HSBC

News Release

3 August 2026

HSBC COMPLETES FIRST CHINA GOVERNMENT BOND FUTURES TRADES IN HONG KONG

HSBC has today completed among the first trades of the newly launched Five-Year China Government Bond (CGB) Futures in Hong Kong, supporting the market on day one in its role as Liquidity Provider.

HSBC concluded trades for several clients and supported their participation in the Liquidity Provider and Active Trader Programs for Five-Year CGB Futures, including Bank of Communications (Hong Kong)[1], Malayan Banking Berhad[2] and China Citic Bank International Limited.

The debut of the CGB futures contracts on Hong Kong Exchanges and Clearing Limited (HKEX) provides offshore investors with a transparent, exchange-traded tool to manage RMB interest rate risk. As the only CGB futures contract in the offshore market, the product is designed to help meet increasing demand from offshore investors to hedge RMB-denominated bond exposure more precisely.

Cheuk Wong, Head of Macro Trading, Asia and Head of Markets and Securities Services, Hong Kong, HSBC, said: "Hong Kong's edge as a leading offshore RMB business hub provides international investors a transparent, operationally efficient market venue to hedge and manage RMB interest rate risk. With Chinese Government Bonds playing a growing role in global portfolios, investor demand for hedge tools to manage duration and RMB exposure is on the rise. By supporting first-day trading, HSBC is contributing to early momentum and price discovery that will encourage broader participation in the futures contract over time."

According to a recent survey commissioned by HSBC[3], almost one-third of institutional investors (32%) identified government bonds as the top RMB asset class offering the biggest opportunities.

The HKEX Five-Year CGB Futures contract is cash-settled, with pricing based on a basket of onshore Chinese Government Bonds. It eliminates delivery, custody and settlement complexity for offshore investors managing RMB interest rate risk. The contracts can be traded on Hong Kong public holidays, except for New Year's Day.

The launch will complement the recent expansion of Qualified Foreign Investor (QFI) access to onshore CGB futures, helping broaden the range of tools available to international investors as participation in China's bond market continues to deepen.

This news release is issued by
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Web: www.hsbc.com.hk
Incorporated in the Hong Kong SAR with limited liability

1. **Li Kin Ting, General Manager of Global Markets Department, Bank of Communications (Hong Kong)**, said: “Interest rate volatility remains a key consideration for offshore institutions allocating to RMB assets. The launch of China Government Bond Futures provides global investors with an effective and precise tool to manage interest rate risk, further strengthening Hong Kong’s offshore RMB product ecosystem. Bank of Communications is honored to have participated in first-day trading as one of the inaugural liquidity providers, with the support of HSBC, whose market connectivity continues to help broaden access. We are committed to delivering stable and high-quality liquidity to offshore investors, and to contributing to greater pricing efficiency and market resilience in the offshore RMB interest rate derivatives market.”
2. **Malayan Banking Berhad** said: “Maybank is pleased to support HKEX’s launch of 5-Year CGB Futures, a vital new risk management tool for global investors in the Chinese bond market. We participated from day one, thanks to strong support from HSBC. This landmark derivative strengthens offshore RMB liquidity and risk mitigation channels. Maybank remains committed to leveraging our ASEAN network to facilitate seamless cross-border investment and capital flows.”
3. Source: https://www.about.hsbc.com.hk/news-and-media/63-percent-of-institutions-choose-offshore-rmb-markets-as-access-route-for-rmb-usage

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Note to editors:

The Hongkong and Shanghai Banking Corporation Limited
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