



THE PEOPLE'S BANK OF CHINA
REPRESENTATIVE OFFICE FOR EUROPE

London RMB Business Bi-annual Report

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Foreword



Chris Hayward
Policy Chairman
City of London Corporation

Cross-border challenges posed by COVID-19 and climate change underscore that now, more than ever, understanding of major partner markets has significant value in supporting resilience and sustainability for the UK's global outlook and reach. As we work towards global recovery and the climate transition to net-zero, the depth and breadth of the UK's financial and professional services (FPS) expertise will have a key role to play in supporting a sustainable and resilient global economy.

London RMB Business Report supports the UK's position as a leading RMB hub outside China, providing an overview of the market for the Chinese currency in the UK. As the sector seeks out new innovative ways to engage with the Chinese currency in a post COVID-19 world, the report demonstrates the UK's innovative and resilient FPS sector and this reflects its strong ability to retain its position as a leading RMB trading hub outside China.



William Elliott
Assistant Director, High Growth Markets
City of London Corporation
Co-chair of London RMB Business Monitoring Group

Building upon the achievements of the London RMB Business Quarterly report, we take great pleasure in introducing the revamped London RMB Business Report (bi-annual edition). This enhanced version places greater emphasis on thematic analysis. Simultaneously, we are thrilled to announce the launch of three monthly newsletters: RMB-denominated Products, RMB Market Infrastructures, and Sustainable RMB Market. These newsletters offer more timely data and policy information, encompassing both onshore and offshore RMB markets.

The RMB is increasingly important in global financial markets as more businesses continue to expand their operations worldwide. The City of London is home to over 40 Chinese financial and professional services firms which joined the UK's financial market to build their international presence. It is natural, as home to the world's largest FX market, that the UK monitors RMB's use and innovations closely to support further expansion of RMB offshore business.



Jin Mei
Chief Representative, The People's Bank of China
Representative Office for Europe
Co-chair of London RMB Business Monitoring Group

With the increasing accessibility to onshore RMB investments in China, there are growing opportunities for new products and methods to manage currency exposure. These developments bring excitement to the City of London and international investors. In the 15th edition of the London RMB Business Report, it is evident that the UK's offshore RMB market has shown strong resilience and continued growth. The report focuses on China's macroeconomic outlook in 2023 and the recent financial reforms implemented in the country.

The London RMB Business Report, accompanied by three monthly newsletters covering the RMB-dominated products, RMB market infrastructures, and sustainable RMB market, aims to contribute to a better understanding of the UK's offshore RMB market. These publications provide up-to-date data, policies, and commentaries from market participants. Furthermore, they strive to foster the healthy and sustainable development of the UK's offshore RMB market by monitoring and providing feedback to regulatory bodies in both countries.

We extend our sincere gratitude to all our esteemed partners who have made valuable contributions to the 15th edition of the London RMB Business Report. Your support and collaboration have been instrumental in the success of this report.

Market Overview

In 2022, London's offshore RMB market still showed its resilience, with the average daily CNH FX trading volume, the total value of Sino-Britain cross-border RMB transactions, the amount of RMB deposits and loans enjoying a YoY increase. However, the value of new Dim Sum bonds issuance, the RMB clearing volume saw a YoY decrease. According to SWIFT, the UK maintained its position as the largest RMB FX spot transaction hub and the second largest offshore RMB payments centre in the world.



Beijing Skyline

London RMB Foreign Exchange Market

During 2022, the average daily CNH FX trading volume in London stood at GBP105.95 billion, up 30.44% YoY. During 2022, about 46% of all CNH spot trading on EBS took place during EMEA trading hours, up 4% from that in 2021.

London RMB Bond Market

2022 witnessed 46 Dim Sum bonds listed on London Stock Exchange, with a total issuance size of RMB19.9 billion, which decreased by RMB12.2 billion compared with 2021, or a decrease of 37.9%. By the end of 2022, there were 190 Dim Sum bonds listed on the London Stock Exchange with an outstanding value of RMB94.6 billion, and weighted average coupon rate of 3.39%, with a maturity of 4.38 years.

London RMB Credit Market

By the end of 2022, the amount of RMB deposits reached RMB87.39 billion, up 3.75% YoY. The amount outstanding of RMB loans reached RMB71.24 billion, up 20.3% YoY.

London RMB Clearing

From January to December 2022, the total cumulative clearing volume was RMB11.16 trillion and the average daily clearing volume was RMB47.1 billion, down 5.96% from 2021. By the end of December 2022, the accumulative total RMB clearing volume climbed to RMB75.20 trillion.

China-UK RMB Cross-Border Settlement

In 2022, the total value of cross-border RMB business transactions between China and the UK totalled RMB2.5 trillion, up 26.32% YoY. This comprised cross-border RMB receipts of RMB51.17 trillion, and payments of RMB1.34 trillion, resulting in a net inflow into the UK of RMB167.22 billion. During this period, cross-border RMB payments for the settlement of goods traded was RMB256.32 billion, accounting for 37.21% of the total value of goods traded between China and the UK during the same period.

UK's Rank as Offshore RMB Centre

According to SWIFT, in 2022, the RMB FX spot transactions in the UK accounted for 38.13% of the total, up 2.3% from 2021. RMB's share as a domestic and international payments currency in December 2022 was 2.15%, down 0.55% from December 2021. The UK remained the largest RMB FX spot transaction hub and the second largest offshore RMB payments centre in the world.

RMB in Global Currency Reserves

According to the IMF, RMB represented 2.49% of global currency reserves as of Q4 2022, down 0.11% from Q4 2021. When it was first included in the SDR basket, the share registered at 1.07% (Q4 2016).

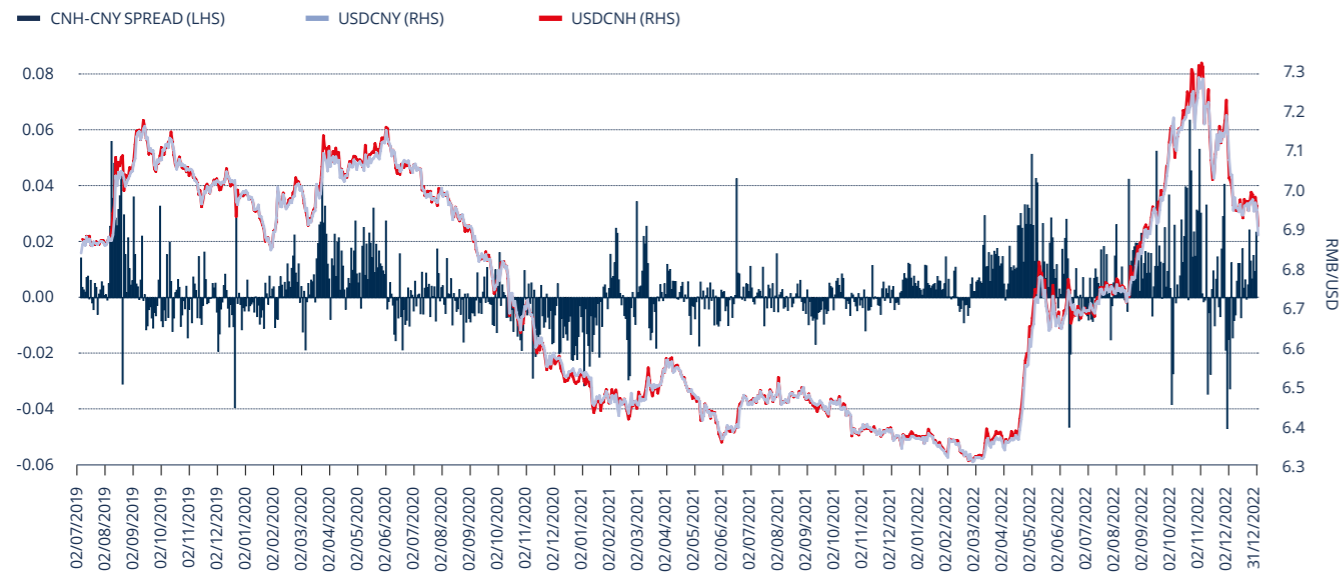
RMB Exchange Rate

In 2022, the RMB exchange rate showed a wide-range two-way fluctuation throughout the year, depreciating first and then appreciating. The overall trend of the RMB was weakening, with an annual depreciation against USD of about 8.89% and the CFETS RMB Index fell by 3.71%. The spreads between CNH and CNY were positive in most days of the year and CNH in offshore market was weaker until November. The strong performance of USD resulting from the interest rate hikes by Federal Reserve and a weaker-than-expected economic outlook due to

the repeated outbreaks of pandemic in China led to the depreciation of RMB in the first three quarters. With the optimisation of pandemic control measures and USD index falling from its 20-year high, RMB rebounded quickly in Q4 2022. In 2022, the average FX spot rate of USD/CNH in the offshore market was 6.7461, and the average USD/CNY onshore FX spot rate was 6.7372. The average spread between offshore and onshore in this period was +89 bps, while the average spread of last year was +3 bps.

The Onshore-Offshore Exchange Rate Differential as of December 2022

USDCNH-USDCNY FX Spot Rate



Source: Bloomberg, ABC

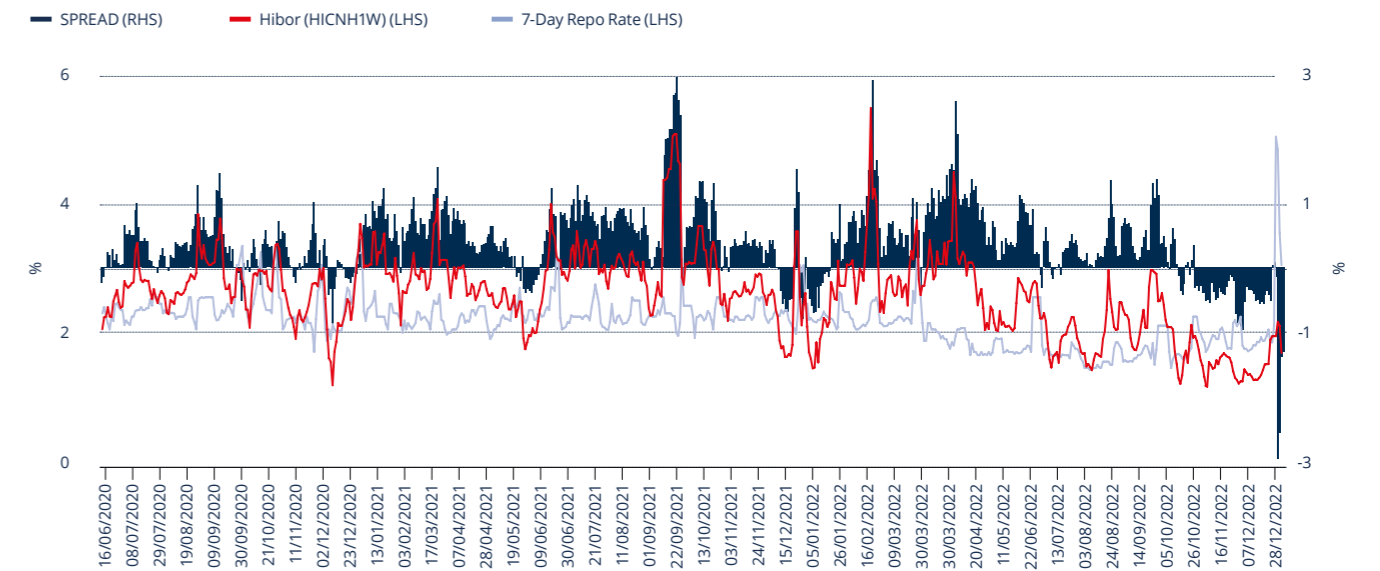
RMB Interest Rate

On January 20, 2022, the 1Y LPR and the 5Y LPR were reduced by 10 and 5 bps respectively, the 5Y LPR were reduced by another 15 bps in May and further down 15 bps in August. The drop of LPR promoted the continuous reduction of financing costs for the economy. In 2022, the weighted average interest rate of newly issued corporate loans was 4.17%, 34 bps lower than 2021. PBC also cut RRR in April and December, both were down by 0.25%, this provided over RMB1 trillion of long-term liquidity for the economy. PBC used various methods such as re-lending and re-discount quota, MLF, and open market operations to pump in liquidity, providing suitable support for stabilizing the macroeconomic market. While the PBC gradually increased its OMO,

the overnight interest rate showed a downward trend. The overnight Shibor has been at a low level below 1% since December 2021. On December 29, the overnight Shibor reported 0.441%, which also hit a record low. In the bond market, the short-term yields rose more significantly than the longer-term, 1Y Govt bond and the 1Y CDB bond were 2.221% and 2.36% at the end of 2022, up 4.7 bps and 7 bps respectively. 10Y Govt bond and 10Y CDB bond were 2.835% and 3.011% at the end of the 2022, up 6.3 bps and down 7 bps respectively. The yields of Govt and CDB bonds became flatter.

The Onshore-Offshore Interest Rate Spreads as of December 2022

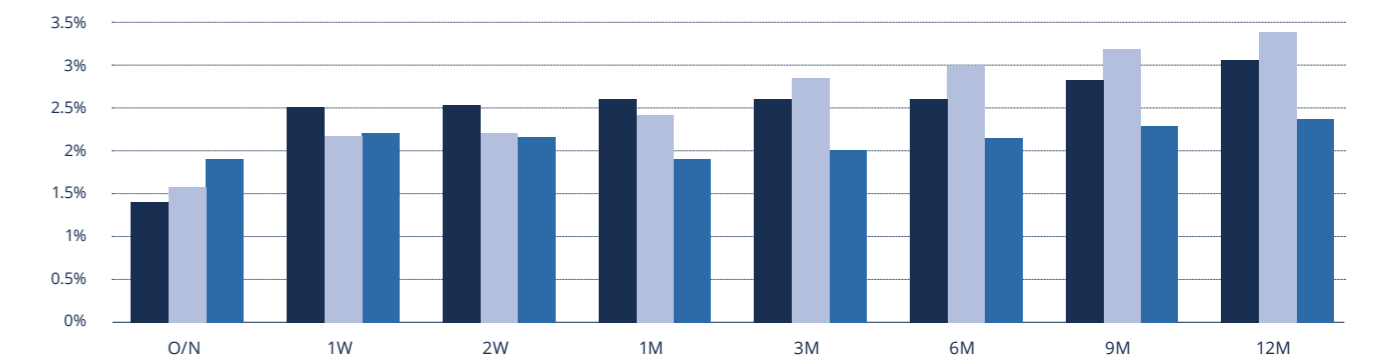
CNH Hibor and 7-Day Repo Rate Spreads



Source: Bloomberg, CCB

The Term Structure of RMB Offshore and Onshore Interest Rate in December 2022

Offshore Interest Rate (London) CNH Hibor Onshore Interest Rate

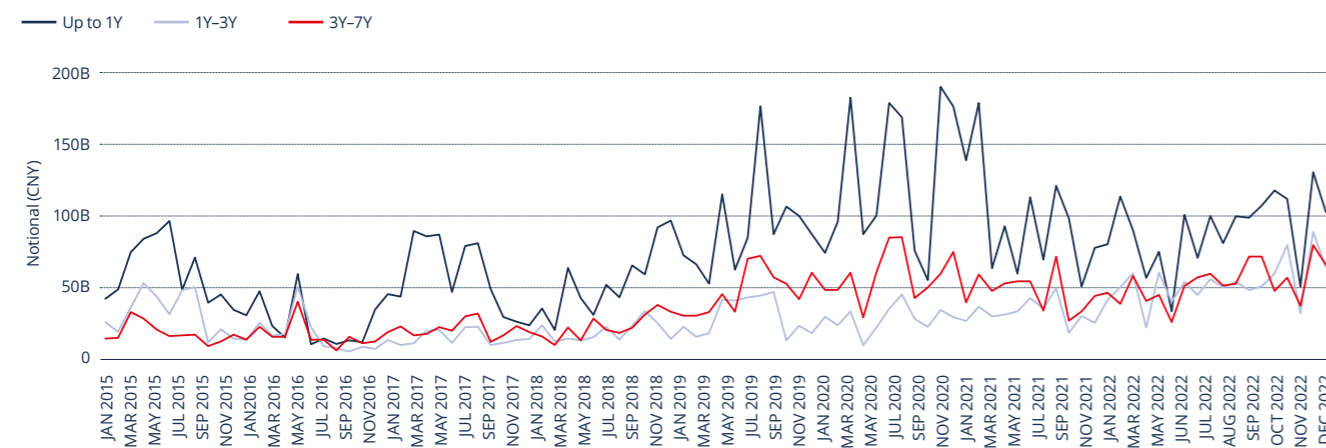


Source: Bloomberg, CCB

The offshore RMB interest rate swap (IRS) transaction activity¹ in 2022 increased by 30% relative to 2021. Maturities up to 1Y continue to show the largest volume by notional value, with RMB1.18 trillion traded in 2022; this was a moderate increase of 20% compared to 2021. The short duration maturities (1Y to 3Y) which are more sensitive to changes in liquidity preferences exhibited a strong increase in volume by 44% in 2022 with total notional traded amounting to RMB688 billion. Similarly, intermediate tenor (3Y-7Y) volumes went up by 36%. November 2022 was the most liquid month in all history of RMB IRS trading with RMB303 billion of notional transacted.

