



THE PEOPLE'S BANK OF CHINA
REPRESENTATIVE OFFICE FOR EUROPE

London RMB Business Quarterly

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Foreword



Chris Hayward
Policy Chairman
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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.

The London RMB Business Quarterly 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 seek 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.



Giles French
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We are very pleased with the partnership between the City of London Corporation and the People's Bank of China Representative Office for Europe on the London RMB Business Quarterly report. It highlights the UK's influence as a leader in RMB offshore business and the PBoC's efforts to develop and sustain the RMB at home and abroad.

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. The RMB is an important global currency and it is natural, as home to the world's largest FX market, that the UK monitors its use and innovations closely.

With access to onshore RMB investments in China rapidly increasing, opportunities for new products and ways to manage currency exposure are also growing. This makes for exciting times for the City of London and international investors. In the 13th issue

of the London RMB Business Quarterly we see the UK's offshore RMB market has continued to show its resilience. The report highlights the opening-up of Chinese market infrastructure provider platforms to the international market.

The London RMB Business Quarterly report serves to contribute to the understanding of the UK's offshore market, providing the most recent data, policies, and commentaries from market participants. In addition, it aims to promote the healthy and sustainable development of the UK's offshore RMB market by monitoring and providing feedback to regulatory bodies in both countries.

We would like to thank all our valued partners who have contributed to the 13th issue of the London RMB Business Quarterly report. Your contributions play a major part in the success of this quarterly report.

Market Overview

In Q1 2022, China's GDP registered a growth of 4.8% and London's offshore RMB market still showed its resilience, with the RMB clearing volume, the total value of Sino-Britain cross-border RMB transactions, and the RMB deposits balance enjoying a YoY increase. However, the RMB FX trading volume, the value of new Dim Sum bonds issuance and the amount outstanding of RMB loans 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.



London Skyline

London RMB Foreign Exchange Market

During Q1 2022, the average daily CNH FX trading volume in London stood at GBP86.74 billion, down 9.56% YoY. During March 2022, about 43% of all CNH spot trading on EBS took place during EMEA trading hours, up 1% from that in December 2021.

London RMB Bond Market

During Q1 2022, 11 new Dim Sum bonds were listed on the London Stock Exchange, with the value of RMB4.91 billion, and weighted average coupon rate of 3.86%. The value of new Dim Sum bonds issued from January to March 2022 decreased by RMB668 million compared with the same period of 2021, a decrease of 11.97%. At the end of March 2022, there were 169 Dim Sum bonds listed on the London Stock Exchange with an outstanding value of RMB88.48 billion, and weighted average coupon rate of 3.33%.

London RMB Credit Market

By the end of March 2022, the amount of RMB deposits reached RMB79.86 billion, up 11.23% YoY. The amount outstanding of RMB loans reached RMB 62.83 billion, down 9.74% YoY.

London RMB Clearing

Between Jan 2022 to Mar 2022, the total cumulative clearing volume was RMB2.96 trillion, up 14.7% YoY, with daily average clearing volume RMB50.24 billion. By the end of Mar 2022, the accumulative total RMB clearing volume climbed to RMB67.01 trillion.

China-UK RMB Cross-Border Settlement

In three months from January to March 2022, the total value of cross-border RMB business transactions between China and the UK totaled RMB578.26 billion, up 17.1% YoY. This comprised cross-border

RMB receipts of RMB267.67 billion, and payments of RMB310.39 billion, resulting in a net inflow into the UK of RMB42.72 billion. During this period, cross-border RMB payments for the settlement of goods traded was RMB45.54 billion, accounting for 28.1% of the total amount of Sino-British bilateral trade in goods during the same period.

UK's Rank as Offshore RMB Centre

According to SWIFT, in March 2022, RMB spot transactions in the UK accounted for 36.14% of the total, down 2.04% from March 2021. RMB's share as a domestic and international payments currency was 2.2%, down 0.29% from March 2021. However, 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, there was an upward trend in RMB share in the global currency reserves, reaching a figure of 2.88% as of Q1 2022, up 0.09% from Q4 2021. When it was first included in the SDR basket, the share registered at 1.07% (Q4 2016).

