

Overview of HKEx's RMB products and market development

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Overview of the Offshore RMB Development



Personal RMB Business

- RMB deposit-taking, cheque, credit / debit card and remittance services

RMB Bond Market

- 1st RMB bonds by Mainland financial institution (CDB)
- 1st RMB sovereign bond (MOF)
- 1st RMB bond by overseas corporate (McDonald)
- 1st RMB bond by Mainland non-financial institution (Baosteel)

RMB Trade Settlement

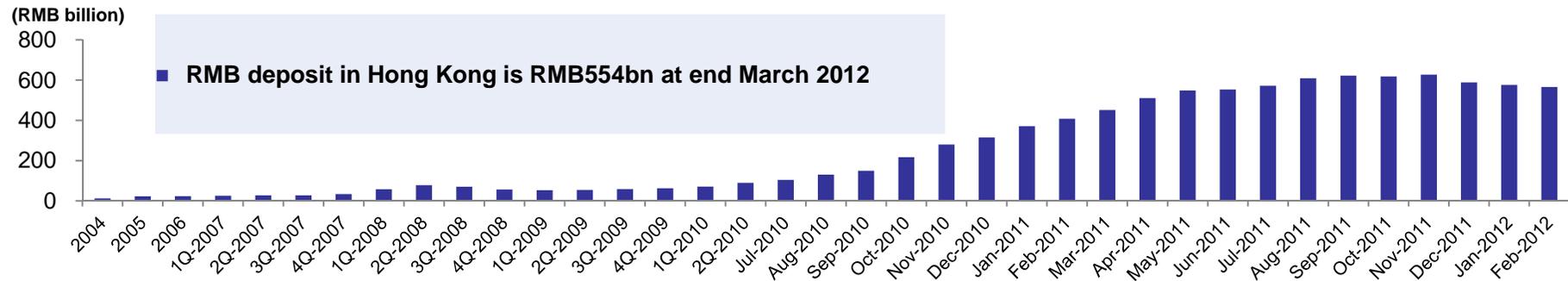
- Pilot scheme kicks off in five pilot mainland cities
- Expanded to 20 provinces and cities in the Mainland
- Further expanded to nationwide in China

RMB Investment

- RMB ODI and RMB FDI
- RQFII scheme with initial quota RMB20bn
- RQFII quota expanded by RMB50bn

RMB Liquidity in Hong Kong

RMB Deposits in Hong Kong



Individual

- ✓ Deposits, currency exchange, remittance, inter-bank transfer, card services
- ✓ Cheque for consumption in Guangdong province
- ✓ RMB financial product

Restrictions

- ✗ Daily exchange limit of RMB20K per person*
- ✗ Daily onshore remittance limit of RMB80K per account
- ✗ Daily limit of RMB cheque for consumer spending in Guangdong Province of RMB80K per account
- ✗ RMB loan to individuals not allowed

Corporate

- ✓ Deposits, currency exchange, remittance, financing, and wealth management product
- ✓ No specific currency exchange restriction, although subject to case-by-case evaluation
- ✓ Cross-border trade finance
- ✓ RMB financial products

Restrictions

- ✗ Trade finance amount limited to trade transaction
- ✗ Relevant PRC approvals required for RMB remittance onshore

Notes: *Individuals can exchange RMB for HKD or vice versa, up to the equivalent of RMB20,000 per person per transaction, if the exchange is made in cash, and up to RMB20,000 per person per day, if the exchange is made through a deposit account.
 Source: "Monthly Statistical Bulletin", HKMA

Existing RMB Products in Hong Kong

Market Type	Product
RMB retail and corporate banking	<ul style="list-style-type: none"> ✓ Deposit ✓ Currency exchange ✓ Cheques ✓ Bank cards ✓ Remittance ✓ Trade financing and other loans ✓ Wealth management product
RMB capital market	<ul style="list-style-type: none"> ✓ Debt origination ✓ Investment funds ✓ Commodity-linked products ✓ REIT ✓ ETF
RMB money market	<ul style="list-style-type: none"> ✓ Spot FX ✓ Forward FX ✓ Non-deliverable forward ✓ FX options
RMB insurance	<ul style="list-style-type: none"> ✓ RMB-denominated insurance product

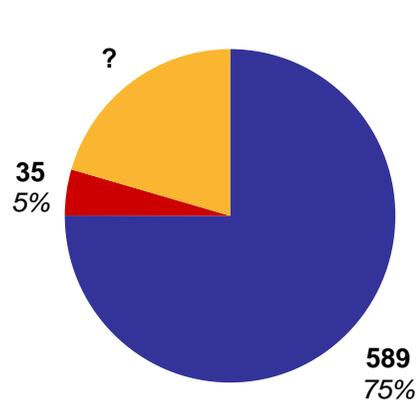
Source: "The Premier Offshore Renminbi Business Centre", HKMA