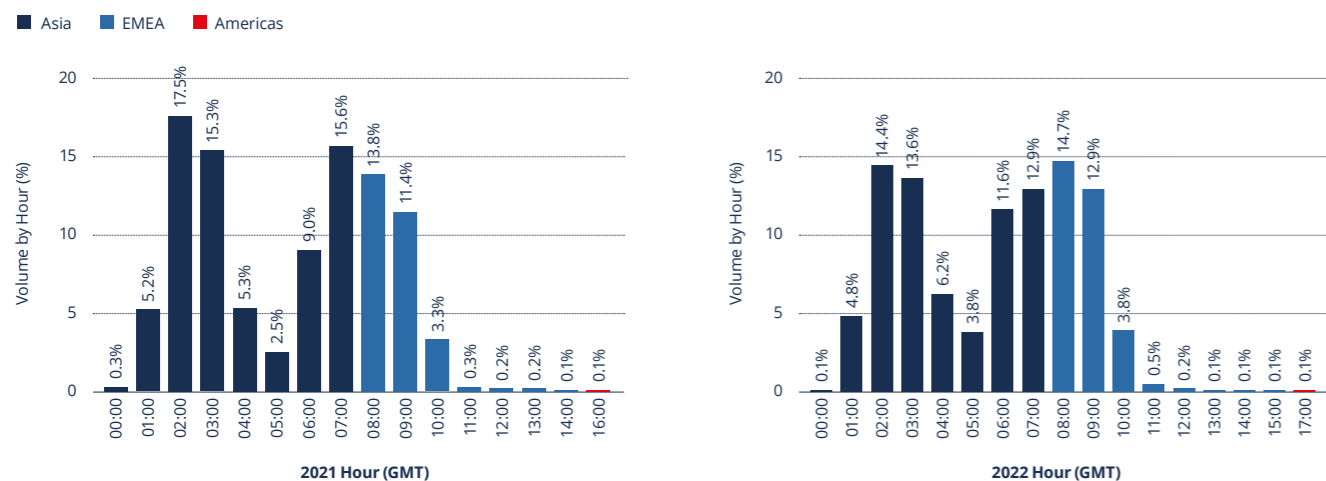
The offshore RMB IRS trading in the London morning time has seen a slight 11% increase from 29% to nearly 32% of the global daily total, between 8-10am GMT. Early morning share of volume in Asia has respectively declined, particularly between 1-3am GMT, while insignificant trading in American business time has been registered during both 2021 and 2022. The most liquid trading times for RMB IRS remain 2-3am GMT and 8-9am GMT, with close to 28% of the total daily volume being transacted in each of those time windows.

CNY OTC IRS Volume by Tenor Range



Source: Enterprai Data & Analytics, DTCC SDR

CNY OTC IRS Volume Distribution by Hour



Source: Enterprai Data & Analytics, DTCC SDR

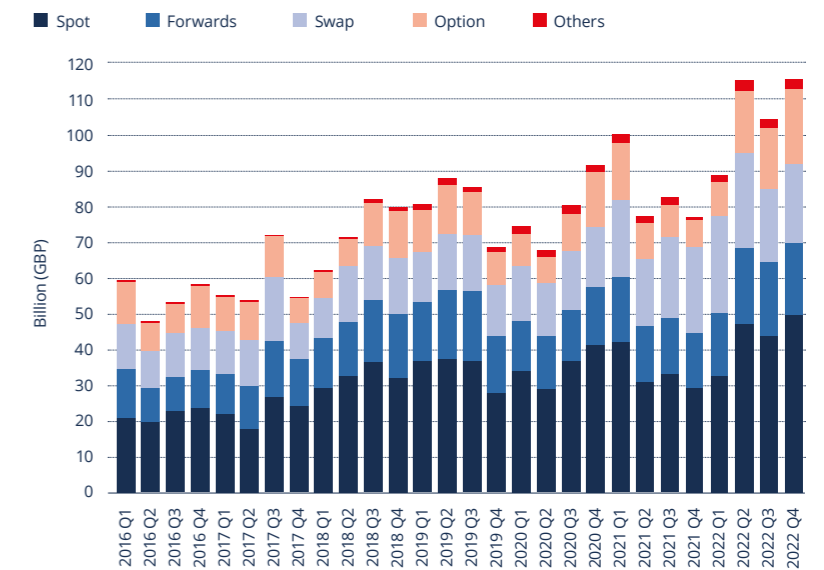
¹ The scale of the offshore RMB IRS transaction activity is measured by IRS notional value extracted from transactions reported to the Depository Trust & Clearing Corporation's (DTCC) swap data repository (SDR), processed and categorised by Enterprai. DTCC operates multiple depository services globally that help to address different local regulatory requirements. The data used in this report comes from the DTCC's Global Trade Repository service (GTR) Americas. That depository is registered with the Commodity Futures Trading Commission (CFTC) and is thus designed to allow market participants to meet the reporting obligations of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). As a result, the data is likely to be more representative of market participants that are bound by the US derivative reporting requirements and so are residing/operating/licensed in the United States. Alternative data sets which cover different reporting requirements (such as MiFiD) are also available, but reported volumes are as small as 5% compared to those in the DTCC dataset based on CNY traded notional numbers published by ISDA for H1 2022 (<https://swapsinfo.org/>).

London RMB Foreign Exchange Market

In 2022, the average daily CNH FX trading volume in London stood at GBP105.95 billion, up 30.44% YoY. The distribution of RMB FX turnover by counterpart sectors remained almost unchanged with the greatest share being taken by RMB FX turnover with "other sectors", which was 43.6%; followed by RMB FX turnover with non-resident deposit taking corporations, taking 31.7%; the smallest share belonged to RMB FX turnover with UK deposit-taking corporations, accounting for 24.7%.

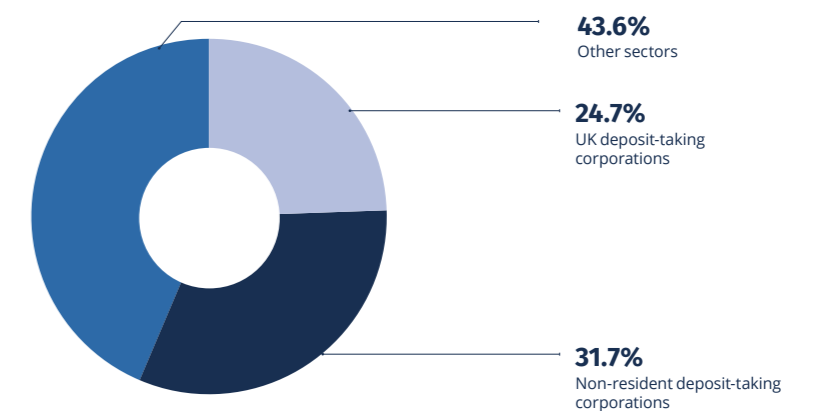
In December 2022, the share of EMEA trading time sessions of the overall offshore RMB foreign exchange transactions was higher than that in December 2021. According to EBS transaction data, RMB spot transactions in the EMEA trading session accounted for 46%, up 4% from December 2021. Specifically, in December 2022, volumes traded during Asia, EMEA and American trading hours were 39%, 46% and 15% respectively, compared with 46%, 42% and 9% in December 2021.

Average Daily Turnover of RMB FX in London as of Q4 2022



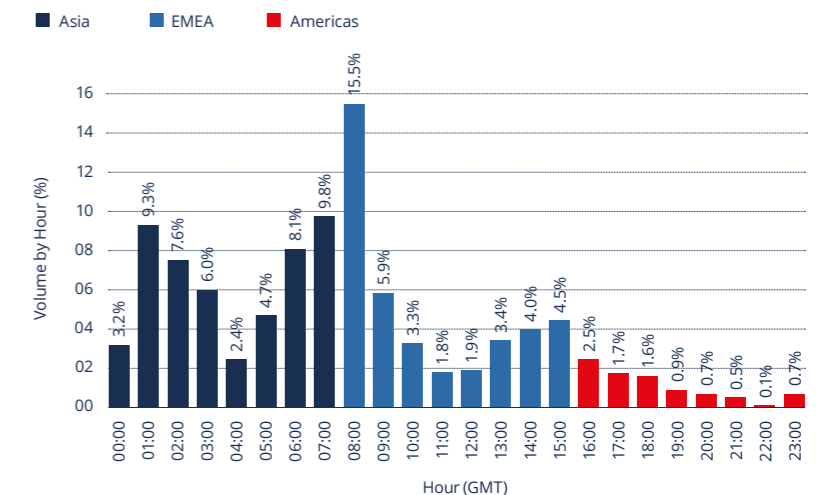
Source: Bank of England (BoE)

RMB FX Turnover by Counterpart Sector in Q4 2022



Source: Bank of England (BoE)

Spot CNY Volume Distribution by Hour on EBS in December 2022

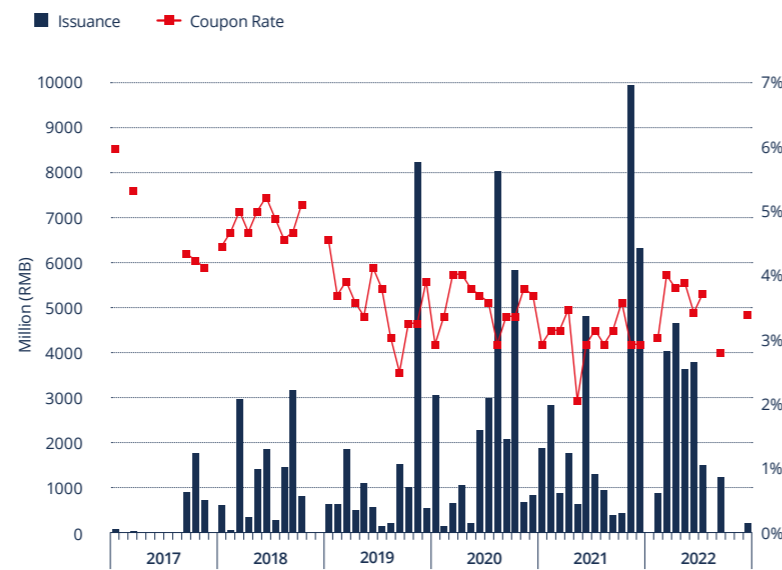


Source: EBS

London RMB Bond Market

2022 witnessed 46 Dim Sum bonds listed on London Stock Exchange, with a total issuance size of RMB19.9 billion, decreased by RMB12.2 billion compared with 2021, or a decrease of 37.9%. The top three issuers by issuance size are QNB Finance Limited (RMB4.87 billion), Standard Chartered Bank (RMB2.75 billion), and Bank of Montreal (RMB2.36 billion). The top three issuers by number of issuances are QNB Finance Limited (15), Commonwealth of Bank of Australia (7) and Standard Chartered Bank (5). By the end of 2022, there were 190 Dim Sum bonds listed on the London Stock Exchange with an outstanding value of RMB94.6 billion, and weighted average coupon rate of 3.39%, with a maturity of 4.38 years.

Dim Sum Bond Issuance and Average Coupon Rate as of December 2022 on LSE

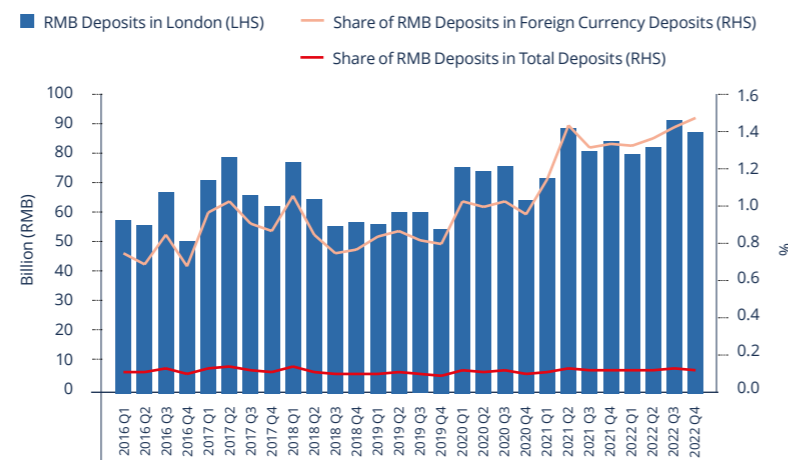


Source: LSE

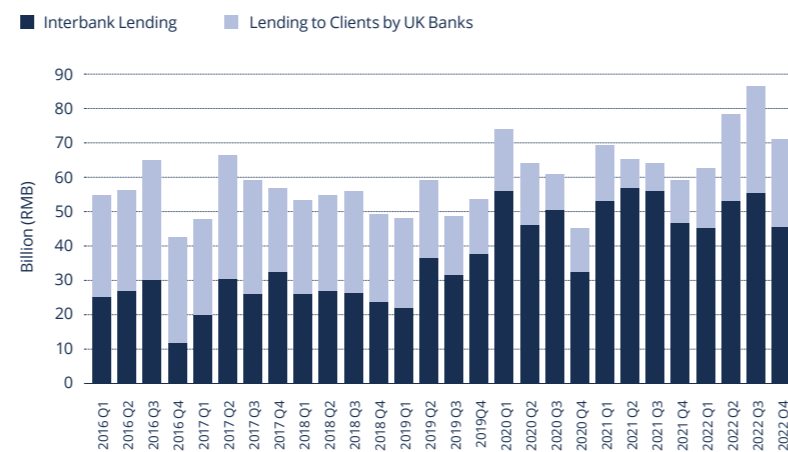
London RMB Credit Market

The outstanding RMB deposits and loans in London offshore market both saw a YoY increase. By the end of 2022, the amount of RMB deposits reached RMB87.39 billion, up 3.75% YoY. The amount outstanding of RMB loans reached RMB71.24 billion, up 20.3% YoY.

RMB Deposits in London as of Q4 2022



RMB Lending in London as of Q4 2022

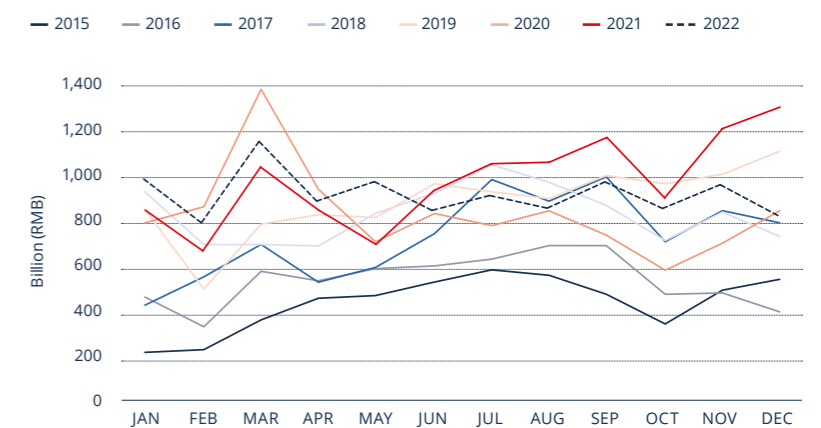


Source: Bank of England (BoE)

London RMB Clearing

Between January to December 2022, the total cumulative clearing volume was RMB11.16 trillion, with daily average clearing volume RMB47.1 billion, down 5.96% from 2021. Accumulated transaction counts stood at 86365. By the end of December 2022, the accumulative total RMB clearing volume reached RMB75.20 trillion since China Construction Bank (CCB) London Branch obtained its authorization to become the RMB clearing bank in the UK in June 2014, and the Bank remains the largest clearing bank outside Asia.

RMB Clearing Volume of the Designated UK Clearing Bank as of December 2022

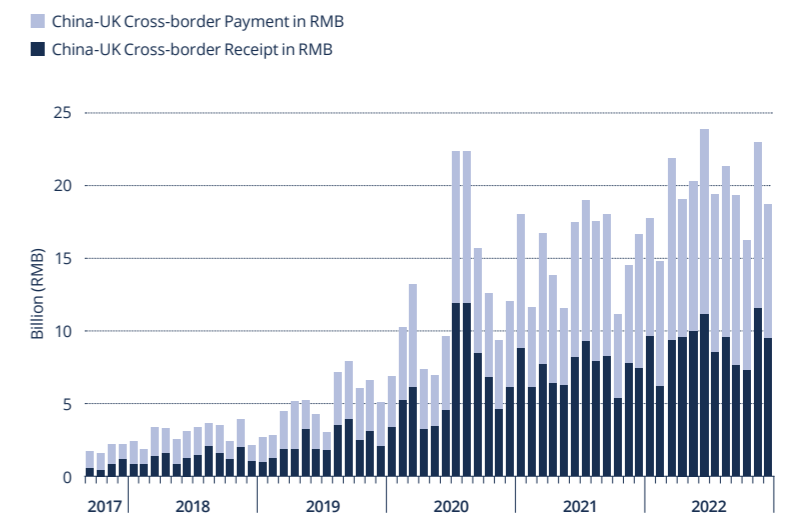


Source: CCB London Branch

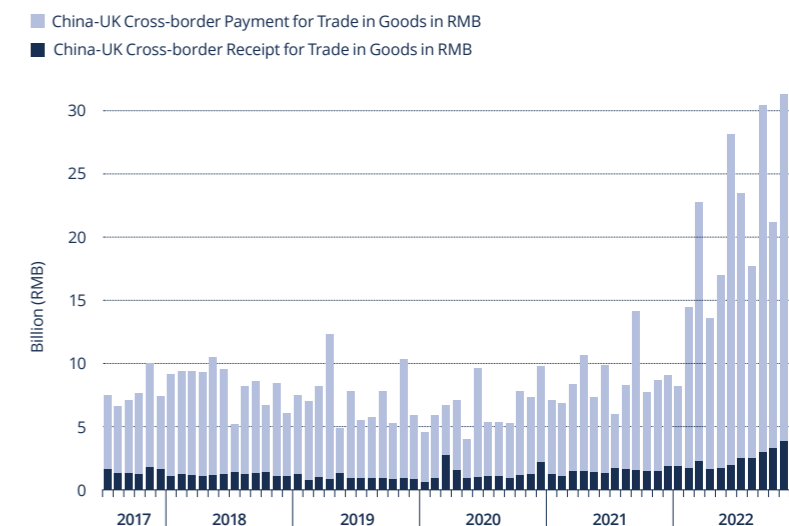
China-UK RMB Cross-Border Settlement

In 2022, the total value of cross-border RMB business transactions between China and the UK totalled RMB2.50 trillion, a 26.32% YoY increase. This comprised cross-border RMB receipts of RMB1.17 trillion, and payments of RMB1.34 trillion, resulting in a net inflow into the UK of RMB167.22 billion. During this period, cross-border RMB payments for the settlement of goods traded was RMB256.32 billion (accounting for 37.21% of the total value of goods traded between China and the UK during the same period), of which receipts were RMB31.16 billion and payments RMB221.14 billion.