RMB Exchange Rate

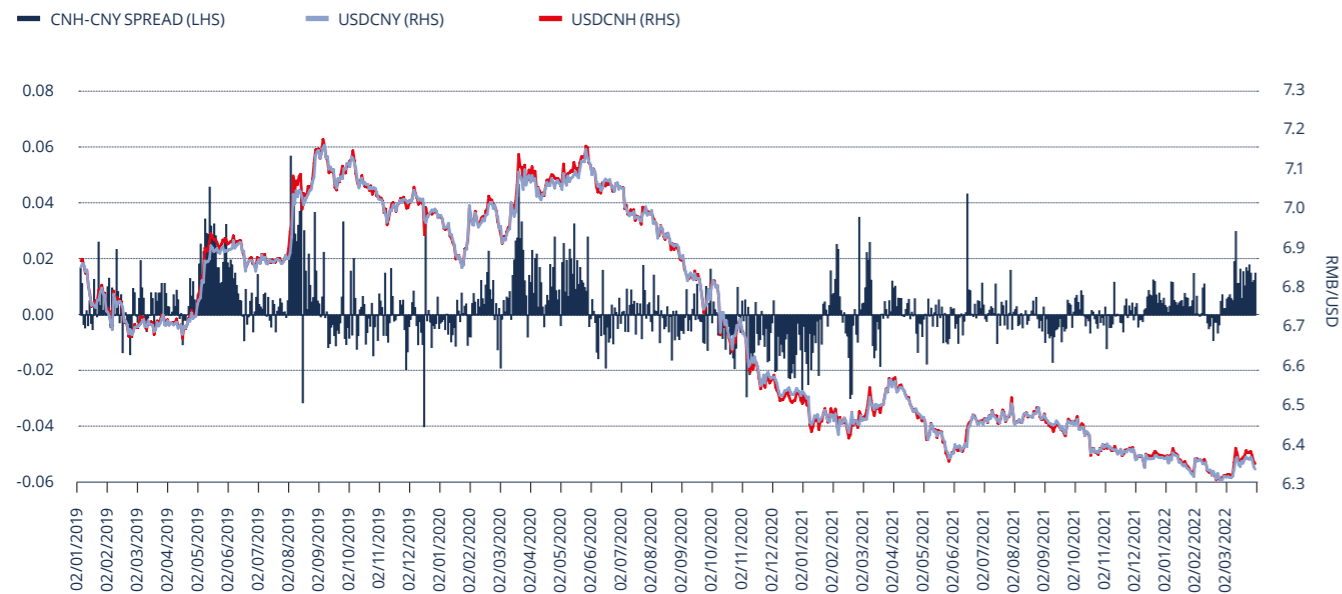
From January to March 2022, the RMB exchange rate fluctuated against the USD within the range from 6.31 to 6.40, closing at 6.3547 at the end of March. It appreciated by 0.04% in Q1 2022. The spreads between CNH and CNY were positive for most of the time and CNH in offshore market was a little bit weaker. RMB appreciated in the first two months before fluctuating more sharply in two directions in March. Externally, the risk aversion in the market resulting from the geopolitical tension and the spillover effect of the Fed's tightening monetary policy slowed down the cross-border capital inflows

into China. Internally in China, the domestic economy was under pressure to stabilize growth due to the periodic outbreak of COVID-19. All these factors have posed depreciating pressure on RMB in Q1 2022.

From 1st January to 31st March 2022, the average FX spot rate of USD/CNH in the offshore market was 6.3531, with the average USD/CNY onshore FX spot rate 6.3469. The spread between offshore and onshore in this period was +62 basis points, while the average spread of Q4 2021 was +13 basis points.