**Next step is to launch other RMB products including:
RMB equities and derivatives etc in Hong Kong**

Hong Kong is the leading offshore RMB centre

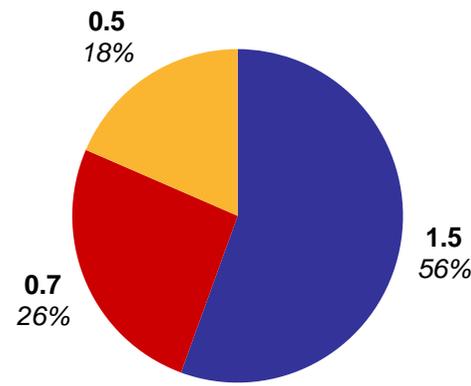
Offshore RMB Deposit¹

2011 year-end Deposit, RMB bn



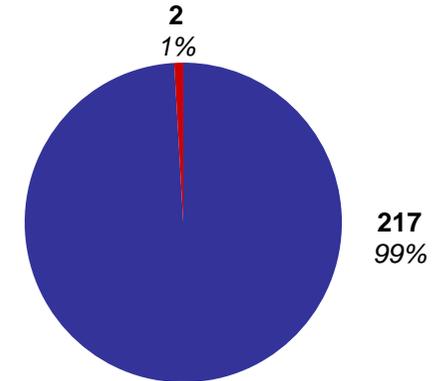
Offshore RMB FX Spot Market

Average Daily Trading Volume, USD bn



Offshore RMB Bond Issuance

Outstanding Amount by April 2012, RMB bn



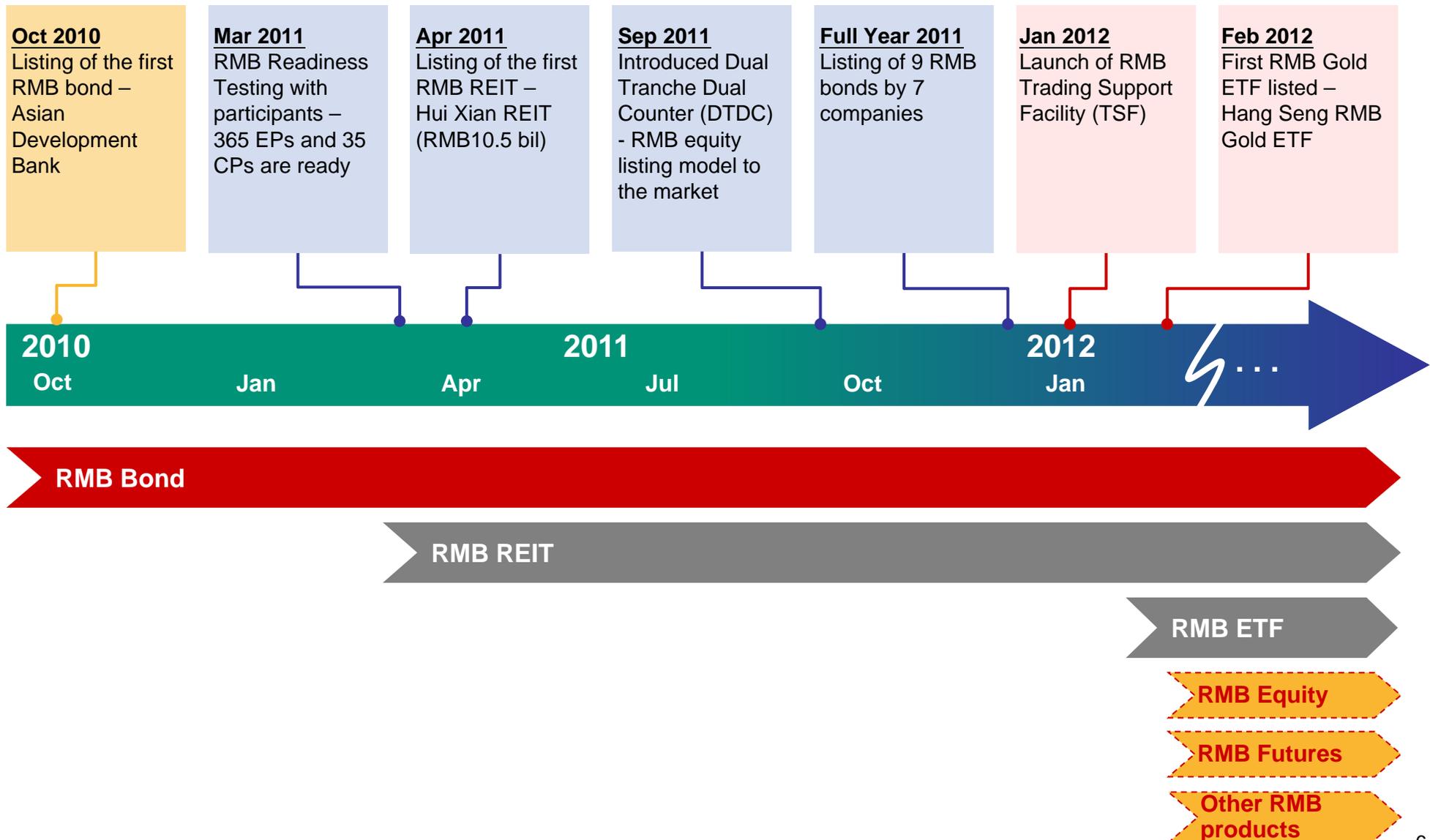
■ Hong Kong ■ London ■ Others

- Hong Kong handles 80% of RMB trade settlement and 80% of global RMB payments
- 187 banks participated in Hong Kong RMB clearing platform
- 968 overseas banks had set RMB correspondent account at Hong Kong banks by 2011, compared to 187 in 2010

Hong Kong plays a leading role in offshore RMB development

Note: 1. Estimated figures for deposits in London and other centers
Source: FSTB, HKMA, "London: A Centre for Renminbi Business"

HKEx RMB Product Development



RMB Readiness - Latest Development

RMB Equities

- DTSC and DTDC for RMB IPOs and RMB follow-on offerings
- TSF ready to support secondary market liquidities for equities
- Recently held practice sessions for dual-counter model on 2-3 June
- Readiness of brokers, service providers, systems, regulations

RMB Derivatives

- Received SFC approval to list the 1st RMB currency futures this year, subject to market readiness
- Readiness tests conducted on RMB derivatives including single stock options

Dedicated RMB Corner for RMB products and related FAQs on HKEx website