China-UK Cross Border RMB Payment and Receipt as of December 2022



China-UK Cross Border RMB Payment and Receipt for Trade in Goods as of December 2022



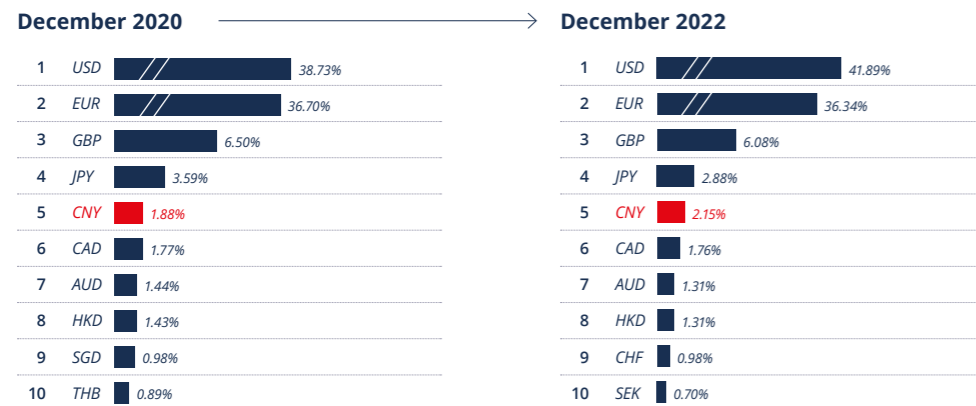
Source: PBC

The International Status of the London Offshore RMB Market

According to SWIFT, RMB's share as a domestic and international payments currency (customer initiated and institutional payments) in December 2022 was 2.15%, down 0.55% from December 2021. RMB share as a global currency in trade finance market was 3.91% in December 2022, up 1.90% from December 2021. The RMB remained as the fifth biggest global payment currency.

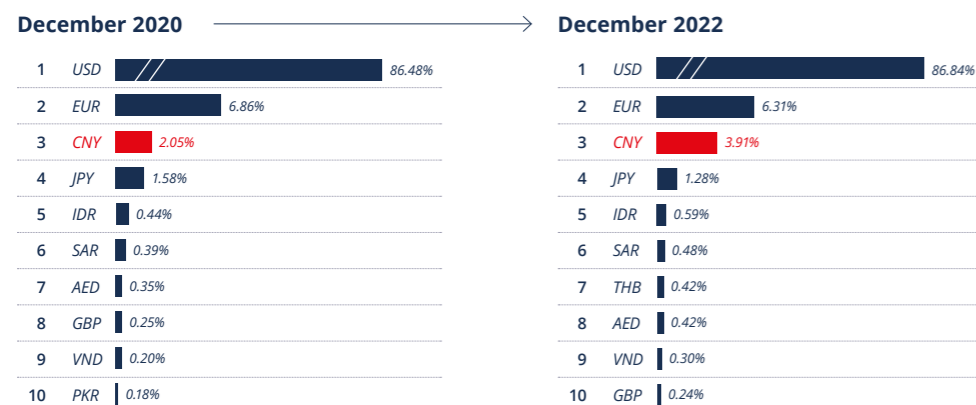
The UK remained the largest RMB FX spot transaction hub and the second largest offshore RMB payments centre in the world. The top three countries or regions doing spot FX transactions in RMB in 2022 were the United Kingdom, the United States and Hong Kong. The United Kingdom accounted for 38.13% of the total, higher from 2021 (35.83%).

RMB's share as a global payments currency (%)



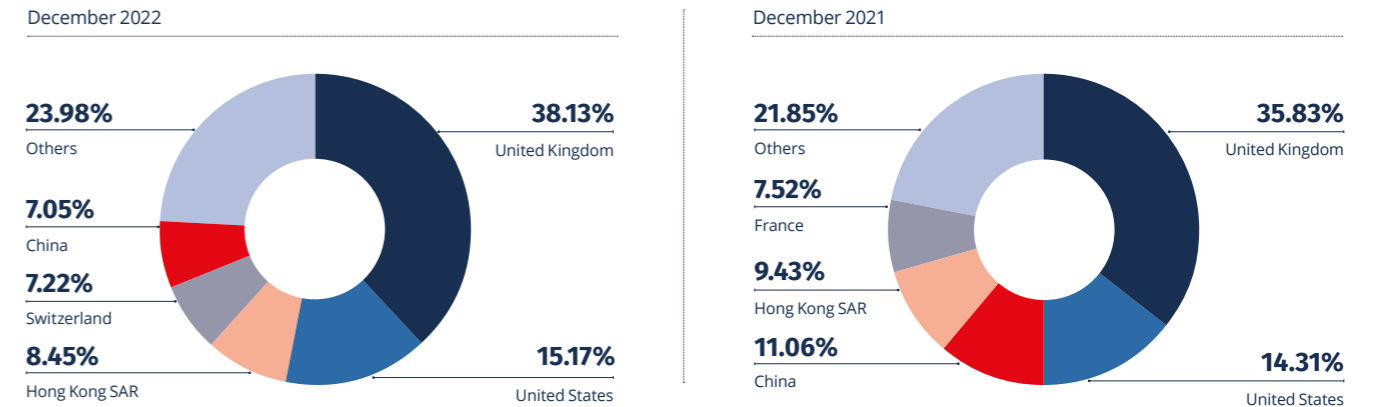
Source: SWIFT, watch

RMB's share as a global currency in trade finance market (%)



Source: SWIFT, watch

Top Economies doing FX Spot transactions in RMB



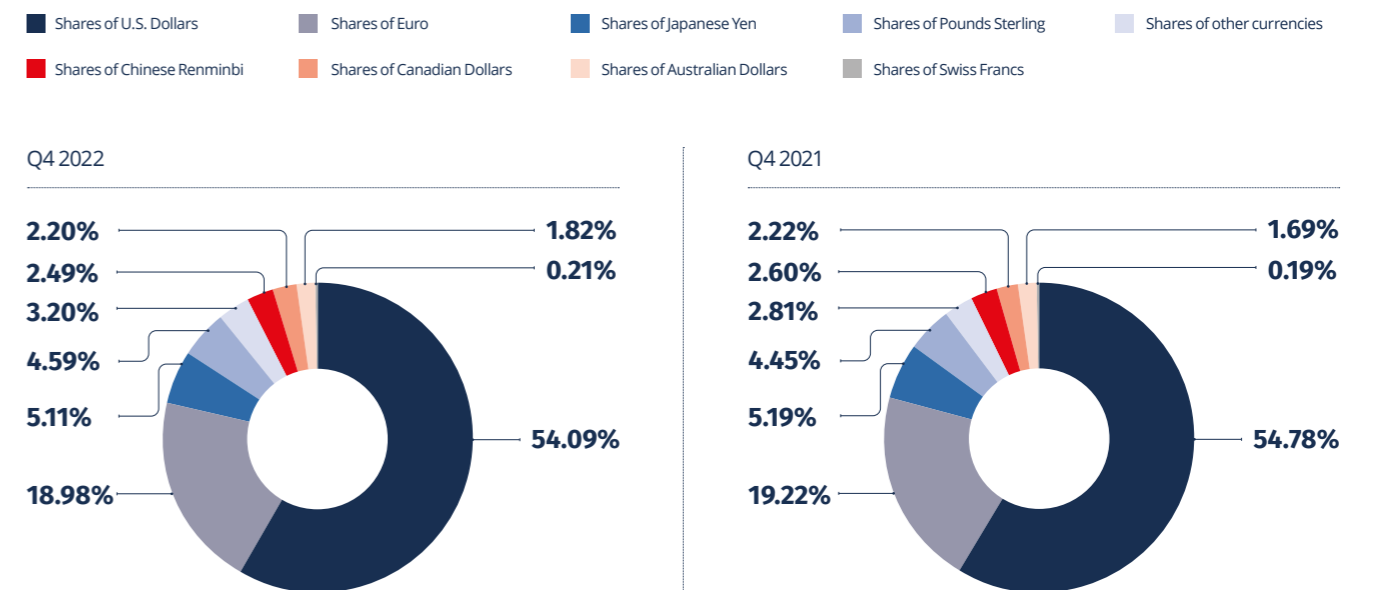
Source: SWIFT, watch

RMB in Global Currency Reserves

According to the IMF, the RMB represented 2.49% of global currency reserves as of Q4 2022, down 0.11% from Q4 2021. When it was first included in the SDR basket, its initial share was 1.07% in Q4 2016. The USD's share of global reserves increased from 54.78% in Q4 2021 to 54.09% in Q4 2022; the share of Euro decreased from 19.22% in Q4 2021 to 18.98% in Q4 2022; the share of JPY decreased from 5.19% in Q4 2021 to 5.11% in Q4 2022.

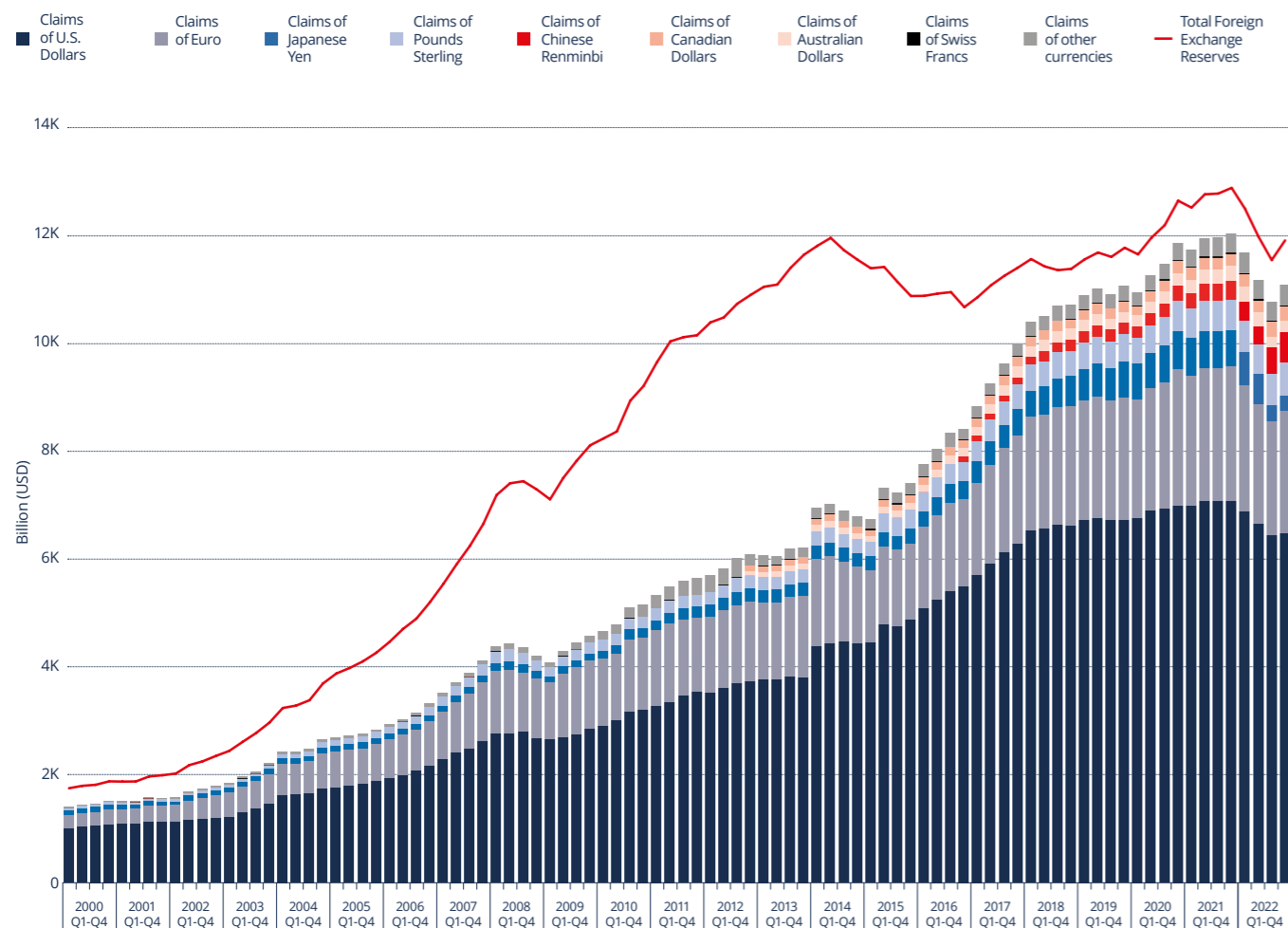
in Q4 2021 to 54.09% in Q4 2022; the share of Euro decreased from 19.22% in Q4 2021 to 18.98% in Q4 2022; the share of JPY decreased from 5.19% in Q4 2021 to 5.11% in Q4 2022.

World Currency Composition of Official Foreign Exchange Reserves



Source: International Monetary Fund

Official Foreign Exchange Reserves by Currency (USD billion) as of Q4 2022



Source: International Monetary Fund

China's Macroeconomic Outlook for 2023
Highlights from China's 2023 Government Work Report

Bank of China London Branch

The two sessions of 2023, which took place in Beijing from 4th to 11th March, were highly anticipated. The market was looking forward to the Chinese government's economic goals and priorities for 2023.

Targets and guidelines for the Work of the Government in 2023: according to this year's government work report, the GDP growth target for 2023 is around 5%, a relatively pragmatic and robust target that will leave more policy room for the new government to implement "effective quality improvement" and facilitate the implementation of a good strategy to expand domestic demand and achieve a virtuous cycle of social reproduction. In fact, given the debt problems accumulated from past fiscal stimulus and the increasingly severe aging population, the key to China's economic development in recent years has been to develop a more sustainable growth model and to reduce emphasis on binding GDP growth targets.

Expanding Domestic Demand: the government should prioritize the recovery and expansion of consumption, boosting the incomes of urban and rural residents through various channels. The government should stabilize automobile and other forms of consumption, and promote the recovery of food and beverage, cultural, tourism, sports, and other living services consumption. It is proposed that RMB3.8 trillion

be allocated for special-purpose bonds for local governments in 2023. The implementation of major projects outlined in the 14th Five-Year Plan should be sped up, along with the launch of urban renewal projects. The government should encourage and attract more private capital into major state projects.

Accelerating the Modernization of the Industrial System: scientific and technological innovation must play a bigger role in supporting industrial development. The government should continue the initiative to bolster industrial and supply chains, focusing on key industrial chains in the manufacturing sector. The government should assemble quality resources and make efforts to achieve breakthroughs in core technologies in key fields, fully unleashing the potential for innovation. The government should increase efforts to explore and develop important energy and mineral resources, discovering more reserves and boosting production. The government should also accelerate the digitalization of traditional industries and SMEs, making them smarter and more eco-friendly. The government should accelerate R&D and application of cutting-edge technologies, promoting the application of scientific and technological advances, and strive to develop the digital economy. Additionally, the government should step up regular oversight and support the development of the platform economy.

Chart 1: Government main targets for 2023

	2023 Targets	2022 Targets	Comparison
GDP	5%	Around 5.5%	-5%
CPI	3.0%	3.0%	
New Jobs (millions)	12	11	9%
Unemployment Rate	5.5%	5.5%	
Deficit/GDP	3.0%	2.8%	0.2%
M2	In line with economic growth rate	Basically match the nominal economic growth rate	
Monetary Policy	Stable monetary policy with precision and strength	Flexible and moderate to maintain a reasonable and sufficient liquidity	
Fiscal policy	Active Fiscal Policy with high efficiency	Improve efficiency and focus more on precision and sustainability	

Source: Bank of China

Intensifying efforts to attract and normalising foreign investment: the government should expand market access and continue to open up the services sector, and ensure national treatment for foreign companies. The government should take active steps to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and accede to other high-standard economic and trade agreements, and steadily expand opening up by proactively adopting relevant rules, regulations, management, and standards. The government should improve planning for regional opening up, upgrade pilot free trade zones, such as the Hainan Free Trade Port, and various development zones. The government should continue to leverage the role of imports and exports in driving economic growth. With a vast and open market, China provides even greater business opportunities for foreign companies.

Consolidating and developing the public sector and encouraging, supporting, and guiding the development of the private sector: the government should deepen the reform of SOEs and enhance the core competitiveness of SOEs to fulfill both their economic and social responsibilities. The government should, in accordance with the law, protect the property rights of private enterprises and the interests of entrepreneurs. The government should encourage and support the private sector and private businesses in growing and expanding, and support micro and small and medium-sized enterprises (SMEs) and self-employed individuals in business development. The government should cultivate a cordial and clean relationship between government and business and create an environment in which enterprises under all forms of ownership can compete and grow on a level playing field. Effective measures and policies should be rolled out to stabilize market expectations and boost market confidence.