The Onshore-Offshore Exchange Rate Differential as of March 2022

USDCNH-USDCNY FX Spot Rate



Source: Bloomberg, ABC

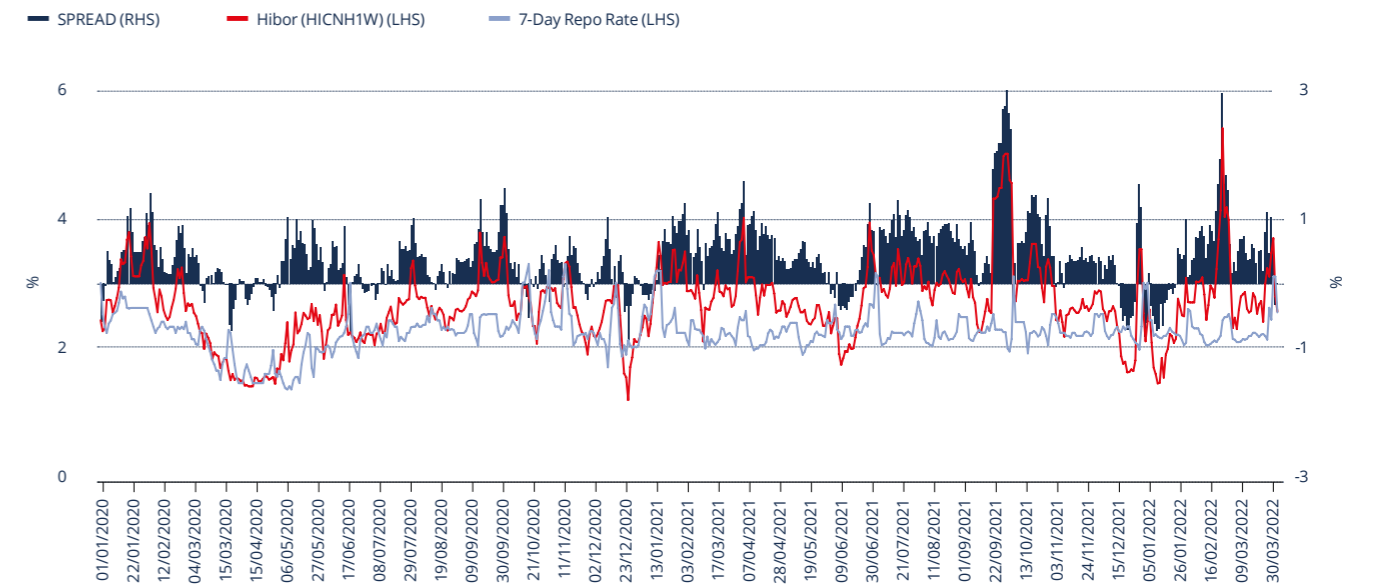
RMB Interest Rate

The monthly average 7-day repo rate decreased significantly in Q1 2022. From January to March, the PBoC renewed the Medium-term Lending Facility (MLF) operations every month, moderately increasing the reverse repo input when the money supply was insufficient. The monthly average 7-day repo rate (R007) in Q1 2022 was down 14 bps to 2.24% QoQ. The yields of Govt bonds became steeper. Under the

intertwined long and short factors, the yield of Govt bonds declined at first and was followed by a pick-up, fluctuating overall with a range. As of the end of Q1 2022, the yield of 1Y Govt bond was down 11 bps QoQ. This was the largest downward movement among government bonds of all maturities, the 3-5Y Govt bonds were down 6-8 bps QoQ, ranking them second, the 10Y Govt bond was flat QoQ.

