



HONG KONG MONETARY AUTHORITY
香港金融管理局



SECURITIES AND
FUTURES COMMISSION
證券及期貨事務監察委員會

New Measures to Support the Development of Hong Kong's Fixed Income and Currency Market and Offshore RMB Business

7 July 2026

New Measures Overview

Six measures to support Hong Kong's Fixed Income and Currency (FIC) market development, and strengthen Hong Kong-Mainland financial market connectivity

Five measures to support the offshore RMB business development in Hong Kong

Policy Measures

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1. Supporting the development of a Hong Kong FIC electronic trading platform;
 2. Supporting the launch of Hong Kong Exchanges and Clearing Limited 5-Year China Government Bond Futures in Hong Kong;
 3. Supporting the inclusion of Northbound Bond Connect bonds as eligible margin collateral at the HKFE Clearing Corporation and the SEHK Options Clearing House;
 4. Further enhancing the Swap Connect;
 5. Further enhancing and expanding the Southbound Bond Connect; and
 6. Enhancing the Northbound Bond Connect operational arrangement
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1. Expanding and enhancing the HKMA's RMB Business Facility (RBF);
 2. Exploring to introduce a tendering mechanism of 7-day offshore RMB liquidity;
 3. Exploring the issuance of offshore RMB short-term debt instruments;
 4. Promoting the development of a bilateral currency transaction framework between Indonesian Rupiah (IDR) and offshore RMB (CNH); and
 5. Issuing good practices to banks to promote RMB adoption
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Part A. Enhancements and expansions of Connect Schemes

1. Supporting the development of the next-generation FIC trading platform

Regulators' Statements & Cooperation

Cross-boundary Collaboration to Promote Market Development

- Implement the key initiative related to next-generation infrastructure of the Roadmap for the Development of FIC Markets
- The PBOC, the HKMA and the SFC issued a tripartite statement supporting the development of a next-generation trading platform
- The SFC is responsible for approving licence applications for the new platform, while also promoting the orderly development of financial activities related to fixed income trading



Promote the orderly development of market infrastructure through policy and regulation

Role and Positioning of the New Platform

HKEX and CFETS Collaborate to Build the Trading Platform

- **Expand market choice:** based in Hong Kong, facilitate market connectivity, and serve international markets
- **Market-oriented:** follow international standards, ensure fairness and openness
- **Efficient and innovative:** improve trading efficiency, promote liquidity, reduce trading costs, and explore technological innovation
- **Prudent operation:** comply with Hong Kong's regulatory requirements, with sound corporate governance and risk management arrangements



SFC will review and approve the relevant licences in accordance with applicable laws and regulatory requirements

2. Launch of Five-Year China Government Bond Futures

Growing Foreign Investment in Onshore Bonds

As of May 2026:

RMB 3 Trillion

In Chinese bonds



RMB 2 Trillion

In China
Government Bonds (CGBs)



**Increasing Demand for
Risk Management
Solutions**

Key features

◆ Cash-Settled Contracts



◆ Holiday trading



Preparation work

◆ Launch Date: 3 August 2026

◆ System & market readiness

◆ Promoting Liquidity & Awareness

3. Supporting the inclusion of Northbound Bond Connect bonds as eligible margin collateral at the HKFE Clearing Corporation (HKCC) and the SEHK Options Clearing House (SEOCH)

1 Strong market demand

Bond Connect bonds have become an important source of margin collateral at OTCC.



Share of OTCC's total margin collateral

Reflecting strong market demand for & acceptance of RMB bonds as collateral.

2 Expand eligible collateral coverage

Include Bond Connect holdings within the approximately **RMB3 trillion bonds** held by overseas investors as eligible non-cash collateral.



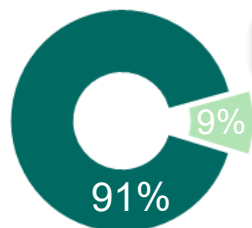
3 Wider market coverage

HKCC & SEOCH have about **160 Clearing Participants**, including international investment banks, brokers, banks & proprietary trading firms, providing broader market coverage than OTCC.



4 Promote greater use of non-cash collateral



As of June 2026, the total margin requirement of HKCC & SEOCH is about **HK\$123.1 billion**



Non-cash collateral

Indicate further growth potential

5 Advancing towards implementation

-  System configurations updates
-  Market rehearsal following the SFC's approval