Effectively preventing and defusing major economic and financial risks: the government needs to deepen the reform of the financial system, improve financial regulation, and ensure its full responsibility to guard against regional and systemic financial risks. The government should ensure effective risk prevention and mitigation in high-quality, leading real estate enterprises, help them improve debt-to-asset ratios, and prevent unregulated expansion in the real estate market to promote the stable development of the real estate sector. To prevent and defuse local government debt risks, the government should improve the mix of debt maturities, reduce the burden of interest payments, and prevent a buildup of new debts while working to reduce existing ones.

Continuing the transition to green development: pollution prevention and control should be intensified. The government should take more robust and comprehensive measures to upgrade urban and rural environmental infrastructure, and continue to implement major projects for protecting and restoring key ecosystems. The government should promote R&D for the clean and efficient use of energy, accelerate the development of a new energy system, and increase the share of renewable energy in China's energy mix. The government should improve policies and financial tools for green development, and promote efficient and intensive use of resources. The government should advance energy conservation, reduce carbon emissions, and control pollution in key areas.

Meeting people's basic living needs and developing social care: the government should improve the housing support system, support people in buying their first homes or improving their housing situations, help resolve housing problems for new urban residents and young people, and accelerate the renovation of old residential communities and dilapidated houses.

The government should work faster to build a high-quality educational system, promote high-quality, balanced development and urban-rural integration of compulsory education, advance preschool education and special needs education, and intensify efforts to develop occupational education. The government should continue to explore new ground in higher education, support the development of universities and colleges in the central and western regions, and further integrate sports with education.

The government should deepen the reform of the medical and healthcare systems and promote the coordinated development and governance of medical insurance, medical services, and pharmaceuticals. Great importance should be attached to mental and psychological health.

The government needs to pursue a proactive national strategy in response to population aging, improve elderly care services, and refine supporting policies on childbirth. The government should protect the legitimate rights and interests of women, children, the elderly, and people with disabilities.

China Launching Swap Connect

Bank of China Hong Kong Financial Research Institute

On 28th April 2023, the People's Bank of China (PBC) published the Interim Measures for the Administration of Mutual Access between the Mainland and Hong Kong Interest Rate Swap Markets (referred below as the Interim Measures), kicking off the launch of Swap Connect. According to the latest announcement of Hong Kong Monetary Authority (HKMA), **this initiative, known as Swap Connect, launched on 15th May 2023**, marking another milestone to further open up the Mainland's capital markets.

1. Background

In order to enhance the development of financial derivatives markets in both the Mainland and Hong Kong and achieve high-level financial opening-up, Swap Connect was announced on 4th July 2022 upon the 5th anniversary of Bond Connect by the PBC, Securities and Futures Commission and HKMA, with a view to launch in six months. Swap Connect is an arrangement that allows overseas and the Mainland investors to participate in the financial derivatives markets in the Mainland and Hong Kong through a connection between the infrastructure institutions in two places. On February 17th 2023, the PBC unveiled the long-awaited draft of the Interim Measures for public consultation which ended on 4th March. Since its formal release at the end of April, China Foreign Exchange Trade System (CFETS) and Shanghai Clearing House (SHCH) had introduced specific rules for trading and clearing arrangements of Swap Connect to the market.

2. Key aspects

The Interim Measures sketched out key aspects of the regulatory framework for the Swap Connect scheme.

Northbound trading:

Swap Connect launched with Northbound trading at the initial stage, enabling overseas investors to participate in the Mainland interbank financial derivatives markets through mutual access between Hong Kong and Mainland infrastructure institutions with regards to trading, clearing and settlement arrangements.

Eligible investors:

Overseas institutional investors who meet the criteria prescribed by the PBC and have completed filing procedure to enter into the domestic interbank bond market (CIBM) can participate in Northbound trading of Swap Connect, such as foreign central banks, international financial organizations, sovereign wealth funds, northbound Bond Connect investors and other institutional investors recognized by the PBC.

Investment Scope:

The initial product for Northbound trading is RMB interest rate swaps, which is expected to be expanded in due course. The quotation, trading and settlement currency of such products are in RMB.

Quota limit:

Northbound trading is subject to a daily net trading quota of RMB20 billion and a clearing quota of RMB4 billion, which will be adjusted in line with market conditions.

Trading and settlement arrangements:

Similar to the previous mutual market access programs, Swap Connect offer overseas investors a solution to execute trades in the domestic financial derivatives market under conditions that they are familiar with. It involves a trading link between the onshore electronic trading platform (i.e. CFETS) and the internationally renowned trading platforms (e.g. TradeWeb, Bloomberg and other platforms to be recognized by the PBoC in accordance with market demands). A Northbound trading transaction shall be concluded on a domestic electronic trading platform (i.e., CFETS), upon which the transaction shall be deemed to be completed and confirmed. Besides, it also involves a clearing and settlement link between

the onshore OTC derivatives clearing house (i.e. SHCH) and the Hong Kong counterpart (i.e. OTC Clearing Hong Kong Limited). Overseas investors will clear at OTCC either as a clearing member of OTCC or through client clearing.

Onshore participants in Northbound Swap Connect (i.e. dealers/market makers in the domestic interbank financial derivatives market) and overseas investors are required to enter into a master or other agreement recognized by the PBC, which include the ISDA Master Agreement, NAFMII Master Agreement, and ISDA/FIA Cleared Derivatives Execution Agreement. At present, the China Interbank Market Dealers Association is working on developing a “Swap Connect” derivatives agreement, which can be another option for domestic and foreign market participants to sign after its official release.

Currency Conversion:

Overseas investors are allowed either use offshore RMB (CNH) or foreign currencies for settlement to participate in Northbound Swap Connect. Swap Connect investors using foreign currencies may conduct currency conversion (CNY/FX) with the “Hong Kong FX Settlement Banks”, which refers to the RMB clearing bank and overseas RMB participating banks in Hong Kong approved by the PBC to access the onshore interbank foreign exchange market. Each Investor can appoint one Hong Kong FX Settlement Bank to undertake CNY conversion. Banks that offer such service should ensure that the CNY spot transactions arise from genuine and reasonable needs from Swap Connect transactions.

Way Forward

The drive to further open up China capital market has been strong and reinforced by the launch of various mutual market access programs in the past few decades. Swap Connect is another milestone to this process, which will also support the internationalization of RMB. By the end of March this year, overseas investors held RMB3.21 trillion of RMB-denominated bonds in the domestic interbank bond market, representing a market share of 2.5%. Swap Connect will offer those investors a new channel for risk hedging and management purpose, making onshore RMB bond market more attractive to tap into. According to the PBC, the regulator will consider further expansion of investment scope and quota limit, as well as the launch of Southbound trading at a later stage in response to growing market demand.

China Begins Full Implementation of Registration System

Shanghai Stock Exchange London Office

In February 2023, China Securities Regulatory Commission (CSRC) announced the full implementation of registration-based system for securities public offering in China’s capital market.

What is the registration system?

The registration system, or the registration system for the securities public offering, is the system by which companies issue securities for listing. The registration system is distinguished from the approval system.

The essence of the registration system reform is to give the choice to the market, strengthen market discipline and the rule of law, and improve the convenience of investment and financing. The full registration system will further improve the functions of the capital market, increase the proportion of direct financing and better promote the high-quality development of China’s economy.

Since the launch of the pilot registration system, the CSRC has clearly set out the **“three principles” for the reform**. They are namely, insisting on respecting the basic connotation of the registration system, drawing on global best practices, and reflecting the characteristics of China and its development stage. These “three principles” have been applied to all aspects of the reform and the entire process.

Compared with the approval system in the past, the implementation of **the registration system will bring about changes in four areas:**

First, change of regulatory philosophy. By insisting on information disclosure as the core, the regulator will not “make judgments” on the investment value of enterprises.

Secondly, change in the way of gatekeeping. The registration system works mainly through making inquiries to ensure the quality of information disclosure. It emphasizes issuer’s primary responsibility for information disclosure, and intermediaries’ “gatekeeper” responsibility.

Thirdly, more transparency. It requires “open-door review”. The criteria, procedures, content of enquiries, process and results of the review are all made public. At the same time, supervision and checks and balances are more strict, so that the public power operates under the sun.

Fourthly, change of supervision and enforcement. Zero tolerance will be allowed for fraudulent issuance, financial fraud and other types of violations. In other words, they will be cracked down on as soon as they

germinate. Administrative, civil and criminal penalties have been introduced to create a strong deterrent.

The comprehensive **registration system reform involves all aspects of China’s capital market and comprises at least three main aspects.**

First, the conditions for issuance and listing will be significantly optimized. The registration system will only retain the necessary eligibility and compliance conditions for the public offering of shares by enterprises, and will convert the substantive thresholds under the approval system into disclosure requirements as far as possible. Regulators will no longer make judgments on the investment value of enterprises.

Second, the quality of information disclosure will be effectively maintained. The introduction of a registration system in no way means relaxing quality requirements. The review gate-keeping is more stringent. The review is mainly carried out by asking questions and urging issuers to disclose true, accurate and complete information. Using a variety of methods, such as multi-factor verification, on-site supervision, on-site inspection, verification of complaints and enforcement, the issuer’s primary responsibility for information disclosure and the intermediary’s “gatekeeper” responsibility will be ensured.

Third, adhere to the open door policy for review. The standards, procedures, contents, process and results of the review and the registration are all open to the public, and the operation of public power is transparent throughout, with strict checks and balances to accept social supervision.

The top priority of the full registration system reform is the Shanghai and Shenzhen Main Boards. The reformed Main Boards will highlight the characteristics of large-cap blue chips and focus on supporting high-quality enterprises with mature business models, stable business performance, large scale and industry representation. Diversified and inclusive listing conditions will be set accordingly, and the Main Boards will be distinguished from the STAR Market in Shanghai and the ChiNext in Shenzhen. After the reform, the Main Boards will mainly serve large enterprises at a mature stage. The STAR Market will highlight the characteristics of “key technologies” and play the role of a testing ground for capital market reform. The ChiNext will mainly serve growth-oriented innovative and entrepreneurial enterprises. The Beijing Stock Exchange (BSE) and the NEEQ will work together to create the main service area for innovative SMEs.

How effective is the registration pilot program?

On 5th November 2018, General Secretary Xi Jinping announced the establishment of the Science and Technology Innovation Board (STAR Market) on the Shanghai Stock Exchange and the pilot registration system at the first China International Import Expo. On 22nd July 2019, the first STAR Market companies were listed and traded. On 24th August 2020, the reform of the Shenzhen Stock Exchange's ChiNext and the pilot registration system were officially implemented. On 15th November 2021, the BSE was opened and piloted the registration system.

After more than four years of piloting, the registration system reform has brought fundamental changes to China's capital market in all aspects - the issuance and listing system with information disclosure as its core has stood the test of the market. Key system innovations such as trading and delisting have been effective. Significant breakthroughs have been made in the construction of the rule of law. The service function of the capital market for the real economy, especially for science and technology innovation, has been greatly enhanced. Market structure and market ecology have undergone profound changes. Market vitality and market resilience have been significantly enhanced. Last but not the least, a real sense of achievement has been brought to all parties involved in the market. The success of the pilot registration system has made it possible to extend the system to the whole market.

There is no doubt that **China has achieved good results in the pilot registration system since 2019**, promoted by the STAR Market, the ChiNext and the BSE.

First, the system structure was fully explored which brought out good results and is in line with China's conditions. With information disclosure as the core, a more market-oriented institutional arrangement is introduced, and no administrative restrictions are imposed on the pricing and size of new share issues, etc. Accordingly, the efficiency, transparency and predictability of review and registration have been significantly improved.

Second, the function of serving science, technology and innovation has been enhanced. The STAR Market and others have established diversified and inclusive issuance and listing conditions, allowing unprofitable enterprises and others to be listed. A number of key technology enterprises have landed on the STAR Market, which has smoothed the high-level circulation of technology, capital and the real economy.

Third, innovations in key systems such as trading and delisting have been promoted. There is no limit on the upward and downward movements during the first five trading days of the listing of new stocks on the STAR Market, and the daily upward and

downward movements are relaxed from 10% to 20% from the sixth trading day onwards. Meanwhile, the securities borrowing and lending (SBL) mechanism is optimized. The efficiency of secondary market pricing is significantly improved. Delisting mechanism is established. Delisting procedures are streamlined. Delisting standards are optimized. All worked to improve trading and delisting significantly.

Fourth, the multi-tiered market system has been optimized. The registration system reform is carried out on a board-by-board basis, and the structure of the multi-tiered capital market is clearer after promoting the reform, and the boards have strengthened their organic links through Initial Public Offerings (IPOs) and transfers.

Fifth, the rule of law has been improved. The introduction and implementation of the new Securities Law and the Criminal Law Amendment (XI) fundamentally reversed the situation where the cost of violation was too low.

Sixth, the market ecology has been improved. The structure of listed companies, the structure of investors and the valuation system have all undergone positive changes. The proportion of technology-based companies and the proportion of trading by professional institutions have increased significantly, the pricing of new share issues as well as the valuation of the secondary market have shown a trend of high quality, the market has become more orderly and the issuers and intermediaries have become significantly more respectful of the market.

What arrangements have been made to fully implement the registration system?

The full implementation of the registration system for the issuance of shares has fully summarized the experience of the previous pilot registration system and further improved the relevant institutional arrangements:

First, to optimize the registration process. Adhere to the basic structure of exchange review and CSRC registration with their respective focus and interface. The main responsibility of the exchange for issuance and listing review will be further consolidated, and the exchange will conduct a comprehensive review of whether the enterprise meets the issuance conditions, listing conditions and information disclosure requirements. The CSRC will make a decision on whether or not to grant registration based on the exchange's review opinion in accordance with the law.

Second, a unified registration system. Integrate the rules of the registration system piloted by the SSE and SZSE, formulate unified administrative measures for the registration of initial public offerings and the registration of listed companies' securities offerings, and maintain the overall consistency of the rules of the

registration system of the BSE with the SSE and SZSE. The exchanges develop and revise unified business rules for the review of stock offerings and listings.

Third, improve the supervision and check mechanism. The CSRC will strengthen the co-ordination and supervision and assessment of the exchange's review work and urge the exchange to improve the quality of its review. Reform and improve the composition, term of office, duties and rules of procedure of the Listing Committee and Restructuring Committee, set higher requirements for political quality, professional background and ethics, increase the proportion of full-time staff and strengthen discipline, so as to effectively play the gate-keeping role of the two committees. In addition, the NEEQ will implement the registration system at the same time, and the relevant arrangements will be generally consistent with those of the stock exchanges. In particular, for joint stock companies with not more than 200 shareholders applying for listing on the NEEQ, or for NEEQ-listed companies with not more than 200 shareholders after a directed share issue, the CSRC will exempt them from registration after they pass the review by the NEEQ.

What are the implications of the full registration reform?

The reform will further improve the basic system of the Chinese capital market, which includes enhancing the issuance and underwriting system to restrain irrational pricing; improving the trading system and optimizing the SBL and intermediary securities lending mechanism; improving the system of independent directors of listed companies; normalising the delisting mechanism to open up diversified exit channels; and accelerating the reform of the investment side to introduce more medium and long-term capital. At the same time, the NEEQ will be supported to explore and improve the basic system that better suits the characteristics of SMEs.

The registration system reform is a combination of regulation and delegation, and will fully take into account the realities of China's capital market, which is not yet fully developed, with a high proportion of small and medium-sized investors and a less than perfect integrity environment. The supervision of the entire chain of issuance and listing will be enhanced. Adhering to the principle of "application with responsibility", the registration system consolidates the responsibilities of issuers and actual controllers. It also urges intermediaries to perform their duties and strengthen capacity building. Strengthening the linkage between issuance supervision and ongoing supervision of listed companies, the registration system will help upgrade the governance of listed companies. Fraudulent issuance, financial fraud and other violations will be cracked down upon with a "zero tolerance" attitude, so as to effectively protect the legitimate rights and interests of investors.

What will be the regulatory arrangements and changes after the full implementation of the registration system?

As mentioned, with the full implementation of the registration system for share issuance, the regulator has made corresponding arrangements in the combination of regulation and delegation. The general idea of the regulator is to strengthen the whole process of supervision before, during and after the issuance of shares, to increase the intensity of regulation while delegating power, to urge market players to perform their duties and to create a good market ecology.

At the front end, it means to adhere to the positioning of the board, strengthen the responsibilities of issuers, intermediaries and the exchange at all levels, conduct strict reviews and keep a tight grip on the quality of listed companies. Once again, the implementation of the registration system does not mean that quality requirements are relaxed.

In the middle, the linkage between issuance supervision and ongoing supervision of listed companies will be enhanced so that corporate governance will be improved. Efforts will be made to enhance the regulation of information disclosure by listed companies, further strengthen the responsibility of information disclosure by listed companies, shareholders and related parties, and facilitate multiple exit channels etc.

At the back end, maintain high pressure with "zero tolerance" law enforcement.

To sum up, the registration system reform involves profound changes in the regulatory philosophy, system and approach. The CSRC will shift its focus to co-ordination, rule-making, supervision and inspection, order management and environment creation, effectively improving its regulatory capacity and strengthening in-process and ex-post supervision. In addition, the CSRC also attaches great importance to the prevention of integrity risks under the registration system. It has established a sound supervision and control mechanism covering the whole process of issuance, listing, refinancing, M&A and restructuring, delisting and supervision and enforcement. It has strengthened the prevention and control of integrity risks for personnel in key positions and strengthened the supervision of integrity in the industry. The Discipline Inspection and Supervision Office of the CPC Central Commission for Discipline Inspection and the National Commission of Supervision at the CSRC has been assigned to supervise the Shanghai and Shenzhen stock exchanges and has zero tolerance for corruption in the capital market.



Shanghai Skyline

What is the action plan for the SSE to fully implement the registration system?