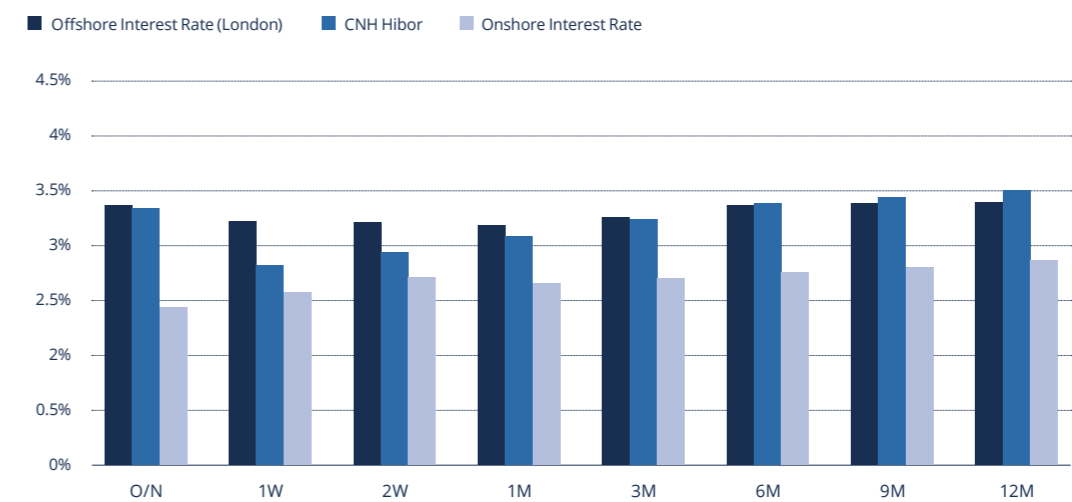
The Onshore-Offshore Interest Rate Spreads as of March 2022

CNH Hibor and 7-Day Repo Rate Spreads



Source: Bloomberg, CCB

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



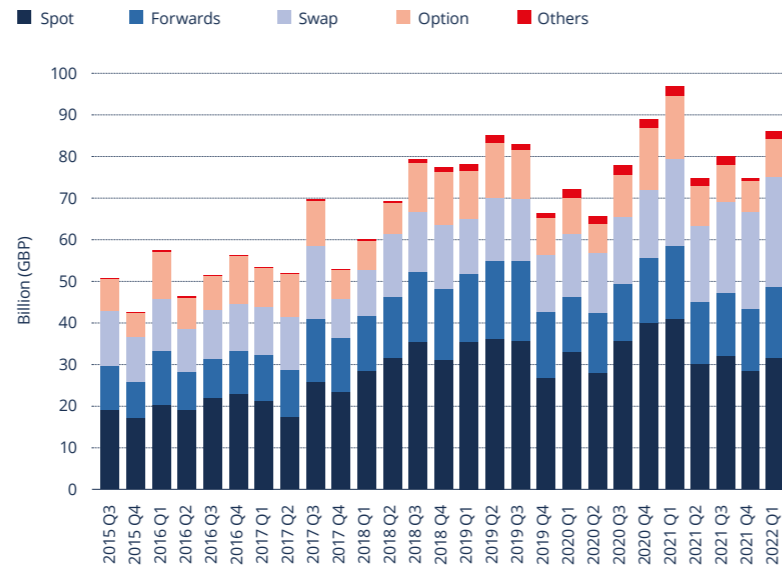
Source: Bloomberg, CCB

London RMB Foreign Exchange Market

In Q1 2022, the average daily CNH FX trading volume in London stood at GBP86.74 billion, up 15.06% QoQ, down 9.56% 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 43.4%; followed by RMB FX turnover with non-resident deposit-taking corporations, taking 35%; the smallest share belonged to RMB FX turnover with UK deposit-taking corporations, accounting for 21.6%.

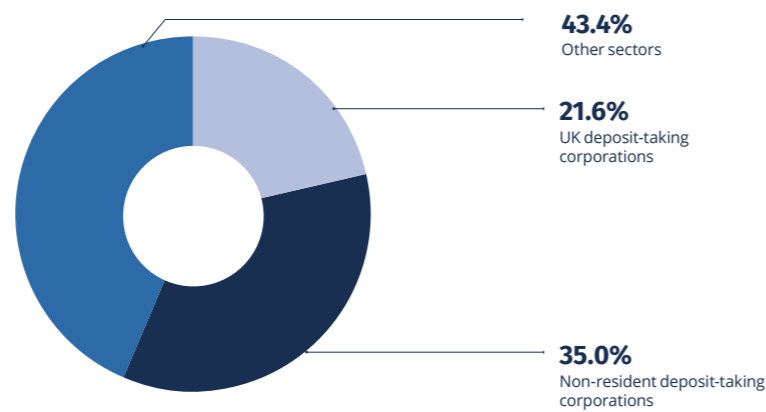
In March 2022, the share of EMEA trading time sessions of the overall offshore RMB foreign exchange transactions was a bit higher than that in December 2021. According to EBS transaction data, RMB spot transactions in the EMEA trading session accounted for 43%, up 1% from December 2021. Specifically, in March 2022, volumes traded during Asia, EMEA and American trading hours were 49%, 43% and 8% respectively, compared with 46%, 42% and 9% in December 2021.