Target : Launch in 2026

6 Roll-out offshore CGB in parallel

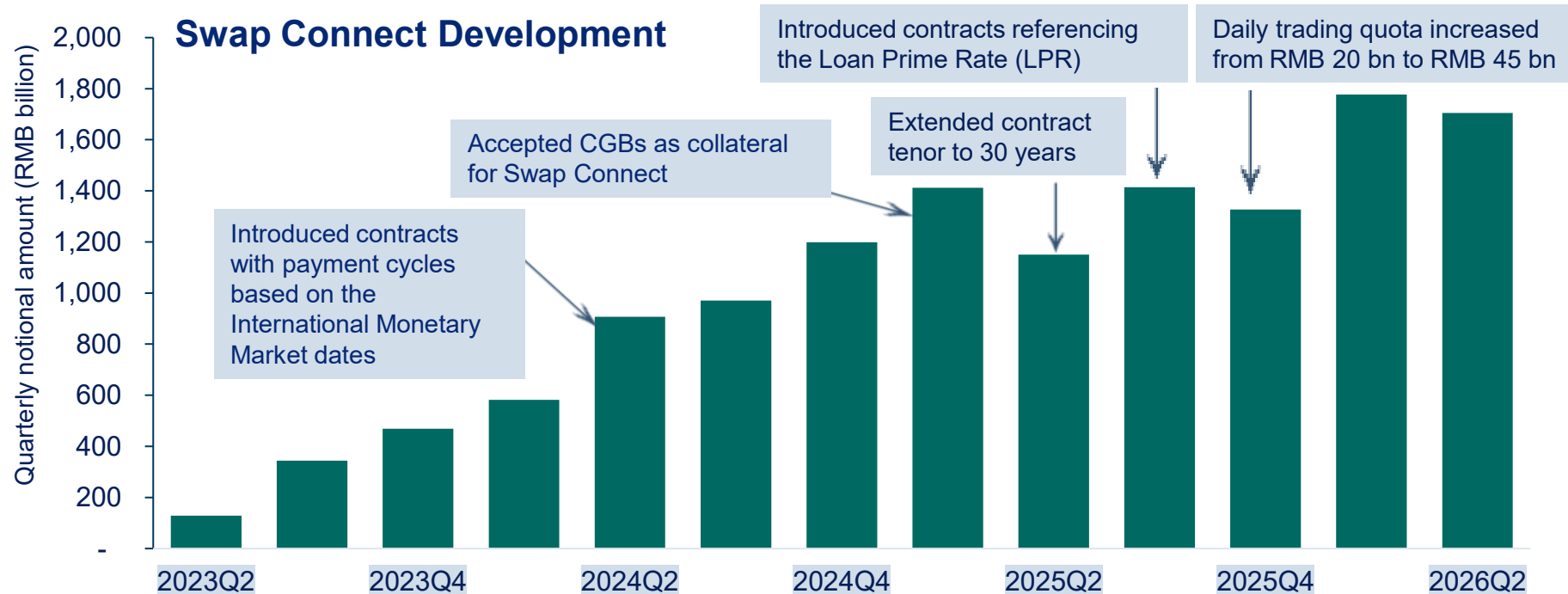
HKCC & SEOCH are also making progress in accepting Offshore China Government Bonds (CGB) as eligible collateral.



Target : Launch in 2026

Expand the use of RMB bonds as collateral, promote market liquidity and development, and reinforce Hong Kong's position as the leading global offshore RMB centre

4. Swap Connect introduces contracts referencing the “7-day Fixing Depository-Institutions Repo Rate” (FDR007)



- **Swap Connect trading is active**
 - Total turnover surpassing RMB13.3 trillion.
 - Average daily turnover : around RMB3 billion at launch → about RMB30 billion in H1 2026
- **Number of overseas investors : 27 at launch → 98 current**
- **Product offerings have been expanding, allowing overseas investors to manage interest rate risk more effectively and conveniently.**
 - Plan to launch FDR007 contracts in the fourth quarter. FDR007 provides a better measure of bank liquidity and central bank policy effect than the traditional FR007 (7-day Fixing Repo Rate)



❖ Latest progress

- As of end-May 2026, foreign investors' holdings of onshore bonds in the Mainland interbank market amounted to over RMB 3.21 trillion. Onshore bonds have become an integral part of more international investors' investment portfolios.
- With the continuous enhancements and expansion since its launch in 2017, Bond Connect has become the primary channel for international investors to invest in the onshore bond market, and for Mainland investors to invest in the offshore market. Currently, Bond Connect accounts for over 64% of the total foreign turnover in the China Interbank Bond Market.

Average Daily Turnover of Northbound Bond Connect[^]: **RMB 49 billion**

842 offshore institutional investors under Northbound Bond Connect*

[^] 2026 Jan to May

* As of the end-May 2026

❖ Policy priorities

North-bound

- To broaden the provision of ancillary services, providing international investors with more diverse liquidity management (e.g. collateral and repo) and risk management tools (e.g. Swap Connect), thereby facilitating investors to vitalise their bond holdings and manage interest rate risk, and further enhancing the appeal of onshore bonds.

South-bound

- To further enhance and expand Southbound Bond Connect, including expanding the investor scope, enhancing quota management, enriching the product offering, and improving trading and settlement efficiency.

5. Further enhancing and expanding the Southbound Bond Connect



Enhancement Measures

Raising the investment quota and expanding product scope

- Increasing the annual investment quota;
- Developing bond repurchase (repo) business using Southbound Bond Connect bonds as collateral;
- Expanding the product scope to cover products with HKD bonds and RMB bonds as underlying assets; and
- Connecting to the Macau bond market through the financial infrastructure linkage between Hong Kong and Macao.

Implementation date: Further details of the enhancement measures will be announced in due course.

