Seizing Offshore Renminbi Opportunities: Co-writing a New Chapter for Hong Kong's Fixed Income and Currency Markets

Remarks at the 2026 Lujiazui Forum

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Distinguished guests, and friends from the financial industry, a good evening to you all. It is my great honour to make my debut at the Lujiazui Forum to explore the opportunities of coordinated financial developments between Shanghai and Hong Kong in a new era.

The 15th Five-Year Plan has set out a grand blueprint to drive the Nation's rise as a financial powerhouse. In tandem, the HKSAR Government is actively formulating its own first five-year plan, fully embracing the city's mission to support the Nation's financial ambition.

As the world's top financial centres, both Shanghai and Hong Kong have served as the twin pillars of the Nation's high-quality financial opening-up.

As the internationalisation of renminbi (RMB) gathers pace, the two cities are ushering in historic opportunities through financial cooperation. By joining forces and leveraging our complementary strengths, we are not only riding the tide of changing times, but also unlocking vast potential for synergistic growth.

I. New Era of Opportunities for RMB Internationalisation

As things currently stand, capital markets are facing heightened uncertainty due to persistent geopolitical tensions, conflicts in the Middle East, coupled with inflationary pressures and debt concerns for some advanced economies. As a result, both sovereign funds and private capital are actively diversifying asset allocation and managing risk exposure, which makes fixed income markets increasingly attractive.

On the other hand, as the world's second-largest economy, China is showing strong competitiveness in sectors such as renewable energy and frontier technology. Along with the Nation's overall steady rise, RMB assets — as represented by China treasury bonds — are becoming a compelling choice in non-US dollar asset allocation.

On this front, Shanghai and Hong Kong have already laid solid groundwork for collaboration. Leveraging the experience of Stock Connect, Bond Connect has emerged as the premier channel for international investors to access Mainland bonds since its launch in 2017. Up to

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end-April 2026, foreign investors' holdings of onshore RMB bonds had exceeded RMB3 trillion.

In recent years, Northbound Bond Connect trading has risen steadily. Notably, the turnover in March 2026 reached RMB1.2 trillion, with the daily average hitting RMB55.6 billion in the month — both figures marked record highs. Furthermore, the monthly average turnover reached RMB990.7 billion in the first quarter of 2026, surging 58% quarter on quarter and picking up further momentum in recent months.

Beyond this, Hong Kong's offshore RMB bond market has expanded significantly, particularly the issuance size of dim sum bonds. In 2025, the issuance of offshore RMB debt securities grew 2.7% year-on-year to RMB1.1 trillion in Hong Kong. In the first quarter of 2026, dim sum bonds issued through CMU OmniClear also grew notably, with total issuance size up 46% year-on-year.

Trading volume under Swap Connect has also continued to rise, with the total turnover in 2025 surging 45% from 2024. As of end-April 2026, the total notional amount of RMB interest rate swap contracts traded exceeded RMB12.1 trillion, equivalent to a daily average of about RMB16.9 billion.

These developments clearly demonstrate the keener demand for RMB assets in global markets, while underscoring the continuous expansion of Shanghai-Hong Kong financial cooperation.

II. New Vision for "Renewable Yuan"

Let's look back on the history of financial market evolution: under the well-known "petrodollar" system, global oil trade has generally been priced and transacted in US dollars. Oil-importing nations need to acquire US dollars to settle their oil bills, while oil-exporting nations reinvest their dollar revenues into US-dollar assets. This cycle underpins the strong demand for US dollars, thereby cementing its dominant position as a global currency.

Economists have now proposed a new vision — the "renewable yuan", where affordable, highly efficient renewable energy can be leveraged as key drivers of green industry transformation to drive export growth. These industries encompass low-carbon supply chain products, such as solar energy, wind power, battery storage and electric vehicles. By deeply embedding these sectors of Chinese competitiveness into RMB internationalisation, their global trade will gradually be priced and settled in RMB, thereby driving real demand for the currency. While RMB payments account for a modest share of global trade at present, we expect renewable energy trade to catalyse RMB internationalisation on the back of global energy transition and supply chain shifts.