The business rules accompanying the full implementation of the registration system by the SSE are formulated in accordance with the provisions of the Securities Law, the general requirements for the full implementation of the registration system and the regulations of the CSRC. The SSE will adhere to the following in implementing the registration system reform:

First, unswervingly adhere to the direction and objectives of the reform. We will focus closely on the overall goal of building a regulated, transparent, open, dynamic and resilient capital market, adhere to the direction of market-oriented and rule-of-law reform. We will adhere to the principles of respecting the basic features of the registration system, drawing on global best practices, reflecting Chinese characteristics and our development stage. We will highlight the essence of leaving the choice to the market, adhere to serving the real economy and technological innovation, and better promote high-quality development.

Second, fully inherit the experience of the pilot registration system reform. The pilot registration system has explored the formation of a registration system framework in line with China's conditions, the establishment of an open, transparent and predictable review and registration mechanism, promote key system innovation, promote regulatory transformation, and improve the integrity of the corruption risk prevention and control mechanism. The SSE will replicate and extend the market-tested and proven practices in the pilot registration system to the Main Board to further promote open-door review, improve transparency, enhance market discipline, and improve market quality and efficiency.

Third, the unified arrangements for each board will be promoted as a whole. The registration system will be unified and fully implemented in all market segments, with supporting business rules comprehensively covering issuance and listing review, underwriting, ongoing supervision, trading and investor protection, etc. The Main Board and STAR Market will be considered in an integrated manner, and the basic system of the registration system will be applied to all segments as a whole.

Fourth, retain the differential arrangements according to the characteristics of the boards. In view of the functional positioning of the board, set up diversified and inclusive listing conditions, highlight the characteristics of the board and maintain differentiated development; respect the market habits of the Main Board, keep the investor suitability requirements of the Main Board unchanged, steadily push forward the reform of the trading mechanism of the Main Board and continuously evaluate and improve it; continue to play the role of a testing ground for the STAR Market, accumulate experience in such aspects as follow-on investment by sponsor institutions, shareholding reduction by inquiry and transfer, and market-making mechanism on an early and pilot basis.

The SSE effectively assumes the responsibility of the implementation of the registration system reform, clarifies the positioning of the Main Board and optimizes the conditions for issuance and listing on the Main Board. At the same time, it adheres to the positioning of the STAR Market, promotes the formation of a multi-tiered market system with differentiated development, complementary functions and organic linkages, and fully serves the development of the real economy.

On the one hand, it further clarifies the positioning of the Main Board. On the other hand, it adheres to the positioning of the STAR Market, with a focus on the core objective of the STAR Market to "support and encourage the listing of key technology enterprises" and to serve "key technology" enterprises. In the process, the SSE will further support companies that meet the positioning of the STAR Market to be listed on a priority basis.

In accordance with the requirements for the full implementation of the registration system, and on the basis of adhering to the principles of standardization, transparency, predictability and strict quality control, the SSE has replicated and extended the procedures, mechanisms and information disclosure requirements for the issuance and listing on the STAR Market to the Main Board, optimized the specific arrangements for issuance and listing review, formulated rules for the review of initial public offerings, refinancing and major asset reorganization, and simultaneously formulated

supporting business guidelines and handbooks for unified implementation in both boards.

Take IPO review for example, the positioning of the Main Board and the STAR Market will be further clarified, the organic link between the review by the Exchange and the registration by the CSRC will be strengthened, and the quality and efficiency of the review will be improved. The Exchange accepts applications for public offering of shares from companies and reviews and determines whether the companies meet the conditions for issuance, listing conditions and information disclosure requirements. If major sensitive matters, major unprecedented circumstances, major public opinion or clues of major violations are identified during the review, the Exchange will promptly seek instructions from and report to the CSRC.

In terms of refinancing review, the preferred shares will be included in the scope of review under the registration system and the issuing body will be extended to include companies listed on the STAR Market, the categorized review system will be extended to companies listed on the STAR Market, the application of simplified procedures for issuing shares to specific targets will be extended to companies listed on the Main Board, the standards of the Main Board and the STAR Market will be unified, and the focus will be on guiding listed companies to focus on their main business in terms of compliance with the positioning of the board.

Arrangements also have been made in the area of restructuring review, the reform of the issuance and underwriting system and the duties of the Self-Regulatory Committee on Public Offerings of Shares etc. At the same time, the SSE launched a series of themed educational initiatives on the registration system to effectively safeguard the legitimate rights and interests of investors.

Development of Distributed Ledger Technology (DLT) for RMB Sustainable Financing

HSBC

Background

Distributed ledger technology (DLT) or blockchain, has been successfully applied in capital markets, most notably in the issuance of debt securities, catalysing the development of DLT bonds in the digital assets space. Several supranational institutions including the World Bank, European Investment Bank (EIB), as well as financial and corporate issuers around the world have tested and proved the feasibility of issuing DLT-based debt instruments.

For DLT bonds, it can either be issued natively onto a DLT or be issued and represented through a token on a blockchain or DLT network (tokenised DLT bond).

The use of DLT or blockchain for bonds issuance will fundamentally change the issuance and lifecycle process including the execution, clearing, safekeeping, record keeping, payments and corporate actions functions. The use of smart contracts could also enable programmable features to facilitate or automate processes relating to the bonds, making existing processes more efficient. DLT bonds can bring benefits to market participants including a reduction of intermediaries, cost savings, immutable shared data source for better transparency, operational efficiency for much quicker settlement, cryptographic encryption for added security, as well as enhancing compliance and risk management.

Foundation to mainstreaming DLT bonds

The key to developing securities issuances on the DLT is a flexible and supportive legal and regulatory framework, where governing laws of the respective jurisdiction should provide legal and regulatory certainty and to support an increased secondary market liquidity.

Leading financial markets have been proactively developing a sound legislative and regulatory regime for securities tokenisation. One example is Luxembourg¹, who takes the lead of enacting and amending the Luxembourg Act dated 1st August 2001 on the on-chain transfers and servicing of securities and the Act of 6th April 2013 on dematerialised securities; allowing both foreign and local companies to issue dematerialised securities natively in a DLT environment and to transfer and service securities entirely on-chain on DLT. It even took a step further in increasing the liquidity of native DLT securities by admitting qualified DLT security tokens to be registered onto the Securities Official List (SOL) of the Luxembourg Stock Exchange.

France takes an incremental approach by adapting the registered bonds regime and adding additional legal clarity to protect holders of security tokens issued on DLT. However, security tokens cannot yet be issued in dematerialised bearer form as would be the usual approach for benchmark bonds in France; and security token issuance under French law cannot be admitted to trading or to the operations of a central securities depository (CSD).

Germany enacted a new Electronic Securities Act to supplement the existing regime, allowing for the issuance of dematerialised bearer securities. Issuers in Germany now have the option of issuing native electronic securities through formally depositing the applicable terms and conditions and establishing and maintaining a register of security holders. The register of security holders can be either centralised (i.e., by a CSD) or decentralised (i.e., by a DLT platform).

Switzerland² moved from applying an umbrella of existing laws and ordinance to regulate the issuance of dematerialised securities to enacting a dedicated Swiss Distributed Ledger Technology Act, which helps close the gaps in previous legal framework and creates more legal assurance for DLT-based assets and their custodians.

¹ Steve Jacoby, Native issuances of DLT securities in Luxembourg, France and Germany and admission to the Luxembourg Stock Exchange Securities Official List, Clifford Chance, 17 May 2022.

² Alexandra Overgaag, An overview of the Swiss Distributed Ledger Technology (DLT) Act, Cointelegraph.

³ KfW Press Release, Commerzbank, KfW and MEAG simulated Security transaction via Blockchain, 2017-09-25.

⁴ FinTech database, New FinTech Applications in Bond Markets, ICMA.

Market developments - DLT bond experiments and issuances

The experiment of issuing a DLT bond in parallel to a traditional one was first tested and proved in 2017. Since then, a variety of DLT-based debt instruments, denominated in both fiat and crypto currencies, were issued on both public and private blockchain platforms.

The European Investment Bank (EIB) is the most active issuer of DLT bonds in recent years. Since 2021, it has issued the first ever digital bond using DLT - including a EURO-denominated DLT bond, and a GPB-denominated DLT bond of which was issued on HSBC Orion platform.

HSBC also plays an active role in bridging the worlds of digital assets and green financing, with the most recent engagement being the HKSAR government's inaugural issuance of HKD-denominated tokenised green bond on a private blockchain platform. In this landmark transaction as the first institutional tokenised green bond by a government issuer globally, HSBC was the Market Practice Adviser, Joint Global Coordinator, Joint Lead Manager and Joint Bookrunner and Joint Green Structuring Bank.

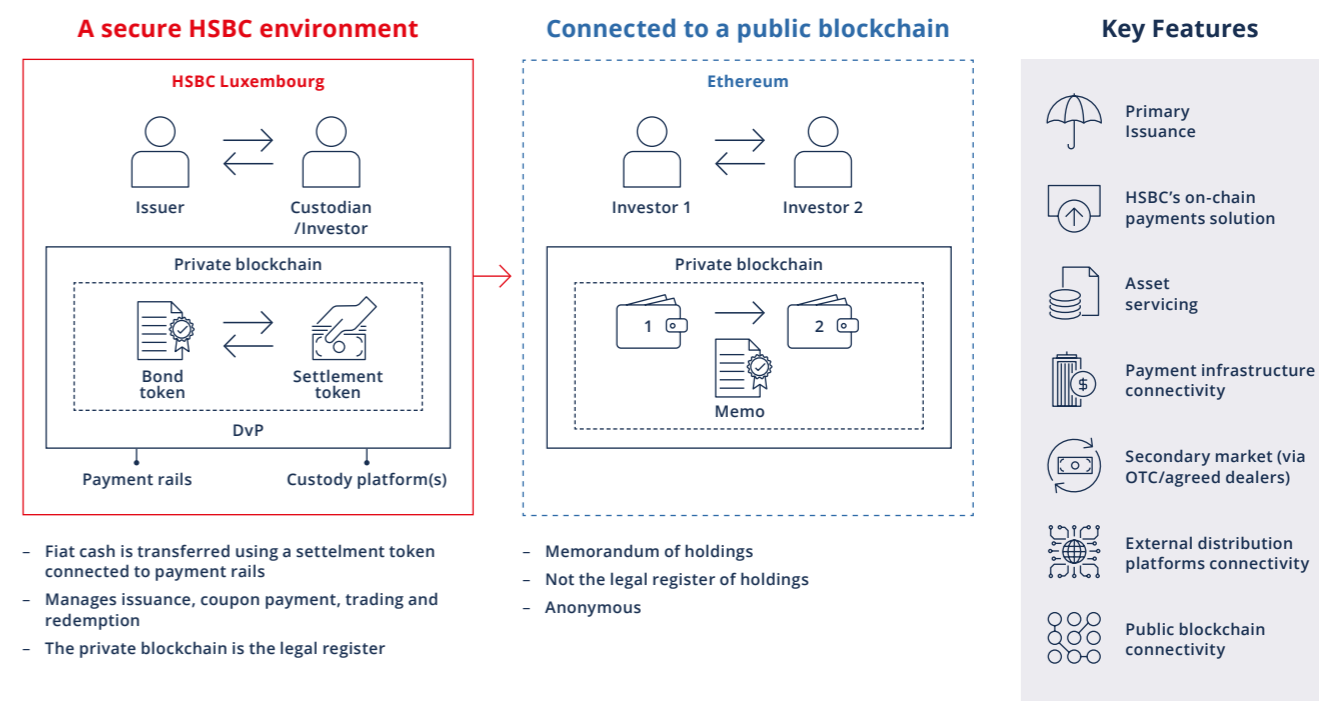
Euro and Swiss Franc are so far the most experimented and used currencies for DLT bond issuance. SIX Digital Exchange (SDX) DLT platform, Goldman Sachs DAP and HSBC Orion are three leading private blockchain platforms for issuing native DLT bonds with proven track record.⁴

Case Study on HSBC Orion

HSBC Orion is a proprietary asset tokenisation platform based on blockchain technology, utilising both private and public blockchains. By enabling the primary issuance of securities tokens, asset servicing, and securities token transfer for secondary market settlement, HSBC Orion allows financial institutions and corporates to issue natively digital bonds using DLT with transactions occurring on a "delivery-versus-payment" basis.

In January 2023, HSBC Orion was launched with success to support the issuance of the EIB's first native GBP-denominated digital bond. Orion supports multiple currencies, and provides the flexibility to connect with payment infrastructure, external distribution platforms, public blockchain and SWIFT integration. It has been designed and built in a scalable and future-proof concept, meaning that its usage can be expanded to accommodate the issuance of other assets in the near future.

Figure 1: HSBC Orion Platform Architecture



Source: HSBC

UK's Current Standing for DLT Bonds Issuance

In April 2022, the UK government committed to introducing a new regulatory regime for crypto assets. The UK government legislated in the Financial Services and Markets Bill 2022 to introduce a regime that will allow for the regulation of fiat-backed stable coins which are used for payments. The UK FMI Sandbox has the initiative in 2023 to enable firms to experiment with and adopt DLT in providing the infrastructure services that underpin markets.

The HM Treasury is carrying out a research programme to explore the feasibility and benefits of using DLT for sovereign debt instruments. The UK Law Commission is undertaking a reform initiative for the law of England & Wales to provide a strong legal foundation for the digital assets industry.

On the private side, the UK Jurisdiction Taskforce of LawtechUK (UKJT) published the Legal Statement on the issuance and transfer of digital securities under English private law, aiming to provide market confidence and legal certainty in the digital space.

Policy Recommendations for the UK to champion DLT bond issuance**Legal Clarity**

The current UK regulatory regime for DLT-based digital assets is clearly lagging those of UK's continental competitors. The UK urgently needs a dedicated regulatory regime on DLT-based digital assets, underpinned by clear and complete legislation, to attract the domicile of leading digital asset platforms, market participants and investors.

The Blockchain II Act 2021 of the Luxemburg can be a meaningful reference point for the UK to enact an UK equivalent act, which creates a 'central account keeper' (CAK) or 'settlement organisation' role and supports OTC transactions and connectivity between private and public blockchains.

Interoperability & Scalability

As the market interest in DLT bonds increases, it is highly expected to see more DLT platforms be launched by various financial market infrastructures and financial institutions.

The UK shall take a holistic approach and a strategic vision to cultivate an interoperable and scalable market ecosystem for digital assets.

Industrial experts and practitioners shall be assembled and consulted on the best possible solution in realising interoperability. This could include interoperability within the same technical stack but among different applications, or otherwise full interoperability between different applications and different technical stacks.

In addition to realising interoperability, scalability can be further achieved by a) solving fungibility of digital and dematerialised assets; b) establishing connectivity standardisation among DLT platforms; c) adopting industry-standard governance approaches for tokenisation platforms; and e) ensuring tokenisation platforms' connectivity to the rest of the asset ecosystem.

Mainstream DLT bonds

The UK shall actively seek opportunities to explore the adoption of DLT bond issuance in various financing scenarios such as green and sustainable financing; and digital asset in multiple denominations either in fiat currencies such as offshore RMB or CBDC such as digital pound and e-yuan.

In doing so, the UK will effectively reinforce its positions as a leading DLT-based digital asset centre, a sustainable financing centre and a leading offshore RMB centre.

Latest Policies and Major Events

On 7th January 2022, the People's Bank of China (PBC) drafted the 'Notice on Supporting Cross-border RMB Settlement of New Forms of International Trade (Draft for Soliciting Opinions)' and openly solicited opinions from the public. The Notice allows banks to cooperate with payment institutions to provide regular cross-border RMB settlement services for new forms of international trade such as cross-border e-commerce and individual cross-border transactions.

On 29th January 2022, the State Administration of Foreign Exchange (SAFE) updated and released the 'Currently Effective Foreign Exchange Administration Catalogue of Essential Regulations', which consists of new additions related to compliance and the prudent operation assessment of banks' foreign exchange business, the foreign exchange market, direct declarations of international receipts and payments, and trade credit statistical surveys, etc.

On 29th January 2022, the PBC and SAFE jointly issued the 'Notice on Matters Concerning the Overseas Loan Business of Financial Institutions'. The main points of the notice include establishing a policy framework for banks' overseas loans under integrated domestic and foreign currency, expanding the bank's overseas RMB loan business scope, and adopting cross-border capital flows related to banks' overseas loans into macro-prudential management. The Notice will come into effect on March 1st 2022.

On 11th February 2022, the China Securities Regulatory Commission (CSRC) revised the "Supervisory Regulations on the Interconnection of Depository Receipts Business regarding Shanghai London Stock Connect Scheme (for Trial Implementation)" into the "Supervisory Regulations on the Depository Receipt Business under the Interconnection Scheme of domestic and foreign Stock Exchanges". The main content of the revision includes expanding the scope of application, allowing foreign underlying securities issuers to raise funds in the Chinese stock market, adopting a market-based pricing inquiry mechanism, and optimizing continuous supervision arrangements.

On 18th April 2022, the PBC and SAFE jointly issued the 'Notice on Strengthening Financial Services for COVID-19 Containment and Socio-Economic Development'. It expands the policy for facilitating trade-related foreign exchange payments and receipts of quality enterprises nationwide; and it will steadily carry out pilot programs for a higher-level facilitation of RMB settlement for trade and investment; allow the sale and use of foreign currency-denominated loans that are domestically issued with export trading background; raise the efficiency of cross-border RMB use by enterprises; improve exchange-rate risk management service for enterprises; and will reinforce the supporting role of export credit insurance. The



Hong Kong Skyline

China Foreign Exchange Trade System will exempt micro, small and medium-sized enterprises (MSMEs) from the transaction fees for foreign exchange derivative trading in the interbank foreign exchange market.