Stepping up the management of market makers

- With a view to encouraging Southbound Bond Connect market makers' participation in the scheme and enhancing the efficiency of the market making mechanism, the HKMA plans to introduce a dynamic management mechanism to adjust the list of Southbound Bond Connect market makers based on market makers' performance as evaluated in the annual review.

Implementation date: The next annual evaluation exercise will commence in Q4 2026.

Significance and Benefits

- To provide greater flexibility and more investment options to Southbound Bond Connect investors, help addressing investors' growing demand for asset allocation and diversified investment in the overseas market.
- To promote the diversified development of Hong Kong's bond market, enrich the offering of offshore RMB products, enhance Hong Kong's appeal to global issuers and investors, thereby consolidating Hong Kong's position as an offshore RMB business hub.

- To enhance the effectiveness of the market making arrangement, thereby improving secondary market liquidity.



6. Enhancing the Northbound Bond Connect operational arrangement

Enhancement Measure

- With the ongoing strengthening collaboration with the Chinese Mainland financial market infrastructures, the settlement time for Northbound Bond Connect will be further extended by one hour to 4pm, to meet investors' needs, improve operational efficiency, and provide investors with greater flexibility.

Implementation date: CMU OmniClear will announce the implementation arrangements for the settlement time extension soon.

Significance and Benefits

- Establishing a direct connection between the financial infrastructures of the Chinese Mainland and Hong Kong will help to improve settlement efficiency, and enhance the convenience and flexibility of Northbound Bond Connect trading.

Part B. Measures to support the offshore RMB business development in Hong Kong



1. Expanding and enhancing of the HKMA RMB Business Facility (RBF)

Enhancement Measures

- The total facility size will increase from the current RMB200 billion to RMB500 billion.
- Tenors available will be extended to include 9-month, 2-year, and 3-year.

Implementation date: Effective on 10 July 2026.

Significance and Benefits

- Since the size of the HKMA RBF doubled to RMB200 billion in February, the facility has received overwhelming response from the banking industry, with steady growth observed in the overall facility usage. To date, over 90% of quotas have been allocated.
- The RBF has not only served corporates in Hong Kong but has also successfully channelled offshore RMB funds to 11 countries / regions such as the ASEAN countries, the Middle East, and Europe.
- The continued upgrading and expansion of the RBF provides timely and sufficient RMB liquidity to meet market development needs, assists banks to enhance their RMB business, supports wider use of RMB in the real economy, and radiates offshore RMB funds globally.

2&3. Exploring to introduce a tendering mechanism of 7-day offshore RMB liquidity and the issuance of offshore RMB short-term debt instruments



Tendering mechanism of 7-day offshore RMB liquidity

The issuance of offshore RMB short-term debt instruments

Measures

- The HKMA is exploring to introduce a tendering mechanism of 7-day offshore RMB liquidity.
- Trades will be conducted in the form of repo.

- The HKMA will explore the feasibility of issuing offshore RMB short-term debt instruments.

Implementation date: Details will be announced in due course.

Implementation date: Details will be announced in due course.

Significance and Benefits

- To serve as an additional channel for supporting banks' short-term RMB liquidity needs in addition to other existing RMB liquidity facilities.

- To support the building of the offshore RMB yield curve, and provide the market with high-quality investment and liquidity management products.

4. Development of a bilateral currency transaction framework between Indonesian Rupiah (IDR) and offshore RMB (CNH)



Background:

- Bank Indonesia (BI), the HKMA and the People's Bank of China (PBoC) signed a Memorandum of Understanding (MoU) to establish a cooperation framework aimed at promoting bilateral transactions in Indonesian Rupiah (IDR) and offshore Chinese Renminbi (CNH) between Indonesia and Hong Kong.
- With the closer economic and trade relations among Chinese Mainland, Hong Kong, and Indonesia, the demand for transactions in RMB and IDR in economic activities by corporates and financial institutions is gradually increasing.

Measures

- The HKMA and BI are working closely to set out details of the bilateral currency transaction framework, including developing operational guidelines, and appointing selected banks as Appointed Cross Currency Dealers.

Implementation date: Aim to have the relevant transaction arrangements operated by **the end of this year**, and complete the first transaction.

Significance and Benefits

- To deepen monetary and financial cooperation among the three authorities, and facilitate efficient and convenient direct foreign exchange and settlement for corporates and institutions in both places, reducing transaction costs and exchange rate risks.
- To promote regional currency and RMB use by exploring facilitative arrangements with other economies in the region and highlight Hong Kong's value proposition as the offshore RMB hub.



5. Issuing good practices to banks to promote RMB adoption

Measures

- Several banks have recently shared with the HKMA successful cases, reflecting the crucial role banks can play in helping corporates benefit from RMB solutions during cross-border business.
- The key points were summarised and put forward as good practices under six areas, which was shared with the industry.

Significance and Benefits

- To encourage the banking industry to actively expand RMB-related business use cases, provide customised, full-fledge RMB services through comprehensive customer coverage. This will support corporates in wider RMB adoption in cross-border investment, financing, settlement, and payment.
- Positive industry feedback following the introduction of the six good practices, with plans to actively expand into ASEAN, Middle Eastern and Central Asian markets.

Q&A