leveraging the enhanced arrangements under the offshore Bond Connect Repo business launched by the Hong Kong Monetary Authority (HKMA).

As a designated market maker, HSBC has helped its global clients, including CITIC Securities International Capital Management Limited ("CLSA"), Capula Investment Management ("Capula") and GF Global Capital Limited complete cross-currency repo transactions in USD, EUR and HKD funding as well as CNH repo trades, using onshore bonds held via Northbound Bond Connect as collateral.

Additionally, the Bank has facilitated the rehypothecation of bond collaterals for CLSA, enabling the re-use of bonds obtained from the repo trade by effectively posting them as non-cash margin collateral for Swap Connect transactions cleared through Hong Kong Exchanges and Clearing Limited (HKEX) OTC Clear.

Cheuk Wong, Head of Markets & Securities Services, Hong Kong at HSBC said: "With the expansion of the Repo Connect scheme and increased participation from global investors, we're excited to facilitate these maiden trades for our clients and to support market development as the Bond Connect Repo market converges towards international market practices. We believe these enhancements offer significant utility and will be highly welcomed by offshore investors."

Referring to the new arrangements, **CLSA** said: "We are excited to be among the first batch of international securities houses to leverage the enhanced arrangements including the ability to rehypothecate bonds received under Repo trades for collateral. We can now more efficiently use onshore China bonds as collateral and finance various currencies including CNH and USD. We thank HSBC for supporting us to move quickly on day one."

Capula said: "Title repo promotion marks a meaningful and important evolution of China's bond market. As a global alternative investment manager with roots in fixed income relative value, Capula is pleased that some of our funds were among the early international participants in Repo Connect transactions with HSBC under the new framework. We are committed to support the market's long-term development."

HSBC remains at the forefront of China's capital market liberalization and will continue to enhance its solutions and offerings to deliver a comprehensive cross-boundary experience for our clients.

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The Hongkong and Shanghai Banking Corporation Limited

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