On 25th April 2022, the PBC decided to cut the reserve requirement ratio for foreign currency deposits by one percentage point from 9% to 8%, effective from May 15th 2022.

On 11th May 2022, the Executive Board of the International Monetary Fund (IMF) completed the quinquennial review of the method of valuation for the basket of currencies that make up the Special Drawing Right (SDR). The IMF lifted the Chinese yuan's weighting in the SDR currency basket to 12.28 percent from 10.92 percent in its first regular review of the SDR valuation since the Chinese currency was included in the basket in 2016.

On 20th May 2022, SAFE issued the Circular on the Measures to Further Align the Foreign Exchange Market with the Real Economy to further promote the development and opening of China's FX market and help market participants manage the FX risks.

On 27th May 2022, the PBC, the CSRC and SAFE jointly issued the 'Announcement on further facilitation measures for overseas institutional investors to invest in China bond market', aiming at coordinating and promoting the further opening of inter-bank and exchange traded bond markets.

On 25th June 2022, the PBC and the Bank for International Settlements (BIS) signed the accession agreement-Renminbi Liquidity Arrangement (RMBLA). The RMBLA, a financial arrangement initiated and developed by the BIS, aims to provide liquidity support through a reserve pooling scheme and can be utilised by participating central banks during future periods of market volatility.

On 28th June 2022, the CSRC and the Hong Kong Securities and Futures Commission (SFC) made a statement on the launch of ETF Connect, which includes Exchange Traded Funds (ETFs) in the Mainland-Hong Kong Stock Connect. Trading of exchange-traded funds (ETFs) under the Mainland-Hong Kong Stock Connect will commence on 4th July 2022.

On 4th July 2022, the PBC and the Hong Kong Monetary Authority (HKMA) signed the Currency Swap Agreement, which was established since 2009. The latest agreement has become a long-standing one with no need for renewal.

Its size has also been expanded from RMB500 billion / HKD590 billion to RMB800 billion / HKD940 billion.

On 4th July 2022, the PBC, SFC and HKMA jointly announced a new initiative of mutual access to interest rate swap markets between Chinese mainland and Hong Kong (Swap Connect), allowing investors home and abroad to trade in both interest rate swap markets through the connected infrastructures of Chinese mainland and Hong Kong markets. In line with, CFETS, Shanghai Clearing House (SHCH) and OTC Clearing Hong Kong Limited, the subsidiary of Hong Kong Stock Exchange, signed the agreement to develop Swap Connect collaboratively, providing derivative trading and clearing service.

On 14th July 2022, the PBC and the Monetary Authority of Singapore (MAS) renewed the Bilateral Currency Swap Agreement for a further term of five years with up to RMB300 billion/SGD65 billion liquidity available to financial institutions operating in Singapore and China respectively.

On 22nd July 2022, the PBC and SAFE decided to start the second round of the pilot program in Shanghai, Guangdong, Shaanxi, Beijing, Zhejiang, Shenzhen, Qingdao and Ningbo, with improved management policies to facilitate the coordinated use of cross-border funds by multinational

corporations. New policies introduced to the program include increasing pilot areas and companies, allowing multinational corporations to handle centralized receipts and payments of domestic and foreign currencies in China for their overseas subsidiaries, and further streamlining RMB-denominated cross-border receipts and payments for multinationals.

On 22nd August 2022, the PBC successfully issued one RMB10 billion three-month central bank bill and one RMB15 billion one-year central bank bill in Hong Kong with the bid-winning interest rate of 1.90% and 2.30% respectively.

On 5th September 2022, the PBC decided to reduce Reserve Requirement Ratio for foreign currency deposits by 2 percentage points from 8% to 6%, which will be effective on September 15th 2022.

On 20th September 2022, the PBC successfully issued one RMB5 billion six-month central bank bill in Hong Kong with the bid-winning interest rate of 2.20%. In September, the PBC signed a memorandum of cooperation with the central bank of Kazakhstan to establish RMB clearing arrangements in Kazakhstan.

On 23rd September 2022, the PBC published '2022 RMB Internationalization Report'.

On 26th September 2022, the PBC decided to raise the foreign exchange risk reserve ratio for forward foreign exchange sales from zero to 20%, effective from September 28th 2022.

On 8th October 2022, the PBC and the European Central Bank (ECB) renewed a bilateral currency-swap arrangement, with the size unchanged at RMB350 billion/EUR45 billion. The agreement is valid for a further three years.

On 25th October 2022, the PBC and SAFE decided to raise the macro-prudential adjustment parameter for cross-border financing of companies and financial institutions from 1 to 1.25.

On 27th October 2022, BIS released the "Triennial Central Bank Survey of foreign exchange and Over-the-counter (OTC) derivatives markets in 2022" in which BIS noted that the Renminbi saw the largest increase in market share of FX trading, expanding from 4.3% to 7% and moving up to 5th place in the rankings from 8th place in 2019.

On 2nd November 2022, the PBC signed a Memorandum of Understanding (MOU) with the State Bank of Pakistan (SBP) on establishing RMB clearing arrangements in Pakistan.

On 18th November 2022, the PBC and SAFE jointly released the 'Rules on Funds Invested by Overseas Institutional Investors in China's Bond Market', clarifying how the funds invested in the market shall be managed.

On 20th December 2022, the PBC successfully issued one RMB5 billion six-month central bank bill in Hong Kong with the bid-winning interest rate of 2.20%.

On 21th November 2022, the PBC successfully issued one RMB10 billion three-month central bank bill and one RMB15 billion one-year central bank bill in Hong Kong with the bid-winning interest rate of 2.09% and 2.50% respectively.

On 2nd December 2022, the PBC and SAFE jointly issued the Notice of the People's Bank of China and the State Administration of Foreign Exchange on Matters Concerning the Proceeds Management for Yuan-Denominated Bonds Issued by Overseas Issuers in China. This Notice clarifies the requirements of proceeds management for yuan-denominated bonds issued by overseas institutions in China (the "Panda Bonds"), to facilitate overseas institutions' financing activities in China's bond market.

On 4th December 2022, the PBC signed a bilateral local currency swap agreement with the Monetary Authority of Macao. The size of the swap facility is RMB30 billion/MOP 35 billion. The agreement is valid for three years and can be extended upon mutual consent.

On 30th December 2022, the PBC and SAFE jointly announced to extend trading hours of the interbank foreign exchange market to 3 a.m. (1900 GMT) from 11:30 p.m. (1530 GMT). The change came into effect on 3rd January 2023.

China Onshore RMB Market Events

On 29th November 2021, CFETS started to provide foreign institutional investors with the choice of trading bonds using the bond closing valuation as the pricing benchmark ("closing order trading service"). The service meets the trading needs of index investors and it is initially accessible to foreign institutional investors adopting the "client pay" model under the Bond Connect scheme and will be expanded to bond trading under other channels and pay models according to market demands.

On 4th January 2022, CFETS launched its C-Lending Services for foreign-currency on interbank FX standardized trading module (C-Trader). The service will further enhance the price discovery of USD interest rate and enable more efficient FX lending trades.

On 18th January 2022, CFETS launched X-trade mechanism for bond lending (X-Lending) in the interbank bond market. This feature allows participants to place limit orders for bond borrowing/lending through CFETS RMB Trading System, which, according to the transaction limit criteria of both trading parties and based on the principle of price-time priority, automatically matches the orders. Those unmatched orders would park in the queue of central limit order book. Members of the interbank bond market may apply to the CFETS to use X-Lending.

On 20th January 2022, with the approval of the PBC and the China Securities Regulatory Commission (CSRC), CFETS, Shanghai Stock Exchange, Shenzhen Stock Exchange, Shanghai Clearing House, and China Securities Depository and Clearing Co., Ltd. jointly issued the Interim Measures for the Connect between the Interbank Bond Market and the Exchange-traded Bond Market, which lays down the rules for the connect between the interbank bond

market and the exchange-traded bond market and ensure the regulated and orderly development of the Connect business. The formulation of the Interim Measures is a significant move for infrastructure institutions of the two markets to implement the strategic requirements of the CPC Central Committee and the State Council, put in place the unified plans of the PBC and the CSRC, promote the integrated development of the domestic bond markets, and improve their capabilities in serving the real economy.

On 21st January 2022, to implement the China's strategic deployment for integrated development of the Yangtze River Delta Region, boost the development of short-term financing bond business of securities companies in the interbank market, and provide investors with more performance benchmarks and investment products, CFETS issued the YRD Region Bond Index, the YRD Region High Credit Rating Bond Index, the 0-3 Year YRD Region High Credit Rating Bond Index, and the Securities Company Short Term Financing Bond AAA Index.

On 21st February 2022, CFETS held a virtual seminar on matching mechanism for foreign currency lending transactions (C-Lending). Representatives from around 100 member institutions attended the event via iDeal.

On 11th March 2022, to facilitate market development and with the approval from the PBC, CFETS has expanded the floating spot price range for CNY/RUB in the interbank FX market from 5% to 10%. The daily spot CNY/RUB price may therefore float 10% up or down from the CNY/RUB central parity rate announced by CFETS on the same day.

On 24th March 2022, China Development Bank said the bank has stepped up its loan issuance to help promote carbon sink capacity in the forestry sector amid the country's push for green development. Loans worth about RMB 114.1 billion (USD7.95 billion) have been issued over the past five years to promote key ecological areas such as the national reserve forest construction and forest quality improvements.

On 25th March 2022, to offer more performance benchmarks and investment targets, CFETS released the high credit grade bond indices. Sample bonds have been selected from the interbank bond market against certain criteria, and will be adjusted on a monthly basis. The base date of the indices is December 31, 2014, and the base value is 100. To ensure sound index calculation, quote data, transaction data, and valuations are selected in the order of their reliability from a diverse mix of quality sources.

On 25th March 2022, the Shanghai Stock Exchange (SSE) issued the Interim Measures for the Listing and Trading of Depository Receipts under the Stock Connect Scheme between SSE and Overseas Stock Exchanges (Interim Measures) and relevant guidelines. Together issued with the Interim Measures are the Guidelines No. 1 for Depository Receipts under the Stock Connect Scheme of SSE — Cross-Border Conversion of Depository Receipts and the Guidelines No. 2 for Depository Receipts under the Stock Connect Scheme of SSE — Market Making for Chinese Depository Receipts.

On 27th March 2022, the SSE has announced to revise its methodology for compilation of the SSE Dividend Index. This effort was to strengthen the requirement for the continuity and stability of dividend distribution and expand the capacity for index-based investments.

On 28th March 2022, in response to market needs and to improve the trading efficiency of the interbank FX market, CFETS launched FX Group Negotiation Trading service. Those interbank RMB/FX market members belonging to the same financial group are eligible to use this new service to conclude FX transactions. To apply for the new service, a member should satisfy two conditions: First, its controlling group has in place corresponding trading and risk control systems; and second, it should undertake to promptly close the trade on FX2017 after reaching a trading agreement with members of the Group.

On 24th April 2022, CFETS issued the CFETS Interbank High Grade Carbon-Neutral Bond Index and the CFETS 0-3 Year Interbank High Grade Green Bond Index, further enriching its green bond index offering.

On 8th June 2022, Industrial and Commercial Bank of China successfully issued the first domestic "carbon neutral" green financial bond of commercial banks, with an issue size of 10 billion yuan, a maturity of 3 years, an interest rate of 2.60%, and a subscription multiple of 2.98 times. This bond is the first green bond in China to refer to the China-EU The Common Ground Taxonomy, meeting the international mainstream green bond standards.

On 13th June 2022 CFETS offers new options products in the FX market. New products include vanilla American options and corresponding option combinations, as well as Asian options in the interbank RMB/FX market, vanilla American options and corresponding option combinations, Asian options, European barrier options, and European digital options in the interbank G10 currency pairs market.

On 15th June 2022, the first 5-year foreign currency interest rate swap based on the Secured Overnight Financing Rate (SOFR) was concluded in the interbank FX market. The trade represents the longest-maturity SOFR-linked derivative ever traded in the interbank FX market.

On 28th June 2022, CCDC supported a number of institutions to use green bonds from the green collateral pool for performance guarantees and provided third-party collateral management services. This is the first in-depth application of the green collateral management concept in China's financial market.

On 4th July 2022, under the guidance of the People's Bank of China, CFETS and BCCL jointly launched the Northbound primary service for cross-border bond subscription, making China's bond market more accessible to overseas institutions. The Northbound primary service allows onshore underwriters and offshore investors to complete bond distribution and subscription directly online through the connectivity between CFETS' bond issuance, underwriting, and distribution system (iDeal) and BCCL's ePrime, a one-stop electronic platform for book building and issuance in the offshore market.

London Offshore RMB Market Events

On 11th January 2022, the FCA has decided to register the first UK securitisation repositories. The regulator confirmed that it has completed its assessment of applications received from European DataWarehouse Ltd and SecRep Limited as Securitisation Repositories (SRs) under the UK Securitisation Regulation and has decided to register both entities with effect from 17th January 2022.

On 24th January 2022, China Construction Bank London branch, the sole RMB clearing bank in the UK, expressed that the Bank is targeting double-digit clearing volume growth in 2022 after it grew 18% last year to RMB11.9 trillion. The Bank also expects the business of servicing Chinese companies listed in London to grow.

On 25th January 2022, BIS issued a press release announcing that the BIS Innovation Hub will launch new projects into central bank digital currencies (CBDCs), next generation payments systems and Decentralised Finance (DeFi), expanding its portfolio of explorations seeking to develop new technological public goods for central banks. The Innovation Hub's work programme will also see new projects in green finance, regulatory and supervisory technology and cyber security. Several projects will support broader G20 efforts to improve cross-border payments.

On 2nd February 2022, the Bank of England's Monetary Policy Committee (MPC) voted to increase Bank Rate to 0.5%, and to begin to reduce the stocks of UK government bonds and sterling non-financial investment-grade corporate bonds held in the Asset Purchase Facility (APF). The Committee agreed at its February meeting that the Bank of England should cease to reinvest any future maturities falling due from its stock of UK government bond purchases. This reflects the MPC's intention to reduce its holdings of government bonds in a gradual and predictable manner.

On 25th March 2022, the Bank of England (BOE) shared that the bank and the Massachusetts Institute of Technology (MIT) agreed to collaborate on a twelve-month research project on Central Bank Digital Currency (CBDC). The Bank will be partnering with the MIT Media Lab's Digital Currency Initiative (DCI) team to explore potential technical challenges, trade-offs, opportunities, and risks involved in designing a CBDC system. The collaboration forms part of the Bank's wider 'research and exploration' into CBDC. Updates on the findings and outcomes will be shared at the end of the period of research.

On 31st March 2022, the London RMB Business Monitoring Working Group conducted their first quarterly meeting for the year. Strong focus was placed on China- Britain financial market connectivity and China- Britain financial dialogue topic proposal.

On 31st March 2022, the London RMB Business Quarterly Report Vol.12 was released. This report which was jointly produced by the PBC Representative Office for Europe and the City of London Corporation, revealed that London's offshore RMB market remained attractive in the third and fourth quarter for 2021.

On 10th May 2022, China Construction Bank London Branch has listed USD1.15 billion equivalent of USD and CNY green bonds on the London Stock Exchange's International Securities Market (ISM), Sustainable Bond Market, and the Hong Kong Stock Exchange. This inaugural issuance from CCB London Branch consists of a USD1 billion three-year senior note at 3.125% and a CNY 1 billion two-year senior note at 3.4%. These two notes were well received by international investors with oversubscription ratios of 2.9 times and 4.5 times respectively. The CNY green bond has marked the first one issued by a UK entity and admitted to trading on the ISM. Both notes were drawn from CCB's USD15 billion MTN programme, and received a credit rating of A1 from Moody's.

On 11th July 2022, the London RMB Business Monitoring Working Group conducted their second quarterly meeting for the year. Strong focus was placed on RMB Green Bond Issuance, Bond Connect and Swap Connect.

On 12th July 2022, the Financial Conduct Authority and Prudential Regulation Authority hosted the second meeting of the Climate Financial Risk Forum (CFRF) third session. The Working Group chairs, members, and secretariat discussed progress made by each working group in their respective area of work on scenario analysis, disclosure, data and metrics and transition to net zero.

On 18th July 2022, the London RMB Business Quarterly Report Vol.13 was released. This report which was jointly produced by the PBC Representative Office for Europe and the City of London Corporation, revealed that London's offshore RMB market remained attractive in the first quarter for 2022.

On 13th December 2022, the London RMB Business Monitoring Working Group conducted their third quarterly meeting for the year. The meeting introduced the new structure for the working group and the workstream, with three sub-working sherpa groups established focusing on green, infrastructure and products respectively.

On 17th December 2022, the London RMB Business Quarterly Report Vol.14 was released. This report which was jointly produced by the PBC Representative Office for Europe and the City of London Corporation, revealed that London's offshore RMB market remained resilient in the second quarter for 2022.

HK Offshore RMB Market Update

Hong Kong Monetary Authority statistics show that RMB deposits in Hong Kong fell to RMB835.903 billion at the end of December 2022, a decrease of 6.3% MoM and a YoY decrease of 9.8%. In the same period, RMB loans was RMB191.666 billion, an increase of 4.2% MoM and a YoY increase of 17.2%. In 2022, the total amount of cross-border RMB trade settlement will be RMB8.64 trillion, an increase of 22.01% over 2021. The RMB RTGS settlement volume in 2022 was RMB384.3 trillion, a YoY decrease of 7.5%, the volume accounts for over 70% of all offshore RMB markets.

In 2022, the mainland attached great importance to the construction of Hong Kong's offshore RMB market, and strived to strengthen Hong Kong's status as a global offshore RMB business hub, an international asset management center, and a risk management centre. People's Bank of China and the Hong Kong Monetary Authority signed a standing swap agreement, launched new interconnection mechanisms such as swap connection and ETF connection.