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



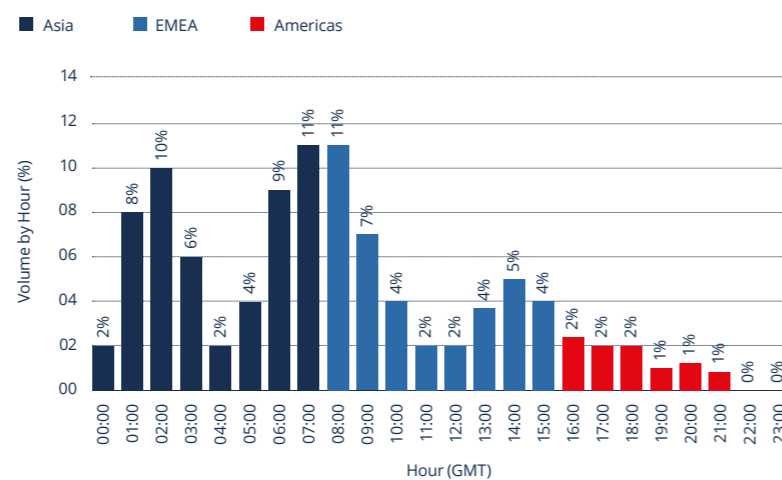
Source: Bank of England (BoE)

RMB FX Turnover by Counterpart Sector in Q1 2022



Source: Bank of England (BoE)

Spot CNY Volume Distribution by Hour on EBS in March 2022

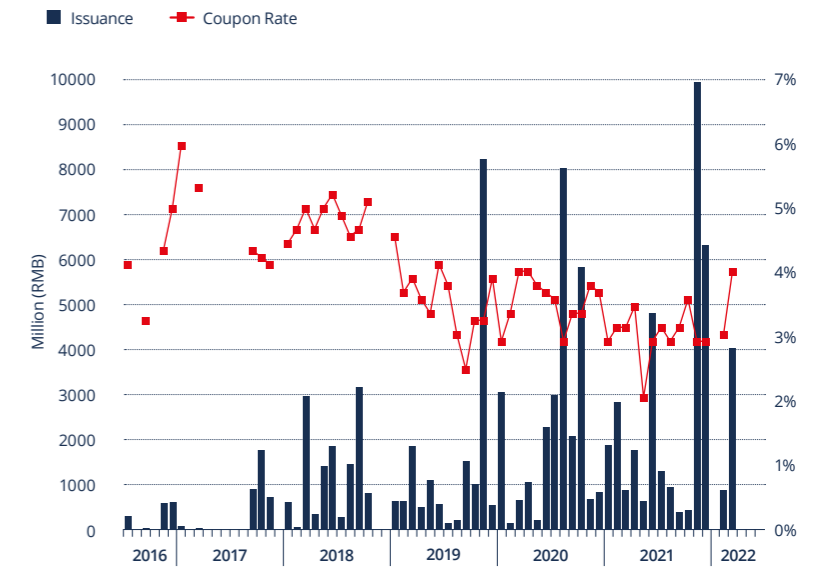


Source: EBS

London RMB Bond Market

In Q1 2022, 11 new Dim Sum bonds were newly listed on the London Stock Exchange, with a total issuance size of RMB4.91 billion, and weighted average coupon rate of 3.86%. The issuance size was 11.97% lower than the same period of 2021. At the end of March 2022, there were 169 Dim Sum bonds listed on the London Stock Exchange with an outstanding value of RMB88.48 billion, and weighted average coupon rate of 3.33%.