Of course, it is still too early to say whether the vision of a "renewable yuan" would materialise, but every journey of a thousand miles begins with a single step. As the world's premier offshore RMB business hub, the role of Hong Kong will undoubtedly become more significant. As "renewable yuan" gains greater prominence on the balance sheets of more global enterprises, this will drive substantial investment demand. These funds can then be invested into China treasury bonds and other RMB products, thereby building a broader and deeper offshore RMB ecosystem and ultimately creating a positive feedback loop of industry, currency and investment.

Despite its early stage of development, RMB expansion is clearly gaining momentum in Hong Kong, much like the development of the Eurodollar market years ago.

III. Co-developing a Comprehensive RMB Product Ecosystem

To seize these opportunities, the Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA) have stepped up efforts to develop Hong Kong into a more competitive fixed income and currency (FIC) hub in recent years. Last September, we jointly unveiled Hong Kong's Roadmap for the Development of Fixed Income and Currency Markets, outlining a series of key measures built upon four pillars: primary market issuance, secondary market liquidity, offshore RMB business, and next-generation infrastructure.

Overseas sovereign funds and long-term capital now incorporate China treasury bonds as part of their long-term asset allocation not only because of their yields or the currency itself, but also because of the entire ecosystem — this encompasses a wide range of hedging tools, flexible repo arrangements, efficient secondary market trading and convenient asset allocation.

In this regard, we are deeply grateful for the unwavering support of the Central Government, the China Securities Regulatory Commission and the People's Bank of China (PBoC). As mentioned by Chairman Wu Qing this morning, the SFC will announce the timetable for the listing and trading of the industry's long-awaited China treasury bond futures soon. We believe that this flagship offshore risk management tool will strongly encourage international investors to participate more actively in the China treasury bond market.

Thanks to the PBoC's support, Hong Kong Exchanges and Clearing Limited's (HKEX) OTC Clear is accepting treasury bonds held under Bond Connect as collateral for trading of all instruments in OTC Clear. Since the implementation of this measure in early 2025, we are pleased that, as of early June 2026, overseas investors had lodged a total of approximately RMB3.9 billion of onshore treasury bonds as margin collateral, accounting for about 17% of all margin collateral held by OTC Clear. Building on this good market response, the SFC is working closely with HKEX to facilitate the greater use of fixed-income instruments including treasury bonds offshore in Hong Kong or onshore into the scope of eligible margin collateral for HKEX's HKFE Clearing Corporation and SEHK Options Clearing House. We are now striving to roll out the new measure within this year to further enhance the competitiveness of HKEX's derivatives market.

In addition, we will continue to support HKEX in introducing more RMB foreign exchange futures against other currencies, RMB-denominated gold futures and structured fixed income products. We will also work with Mainland regulators to expedite the inclusion of RMB trading counters into Southbound Stock Connect.

In the secondary market, we are actively advancing the building of electronic trading platforms for relevant bonds to foster the development of Hong Kong's FIC markets. This initiative will be supported by corresponding market-making mechanisms and repo market infrastructure, with the aim to comprehensively enhancing the efficiency of bond trading and overall market liquidity.

Closing

To sum up, Shanghai-Hong Kong cooperation is not just about building a bridge across two markets; it is also about strengthening the pillar to support the Nation’s high-quality financial opening-up. Shanghai is a global trading hub for fixed income and equities. On the sidelines of this forum, I will take the opportunity to visit several exchanges and clearing houses in Shanghai, discussing with their management how Hong Kong can make greater contribution as the Mainland advances its internationalisation strategy and opens up more products to the rest of the world.

I firmly believe that our shared purpose to embrace opportunities and pursue innovation will unite Shanghai and Hong Kong in achieving more milestones together on the Nation’s journey of internationalising RMB and evolving into a financial powerhouse. Thank you.