In 2023, the use of RMB will be facilitated. First, there will be tightened financial conditions, with the cost of USD funding becoming high. On the other hand, China's economy recovery is resilient after the pandemic, which will increase the holding of RMB assets by foreign investors. Second, there will be more cross-border RMB business and capital account opening pilot projects in Hong Kong. Third, the liquidity of Hong Kong RMB market is abundant, with overnight, and week, a month and three-month rate of CNH stood at 2.45485%, 2.63091%, 2.76758% and 2.93955% by the end of January 2023.

Appendix I

List of Dim Sum Bond (RMB Bond) Issuance in London as of December 2022

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
WESTPAC BANKING CORPORATION	200MM	3.40%	29/12/2022	29/12/2025
COMMONWEALTH BANK OF AUSTRALIA	100MM	3.30%	30/09/2022	30/09/2025
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	500MM	2.65%	23/09/2022	23/09/2025
COMMONWEALTH BANK OF AUSTRALIA	130MM	3.46%	23/09/2022	23/09/2025
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	490MM	2.72%	20/09/2022	19/09/2025
WESTPAC BANKING CORPORATION	159MM	3.57%	25/07/2022	25/07/2025
SNB FUNDING LIMITED	200MM	4.07%	21/07/2022	21/07/2025
QNB FINANCE LIMITED	132MM	4.30%	20/07/2022	20/07/2027
COMMONWEALTH BANK OF AUSTRALIA	630MM	3.78%	14/07/2022	14/07/2025
BANK OF MONTREAL	385MM	3.30%	13/07/2022	13/07/2023
FIRST ABU DHABI BANK P.J.S.C.	600MM	4.05%	28/06/2022	28/06/2025
BANK OF MONTREAL	340MM	3.30%	24/06/2022	24/05/2023
BANK OF MONTREAL	512MM	3.85%	17/06/2022	17/06/2025
STANDARD CHARTERED BANK	350MM	3.40%	09/06/2022	09/06/2024
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED	2000MM	3.20%	06/06/2022	01/06/2024
COMMONWEALTH BANK OF AUSTRALIA	400MM	3.71%	31/05/2022	02/06/2025
QNB FINANCE LIMITED	150MM	4.25%	27/05/2022	27/05/2025
QNB FINANCE LIMITED	250MM	4.35%	27/05/2022	27/05/2025
COMMONWEALTH BANK OF AUSTRALIA	70MM	3.72%	26/05/2022	26/05/2025
STANDARD CHARTERED BANK	300MM	3.65%	25/05/2022	25/05/2024
QNB FINANCE LIMITED	300MM	4.30%	25/05/2022	25/05/2025
QNB FINANCE LIMITED	500MM	4.00%	24/05/2022	23/05/2024
QNB FINANCE LIMITED	300MM	4.30%	20/05/2022	20/05/2025
QNB FINANCE LIMITED	220MM	4.25%	20/05/2022	20/05/2025
CHINA CONSTRUCTION BANK CORPORATION, LONDON BRANCH	1000MM	3.40%	18/05/2022	17/05/2024
QNB FINANCE LIMITED	150MM	4.35%	11/05/2022	10/05/2025
BANK OF MONTREAL	1120MM	3.65%	29/04/2022	28/04/2023
FIRST ABU DHABI BANK P.J.S.C.	133MM	4.00%	27/04/2022	27/04/2025
QNB FINANCE LIMITED	300MM	3.75%	25/04/2022	25/04/2023
BANK OF NOVA SCOTIA	852MM	3.42%	22/04/2022	22/04/2023
COMMONWEALTH BANK OF AUSTRALIA	202MM	3.92%	21/04/2022	21/04/2025
STANDARD CHARTERED BANK	600MM	4.15%	19/04/2022	19/04/2025
QNB FINANCE LIMITED	300MM	3.57%	01/04/2022	01/04/2023
COMMONWEALTH BANK OF AUSTRALIA	156MM	3.68%	01/04/2022	01/04/2025
STANDARD CHARTERED BANK	1000MM	4.18%	01/04/2022	01/04/2025

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
STANDARD CHARTERED BANK	500MM	4.00%	31/03/2022	31/03/2024
QNB FINANCE LIMITED	600MM	4.10%	31/03/2022	31/03/2025
FIRST ABU DHABI BANK P.J.S.C.	150MM	3.80%	22/03/2022	21/03/2027
STANDARD CHARTERED PLC	1100MM	4.35%	18/03/2022	18/03/2026
NORDIC INVESTMENT BANK	300MM	3.15%	18/03/2022	18/03/2024
QNB FINANCE LIMITED	1250MM	4.00%	17/03/2022	14/03/2027
QNB FINANCE LIMITED	141MM	3.91%	11/03/2022	09/03/2025
WESTPAC BANKING CORPORATION	250MM	3.07%	25/02/2022	23/02/2029
QNB FINANCE LIMITED	125MM	3.64%	24/02/2022	23/02/2027
QNB FINANCE LIMITED	147MM	3.40%	22/02/2022	22/02/2025
NORDIC INVESTMENT BANK	350MM	2.72%	21/02/2022	21/02/2024
QNB FINANCE LIMITED	380MM	3.53%	30/12/2021	30/12/2024
QNB FINANCE LIMITED	300MM	3.60%	23/12/2021	23/12/2026
INTERNATIONAL FINANCE CORPORATION	633MM	2.75%	03/12/2021	15/06/2023
THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA	2500MM	3.00%	01/12/2021	30/11/2026
THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA	2500MM	2.80%	01/12/2021	30/11/2024
BANK OF CHINA LIMITED, HONG KONG BRANCH	1800MM	2.80%	11/11/2021	16/01/2023
BANK OF CHINA LIMITED, MACAU BRANCH	1000MM	2.75%	11/11/2021	29/09/2023
FIRST ABU DHABI BANK P.J.S.C.	150MM	3.40%	10/11/2021	10/11/2025
AGRICULTURAL DEVELOPMENT BANK OF CHINA	1700MM	3.05%	03/11/2021	02/11/2026
AGRICULTURAL DEVELOPMENT BANK OF CHINA	550MM	3.35%	03/11/2021	02/11/2031
AGRICULTURAL DEVELOPMENT BANK OF CHINA	1750MM	2.90%	03/11/2021	02/11/2024
QNB FINANCE LIMITED	312MM	3.62%	29/10/2021	30/10/2025
QNB FINANCE LIMITED	130MM	3.58%	13/10/2021	13/10/2026
QNB FINANCE LIMITED	130MM	3.42%	30/09/2021	30/09/2024
FIRST ABU DHABI BANK P.J.S.C.	128MM	3.10%	14/09/2021	14/09/2026
FIRST ABU DHABI BANK P.J.S.C.	128MM	3.10%	10/09/2021	10/09/2026
QNB FINANCE LIMITED	500MM	3.30%	12/08/2021	12/08/2026
QNB FINANCE LIMITED	1000MM	3.15%	20/07/2021	20/07/2023
QNB FINANCE LIMITED	170MM	3.30%	14/07/2021	14/07/2024
QNB FINANCE LIMITED	130MM	3.35%	14/07/2021	14/07/2026
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	650MM	2.20%	29/06/2021	06/12/2023
HSBC HOLDINGS PLC	2750MM	3.40%	29/06/2021	29/06/2027
NORDIC INVESTMENT BANK	500MM	2.30%	18/06/2021	18/06/2024
STANDARD CHARTERED BANK	750MM	2.80%	11/06/2021	11/06/2024
QNB FINANCE LIMITED	150MM	3.41%	02/06/2021	01/06/2026
INTERNATIONAL FINANCE CORPORATION	635MM	2.20%	18/05/2021	01/09/2023
QNB FINANCE LIMITED	130MM	3.42%	28/04/2021	27/04/2024

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
QNB FINANCE LIMITED	1100MM	3.50%	22/04/2021	22/04/2024
QNB FINANCE LIMITED	400MM	3.52%	21/04/2021	21/04/2023
QNB FINANCE LIMITED	140MM	3.18%	09/04/2021	09/04/2026
QNB FINANCE LIMITED	220MM	3.50%	31/03/2021	31/03/2026
QNB FINANCE LIMITED	150MM	3.20%	12/03/2021	12/03/2023
QNB FINANCE LIMITED	500MM	3.28%	11/03/2021	11/03/2023
QNB FINANCE LIMITED	150MM	3.30%	26/02/2021	25/02/2026
QNB FINANCE LIMITED	260MM	2.80%	24/02/2021	24/02/2028
QNB FINANCE LIMITED	150MM	3.28%	23/02/2021	23/02/2024
QNB FINANCE LIMITED	500MM	3.28%	18/02/2021	18/02/2024
QNB FINANCE LIMITED	405MM	3.30%	05/02/2021	05/02/2026
QNB FINANCE LIMITED	1500MM	3.15%	04/02/2021	04/02/2026
FIRST ABU DHABI BANK P.J.S.C.	1500MM	3.15%	29/01/2021	29/01/2026
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	600MM	2.00%	21/01/2021	21/01/2025
QNB FINANCE LIMITED	176MM	3.30%	13/01/2021	13/01/2026
QNB FINANCE LIMITED	240MM	3.73%	23/12/2020	23/12/2025
QNB FINANCE LIMITED	200MM	3.97%	11/12/2020	11/12/2030
QNB FINANCE LIMITED	240MM	3.10%	04/12/2020	04/12/2023
QNB FINANCE LIMITED	150MM	4.00%	02/12/2020	02/12/2030
INTERNATIONAL FINANCE CORPORATION	20MM	2.35%	27/11/2020	27/11/2027
QNB FINANCE LIMITED	500MM	3.95%	17/11/2020	17/11/2027
QNB FINANCE LIMITED	150MM	3.67%	06/11/2020	04/11/2023
AGRICULTURAL DEVELOPMENT BANK OF CHINA	2200MM	3.05%	28/10/2020	27/10/2023
AGRICULTURAL DEVELOPMENT BANK OF CHINA	1500MM	3.25%	28/10/2020	27/10/2025
AGRICULTURAL DEVELOPMENT BANK OF CHINA	2000MM	3.80%	28/10/2020	27/10/2030
QNB FINANCE LIMITED	140MM	3.00%	16/10/2020	16/10/2025
QNB FINANCE LIMITED	138MM	3.63%	24/09/2020	24/09/2023
INTERNATIONAL FINANCE CORPORATION	1850MM	2.55%	16/09/2020	18/09/2023
QNB FINANCE LIMITED	750MM	3.80%	15/09/2020	15/09/2025
QNB FINANCE LIMITED	750MM	3.50%	09/09/2020	09/03/2026
QNB FINANCE LIMITED	140MM	3.40%	18/08/2020	18/08/2025
FIRST ABU DHABI BANK P.J.S.C.	3600MM	3.40%	18/08/2020	18/08/2025
AGRICULTURAL DEVELOPMENT BANK OF CHINA	2500MM	2.60%	12/08/2020	11/08/2023
AGRICULTURAL DEVELOPMENT BANK OF CHINA	1800MM	2.85%	12/08/2020	11/08/2025
FIRST ABU DHABI BANK P.J.S.C.	189MM	3.50%	15/07/2020	15/07/2025
QNB FINANCE LIMITED	1200MM	3.85%	10/07/2020	10/07/2025
FIRST ABU DHABI BANK P.J.S.C.	200MM	3.30%	02/07/2020	02/07/2025
FIRST ABU DHABI BANK P.J.S.C.	1400MM	3.50%	02/07/2020	02/07/2025
QNB FINANCE LIMITED	1200MM	3.80%	17/06/2020	17/06/2025
QNB FINANCE LIMITED	235MM	3.90%	17/06/2020	17/06/2025

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
FIRST ABU DHABI BANK P.J.S.C.	350MM	3.10%	12/06/2020	12/06/2023
QNB FINANCE LIMITED	445MM	3.60%	05/06/2020	05/06/2025
NATWEST MARKETS PLC	40MM	3.50%	04/06/2020	04/06/2023
NATWEST MARKETS PLC	75MM	3.46%	27/05/2020	27/05/2023
QNB FINANCE LIMITED	130MM	4.00%	06/05/2020	05/05/2025
QNB FINANCE LIMITED	250MM	4.08%	24/04/2020	24/04/2025
WELLS FARGO FINANCE LLC	100MM	4.05%	07/04/2020	07/04/2025
WELLS FARGO FINANCE LLC	70MM	4.00%	07/04/2020	06/04/2025
WELLS FARGO BANK N.A.	100MM	3.95%	07/04/2020	06/04/2025
WELLS FARGO FINANCE LLC	70MM	4.35%	02/04/2020	01/04/2025
WELLS FARGO BANK N.A.	260MM	4.22%	02/04/2020	01/04/2025
WELLS FARGO BANK N.A.	200MM	4.30%	02/04/2020	01/04/2025
WELLS FARGO FINANCE LLC	100MM	3.15%	25/03/2020	25/03/2023
WELLS FARGO & COMPANY	145MM	2.72%	13/03/2020	12/03/2027
QNB FINANCE LIMITED	200MM	3.32%	11/03/2020	11/03/2025
QNB FINANCE LIMITED	200MM	3.35%	11/03/2020	11/03/2027
FIRST ABU DHABI BANK P.J.S.C.	139MM	3.35%	13/02/2020	13/02/2025
COMMONWEALTH BANK OF AUSTRALIA	200MM	3.26%	22/01/2020	22/01/2025
QNB FINANCE LIMITED	500MM	4.00%	21/01/2020	21/01/2030
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	1000MM	2.60%	15/01/2020	15/01/2023
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	1735MM	2.60%	15/01/2020	15/01/2023
QNB FINANCE LIMITED	135MM	3.91%	14/01/2020	14/01/2025
QNB FINANCE LIMITED	219MM	3.89%	10/01/2020	10/01/2025
NATWEST MARKETS PLC	35MM	3.48%	31/12/2019	31/12/2024
FIRST ABU DHABI BANK P.J.S.C.	150MM	3.50%	12/12/2019	12/12/2024
QNB FINANCE LIMITED	350MM	4.05%	04/12/2019	04/12/2026
FIRST ABU DHABI BANK P.J.S.C.	240MM	3.50%	29/11/2019	29/11/2024
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	200MM	3.21%	21/11/2019	21/11/2024
FIRST ABU DHABI BANK P.J.S.C.	458MM	3.42%	20/11/2019	20/11/2024
AGRICULTURAL DEVELOPMENT BANK OF CHINA	4500MM	3.40%	07/11/2019	06/11/2024
NATWEST MARKETS PLC	200MM	3.69%	05/11/2019	05/11/2024
FIRST ABU DHABI BANK P.J.S.C.	845MM	3.22%	23/10/2019	23/10/2024
QNB FINANCE LIMITED	165MM	3.60%	22/10/2019	22/10/2024
FIRST ABU DHABI BANK P.J.S.C.	140MM	3.44%	19/09/2019	19/09/2024
LLOYDS BANK PLC	200MM	3.31%	03/09/2019	03/09/2024
QNB FINANCE LIMITED	155MM	3.82%	03/07/2019	03/07/2024
QNB FINANCE LIMITED	140MM	4.30%	20/06/2019	20/06/2024
WESTPAC BANKING CORPORATION	140MM	3.60%	18/06/2019	18/06/2026
NATWEST MARKETS PLC	108MM	4.35%	10/06/2019	10/06/2024
NATWEST MARKETS PLC	105MM	4.39%	10/06/2019	10/06/2024

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
mitsubishi hc capital uk plc	100MM	3.65%	08/05/2019	08/05/2023
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	150MM	3.54%	24/04/2019	24/04/2023
QNB FINANCE LIMITED	100MM	4.18%	29/03/2019	28/03/2024
WESTPAC BANKING CORPORATION	150MM	3.68%	27/03/2019	27/03/2024
FIRST ABU DHABI BANK P.J.S.C.	140MM	3.96%	26/03/2019	26/03/2024
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	135MM	3.68%	25/03/2019	25/03/2024
WESTPAC BANKING CORPORATION	150MM	3.67%	22/03/2019	22/03/2024
NATWEST MARKETS PLC	40MM	4.62%	20/03/2019	20/03/2024
FIRST ABU DHABI BANK P.J.S.C.	300MM	4.00%	19/03/2019	19/03/2024
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	300MM	3.70%	18/03/2019	18/03/2024
COMMONWEALTH BANK OF AUSTRALIA	250MM	3.81%	11/03/2019	11/03/2024
COMMONWEALTH BANK OF AUSTRALIA	150MM	3.81%	05/03/2019	05/03/2024
WESTPAC BANKING CORPORATION	150MM	3.76%	04/03/2019	04/03/2024
FIRST ABU DHABI BANK P.J.S.C.	200MM	4.12%	11/02/2019	11/02/2024
QNB FINANCE LIMITED	135MM	4.60%	23/01/2019	23/01/2024
BANK OF MONTREAL	155MM	4.72%	19/09/2018	19/09/2023
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	270MM	4.80%	14/09/2018	14/09/2023
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	140MM	4.61%	13/09/2018	13/09/2023
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	145MM	4.62%	11/09/2018	11/09/2023
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	137MM	4.60%	11/09/2018	11/09/2023
ROYAL BANK OF CANADA	160MM	4.48%	07/09/2018	07/09/2023
WESTPAC BANKING CORPORATION	190MM	4.60%	07/09/2018	07/09/2023
WESTPAC BANKING CORPORATION	160MM	4.62%	07/09/2018	07/09/2023
COMMONWEALTH BANK OF AUSTRALIA	80MM	4.52%	07/09/2018	07/09/2023
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	140MM	4.60%	04/09/2018	04/09/2023
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	138MM	4.63%	24/08/2018	24/08/2023
WESTPAC BANKING CORPORATION	270MM	4.65%	23/08/2018	23/08/2023
WESTPAC BANKING CORPORATION	140MM	4.35%	15/08/2018	15/08/2023
WESTPAC BANKING CORPORATION	627MM	4.42%	14/08/2018	14/08/2023
WESTPAC BANKING CORPORATION	140MM	4.51%	01/08/2018	01/08/2028
ROYAL BANK OF CANADA	135MM	4.30%	17/07/2018	17/07/2023
WESTPAC BANKING CORPORATION	200MM	4.77%	30/05/2018	30/05/2023
CREDIT AGRICOLE CORP & INV BANK	200MM	4.72%	29/05/2018	29/05/2023
COMMONWEALTH BANK OF AUSTRALIA	340MM	4.62%	26/04/2018	26/04/2023
LLOYDS BANK PLC	54MM	4.53%	24/07/2015	24/07/2025
CHINA DEVELOPMENT BANK	900MM	4.35%	10/10/2014	19/09/2024
LLOYDS BANK PLC	200MM	4.62%	17/01/2014	17/01/2024