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

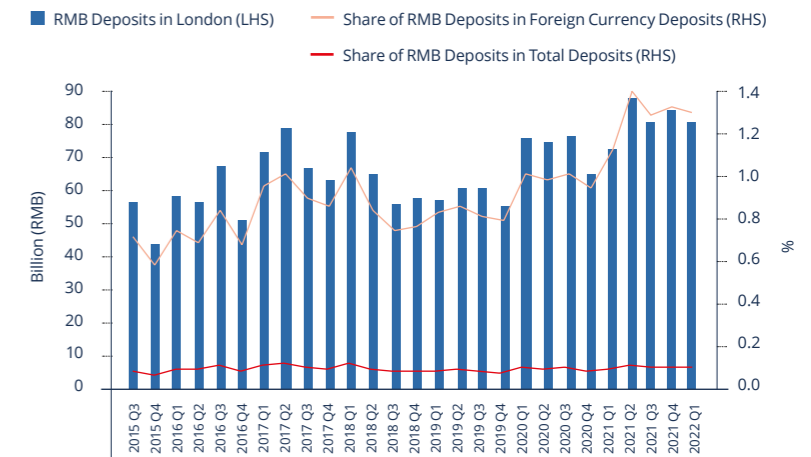


Source: LSE

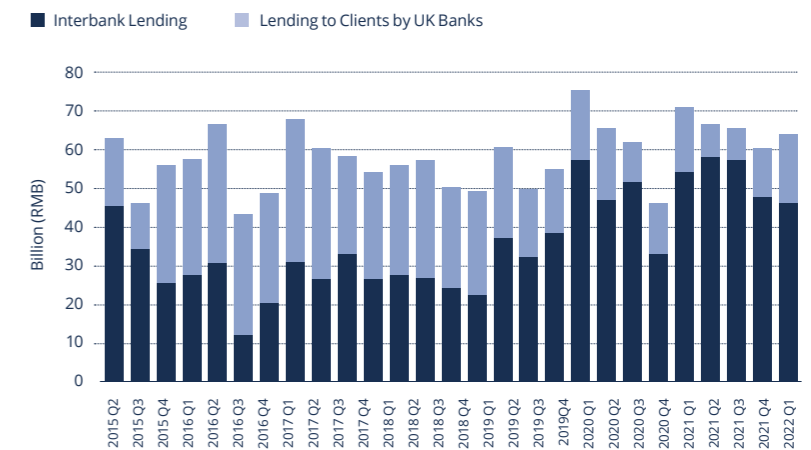
London RMB Credit Market

The outstanding RMB deposits in London offshore market saw a YoY increase while the amount outstanding of RMB loans saw a decrease. By the end of March 2022, the amount of RMB deposits reached RMB79.86 billion, down 5.19% QoQ and up 11.23% YoY. The amount outstanding of RMB loans reached RMB62.83 billion, up 6.09% QoQ and down 9.74% YoY.

RMB Deposits in London as of Q1 2022



RMB Lending in London as of Q1 2022

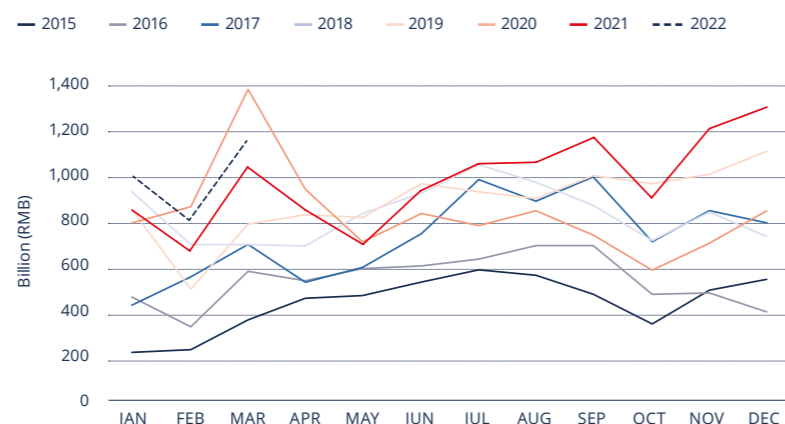


Source: Bank of England (BoE)