Source: London Stock Exchange

Appendix II

List of Bond Issuance by Oversea Issuers in China Interbank Bond Market as of December 2022

Issuer	Amount Issued (RMB100M)	Coupon (%)	Issue Date	Maturity
COSCO	20	5.05%	21/03/2017	23/03/2022
China Merchant Port	25	4.89%	19/04/2017	21/04/2022
Longfor Properties	3	5%	19/07/2017	21/07/2022
Huarong International	12	4.7%	21/07/2017	25/07/2022
GLP	10	4.99%	12/10/2017	16/10/2022
Air Liquide S.A	8	6.4%	05/03/2018	07/03/2023
Huarong International	35	5.23%	02/04/2018	04/04/2023
BEWG	20	4.92%	23/05/2018	25/05/2023
BEWG	10	5.1%	23/05/2018	25/05/2025
BEWG	10	4.45%	18/07/2018	20/07/2023
BEWG	20	4.72%	18/07/2018	20/07/2025
China Gas	20	4.38%	22/10/2018	24/10/2023
GLP	15	4.64%	09/11/2018	13/11/2021
China Gas	13	4.15%	05/12/2018	07/12/2023
Hungary	20	4.3%	17/12/2018	19/12/2021
BOCGI	20	4.13%	18/12/2018	19/12/2021
BEWG	10	3.95%	09/01/2019	11/01/2026
BEWG	10	4.49%	09/01/2019	11/01/2029
New Development Bank	20	3%	22/02/2019	26/02/2022
New Development Bank	10	3.32%	22/02/2019	26/02/2024
SMIC	15	3.57%	28/02/2019	04/03/2022
BMW Finance	30	4%	06/03/2019	08/03/2022
United Overseas Bank	20	3.49%	12/03/2019	14/03/2022
Philippine	25	3.58%	15/05/2019	20/05/2022
Trafigura Group	5.4	5.49%	17/05/2019	20/05/2022
Portugal	20	4.09%	30/05/2019	03/06/2022
Malayan Banking Berhad	10	3.58%	19/06/2019	21/06/2022
BMW Finance	20	3.98%	10/07/2019	12/07/2022
CDP	10	4.5%	31/07/2019	01/08/2022
Daimler	30	3.84%	07/08/2019	12/08/2022
China Power	20	3.55%	03/09/2019	05/09/2022
BMW Finance	10	3.57%	17/10/2019	21/10/2021
Daimler	20	3.68%	08/11/2019	13/11/2021
Daimler	30	4.04%	08/11/2019	13/11/2022
China Mengniu	10	3.67%	20/11/2019	22/11/2022
Yuexiu Transport	10	3.58%	28/11/2019	02/12/2022
Crédit Agricole	10	3.4%	04/12/2019	05/12/2022

Issuer	Amount Issued (RMB100M)	Coupon (%)	Issue Date	Maturity
Daimler International Finance	30	3.5%	07/01/2020	09/01/2022
Yuexiu Transport	10	3.47%	08/01/2020	10/01/2023
BMW Finance	15	2.9%	02/03/2020	04/03/2021
BMW Finance	20	3.35%	02/03/2020	04/03/2023
China Gas	10	3.38%	06/03/2020	10/03/2025
New Development Bank	50	2.43%	01/04/2020	03/04/2023
BOCGI	15	2.7%	06/05/2020	08/05/2023
BEWG	10	4%	11/05/2020	13/05/2025
Daimler International Finance	30	3.25%	03/06/2020	05/06/2023
China TCM	22	3.28%	03/06/2020	05/06/2023
Sumitomo Mitsui Banking Corporation	10	3.2%	04/06/2020	08/06/2023
CEB Greentech	10	3.68%	10/06/2020	12/06/2025
AIB	30	2.4%	11/06/2020	15/06/2023
Veolia Environment	7.5	3.85%	22/06/2020	24/06/2023
Veolia Environment	7.5	3.85%	22/06/2020	24/06/2023
New Development Bank	20	3%	06/07/2020	07/07/2025
BMW Finance	25	3.19%	14/07/2020	16/07/2021
GLP	20	3.9%	21/07/2020	23/07/2023
Everbright Water	10	3.6%	03/08/2020	05/08/2023
Yuexiu Transport	5	3.54%	12/08/2020	14/08/2023
Anta Sports	10	3.95%	20/08/2020	24/08/2023
Crédit Agricole	10	3.5%	10/09/2020	11/09/2023
China Power	15	4.35%	03/11/2020	05/11/2023
China Power	15	4.6%	16/11/2020	18/11/2023
Veolia Environment	7.5	4.45%	14/12/2020	16/12/2023
Veolia Environment	7.5	4.45%	14/12/2020	16/12/2023
Everbright Water	10	3.75%	13/01/2021	15/01/2024
Yuexiu Transport	10	3.78%	26/01/2021	28/01/2026
ADB	20	3.2%	09/03/2021	11/03/2026
Daimler	20	3.7%	16/03/2021	19/03/2023
Daimler	20	3.8%	16/03/2021	19/03/2024
Crédit Agricole	10	3.5%	17/03/2021	18/03/2024
GLP	15	4.4%	18/03/2021	18/03/2024
NDB	50	3.22%	23/03/2021	25/03/2024
BEWG	15	3.98%	21/04/2021	23/04/2026
China Power	20	3.54%	21/04/2021	23/04/2023
Daimler	20	3.6%	18/05/2021	21/05/2023
Daimler	20	3.77%	18/05/2021	21/05/2024
Hengan International	10	2.9%	23/04/2021	23/10/2021
China TCM	10	2.65%	28/05/2021	25/02/2022
Everbright Environment	20	3.6%	10/06/2021	15/06/2024
BMW Finance	15	3.03%	10/06/2021	15/06/2022

Issuer	Amount Issued (RMB100M)	Coupon (%)	Issue Date	Maturity
BMW Finance	20	3.44%	10/06/2021	15/06/2024
China Everbright	40	3.7%	16/06/2021	18/06/2024
China Mengniu	8	2.65%	21/06/2021	16/12/2021
BOCGI	25	3.64%	22/06/2021	24/06/2024
Far East Horizon	5	3.98%	08/07/2021	12/07/2023
Luso Bank	15	3.28%	22/07/2021	27/07/2024
China Mengniu	20	2.6%	26/07/2021	09/12/2021
CEB Greentech	10	3.5%	26/07/2021	28/07/2026
SPIC	5	2.63%	08/02/2021	03/01/2022
China Mengniu	5	2.5%	08/03/2021	10/29/2021
Everbright Water	8	2.4%	08/09/2021	12/08/2021
Far East Horizon	7	3.78%	26/08/2021	30/08/2023
China Mengniu	25	2.55%	27/08/2021	19/11/2021
China Mengniu	25	2.55%	27/08/2021	26/11/2021
BMW Finance	15	3.1%	14/09/2021	16/09/2023
BMW Finance	20	3.15%	14/09/2021	16/09/2024
Crédit Agricole	10	3.14%	15/09/2021	17/09/2024
NDB	20	3.02%	16/09/2021	17/09/2026
Daimler	20	3.1%	23/09/2021	27/09/2023
Daimler	20	3.3%	23/09/2021	27/09/2023
China Mengniu	15	2.55%	27/09/2021	22/12/2021
SPIC	20	3.47%	11/10/2021	13/10/2024
Republic of Poland	30	3.2%	13/10/2021	15/10/2024
SPIC	10	3.39%	20/10/2021	22/10/2024
Far East Horizon	3	4.06%	25/10/2021	27/10/2023
SPIC	10	2.88%	01/11/2021	29/07/2022
Far East Horizon	1.5	4.04%	16/11/2021	18/11/2023
BMW Finance	15	3.28%	23/11/2021	25/11/2024
BMW Finance	10	2.9%	23/11/2021	25/11/2022
ADB	10	2.78%	23/11/2021	25/11/2026
BOCGI	20	3.19%	06/12/2021	08/12/2024
Trafigura Group	7	5%	08/12/2021	13/12/2024
Hungary	10	3.28%	14/12/2021	16/12/2024
Everbright Water	10	2.5%	12/01/2022	12/06/2022
BEWG	10	2.97%	20/01/2022	21/01/2025
BEWG	10	3.38%	20/01/2022	21/01/2027
China Mengniu	25	2.35%	21/01/2022	22/04/2022
NDB	30	2.45%	26/01/2022	27/01/2025
China TCM	10	2.4%	16/02/2022	22/04/2022
BMW Finance	15	2.89%	17/02/2022	21/01/2025
BMW Finance	25	3.1%	17/02/2022	21/01/2027
China Mengniu	25	2.33%	23/02/2022	12/06/2022

Issuer	Amount Issued (RMB100M)	Coupon (%)	Issue Date	Maturity
Hengan International	10	2.5%	01/03/2022	30/08/2022
Hengan International	10	2.5%	01/03/2022	30/08/2022
Hengan International	15	2.4%	16/03/2022	14/09/2022
Yuexiu Transport	10	3.29%	16/03/2022	18/03/2027
China TCM	10	2.32%	18/03/2022	17/10/2022
China Mengniu	25	2.2%	21/03/2022	10/06/2022
CEB Greentech	12	3.27%	06/04/2022	08/04/2027
Everbright Water	10	3.1%	14/04/2022	18/04/2025
Everbright Environment	15	3.47%	18/04/2022	20/04/2025
NDB	70	2.7%	18/05/2022	20/05/2025
Yuexiu Transport	5	2.1%	19/05/2022	17/02/2023
AIIB	15	2.4%	24/05/2022	26/05/2025
CEB Greentech	7	3.35%	25/05/2022	27/05/2025
Hengan International	10	2.1%	08/06/2022	07/12/2022
Everbright Water	7	3.3%	09/06/2022	13/06/2025
SPIC	20	3%	10/06/2022	14/06/2025
SPIC	10	2.1%	14/06/2022	12/03/2023
China Everbright	30	3.09%	15/06/2022	17/06/2025
Daimler	10	2.98%	15/06/2022	20/06/2024
Daimler	30	3.25%	15/06/2022	20/06/2025
SPIC	20	2.99%	16/06/2022	20/06/2025
Anta Sports	5	2.8%	11/07/2022	13/07/2025
China Power	20	2.87%	18/07/2022	20/07/2025
China Power	10	1.75%	25/07/2022	22/01/2023
China Mengniu	25	1.75%	03/08/2022	02/11/2022
China Mengniu	25	1.75%	04/08/2022	07/12/2022
Yuexiu Transport	5	1.77%	05/08/2022	28/04/2023
China Mengniu	29	1.6%	16/08/2022	09/12/2022
Daimler	20	2.55%	23/08/2022	26/08/2024
ICBC (Macau)	20	2.58%	25/08/2022	29/08/2024
China Power	20	2.71%	30/08/2022	01/09/2025
Everbright Water	10	1.72%	22/09/2022	18/03/2023
China Mengniu	29	1.6%	28/09/2022	22/12/2022
China Mengniu	25	1.56%	28/09/2022	08/12/2022
NDB	30	2.53%	25/10/2022	26/10/2025
China TCM	10	1.88%	26/10/2022	24/07/2023
Yuexiu Transport	5	1.81%	28/10/2022	28/07/2023
Hungary	20	3.75%	16/11/2022	17/11/2025
Daimler	5	2.9%	24/11/2022	29/11/2024
China Shengmu	1	3.95%	23/12/2022	27/03/2023

Source: London Stock Exchange

Appendix III

Agreements on RMB Business Between China and the UK

Currency swap between China and the UK

In June 2013, the PBC and BoE signed a bilateral currency swap agreement of RMB200 billion/GBP20 billion. In October 2015, the PBC and BoE renewed the swap agreement and increased the size to RMB350 billion/GBP35 billion, effective for three years. In November 2018, the PBC and BoE renewed the swap agreement again and the scale remained unchanged, effective for three years. In November 2021, the PBC and BoE renewed the swap agreement and increased the size to RMB350 billion/GBP40 billion, effective for five years.

Clearing bank

In March 2014, the PBC and BoE signed a Memorandum of Understanding to establish RMB

clearing arrangements in London. In June 2014, the PBC authorized China Construction Bank (London) to serve as the RMB clearing bank in London. In July 2016, the PBC approved the transfer of clearing functions from China Construction Bank (London) to China Construction Bank, London Branch. By the end of June 2022, Cross-Border Inter-Bank Payments System (CIPS) had 1307 participating banks, of which 20 were from the UK, accounting for 1.53% of the total.

RQFII

In October 2013 China announced the RQFII program for UK with a quota of RMB80 billion.

On 10th September, 2019, the PBC and SAFE removed QFII / RQFII investment quotas to promote further opening-up of China's financial market.

Appendix IV

UK RMB Business in CIPS

In 2022, CIPS cleared and settled a cumulative volume of RMB8.90 trillion in the UK among which RMB5.15 trillion was paid and RMB3.75 trillion was received

by the UK^{2,3}. As of December 2022, CIPS has 20 participants from the UK with 2 as direct participants and 18 as indirect participants.

No.	Name of Institution*
Direct Participant	
1	China Construction Bank Corporation London Branch
2	Bank of China Limited London Branch
Indirect Participant	
1	The Access Bank UK Limited
2	Agricultural Bank of China Limited London Branch
3	Barclays Bank PLC
4	The Bank of East Asia Limited, London Branch
5	MUFG Bank, Ltd., London Branch
6	China Merchants Bank Co., Ltd, London Branch
7	Bank of Communications Co., Ltd. London Branch
8	Crown Agents Bank Limited
9	FBN Bank (UK) Ltd
10	ICBC (London) PLC
11	HSBC Bank PLC, United Kingdom
12	Oversea-Chinese Banking Corporation Ltd, UK Branch
13	China Construction Bank (London) Limited
14	ICBC Standard Bank PLC
15	Standard Chartered Bank London
16	Shanghai Pudong Development Bank Co., Ltd., London Branch
17	Zenith Bank (UK) Ltd.
18	Commonwealth Bank of Australia, London Branch

*The name of the institution is the name registered when the CIPS participant joined the system.

²The CIPS RMB clearing volume is different from China-UK RMB cross-border settlement volume in terms of statistic scale. The calculation of CIPS RMB clearing volume encompasses all types of payments cleared through the CIPS system, including interbank position transfer, foreign exchange transactions, etc. The calculation of China-UK RMB cross-border settlement volume encompasses payments under current and capital account while excluding interbank position transfer, foreign exchange transactions etc. The China-UK RMB cross-border settlement data comes from RMB CrossBorder Payment&Receipt Management Information System (RCPMIS).

³The CIPS RMB clearing volume is different from CCB London clearing volume in terms of statistic scale. The calculation of CIPS RMB clearing volume encompasses all types of payments cleared through the CIPS system but doesn't encompass payments cleared outside the CIPS system. The calculation of CCB London clearing volume encompasses all payments cleared by CCB London, with clearing channels including CIPS, CCB London book-transfer (for UK local business), CCB head office book-transfer, etc.

London RMB Business Monitoring Group

The London RMB Business Monitoring Group is an industry-led working group co-chaired by City of London Corporation and the People's Bank of China Representative Office for Europe. This working group acts as a platform for financial institutions in the UK to discuss how to drive the London RMB business and encourage further innovation and diversification for offshore RMB products.

The working group members consists of the leading financial institutions, with HM Treasury, UK Department for Business and Trade and Bank of England joining as observer:

Agricultural Bank of China Ltd London	IHS Markit
Bank of China Limited London Branch	International Swaps and Derivatives Association (ISDA)
Bank of Communications Co Ltd. (London Office)	KPMG
Bloomberg	Legal and General Investment Management
China Central Depository & Clearing Co., Ltd (London Representative Office)	London Clearing House
China Construction Bank (London Branch), UK RMB Clearing Bank	London Metal Exchange
China Development Bank (London Branch)	London Stock Exchange Group
ChinaFICC	National Association of Financial Market Institutional Investors (NAFMII)
China Financial Futures Exchange (CFFEX)	Ninety One
China Foreign Exchange Trade System (CFETS)	People's Bank of China Representative Office for Europe
China International Capital Corporation (UK)	PwC
China Minsheng Banking Corporation (London Representative Office)	R5FX
Cross-Border Inter-Bank Payments System (CIPS)	Refinitiv
CITIC Securities	Shanghai Clearing House (London Representative Office)
DBS	Shanghai Pudong Development Bank (London Branch)
EBS	Shanghai Stock Exchange London Office
Enodo Economics	Standard Chartered Bank
Enterprai	SWIFT
EVIA	TheCity UK
HSBC	Tradeweb
ICBC London Branch	Wind Financial
ICBC Standard Bank	



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