London RMB Clearing

Between January 2022 to March 2022, the total cumulative clearing volume was RMB2.96 trillion, up 14.7% YoY, with daily average clearing volume RMB50.24 billion. Accumulated transaction counts stood at 21420. By the end of Mar 2022, the accumulative total RMB clearing volume reached RMB67.01 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 March 2022

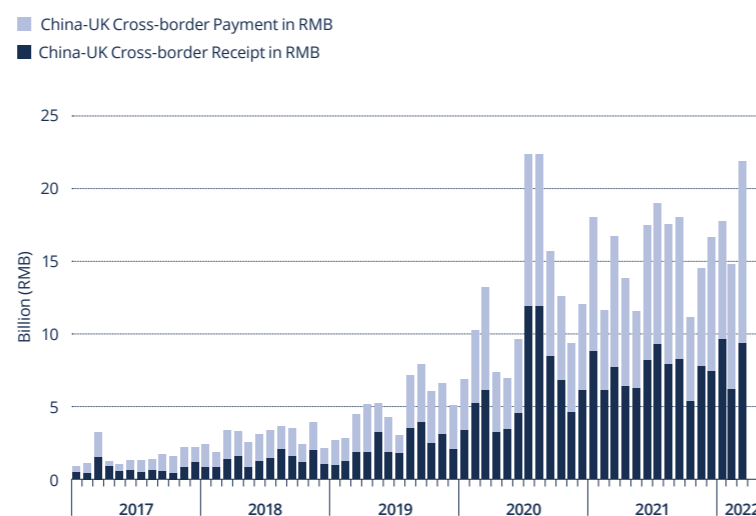


Source: CCB London Branch

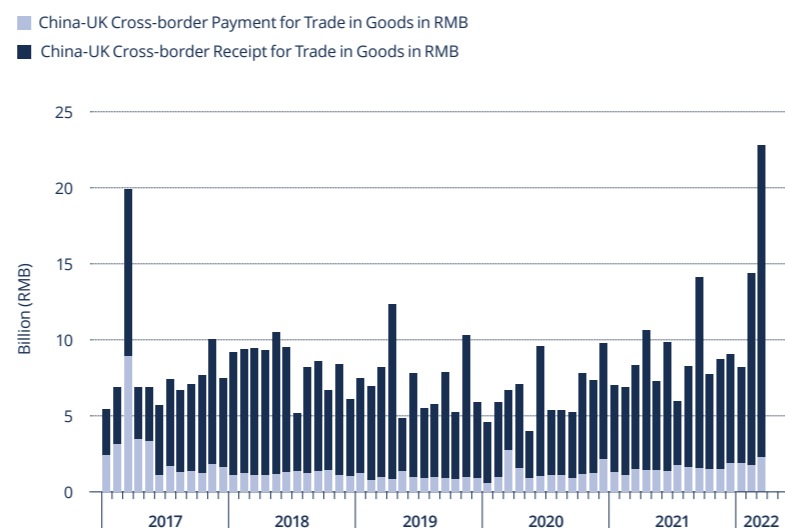
China-UK RMB Cross-Border Settlement

In the three months from January 2022 to March 2022, the total value of cross-border RMB business transactions between China and the UK totaled RMB578.26 billion, a 17.1% YoY increase. This comprised cross-border RMB receipts of RMB267.67 billion, and payments of RMB310.39 billion, resulting in a net inflow into the UK of RMB42.72 billion. During this period, cross-border RMB payments for the settlement of goods traded was RMB45.54 billion, accounting for 28.1% of the total value of goods traded between China and the UK during the same period, of which receipts were RMB5.91 billion and payments RMB39.62 billion.

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



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



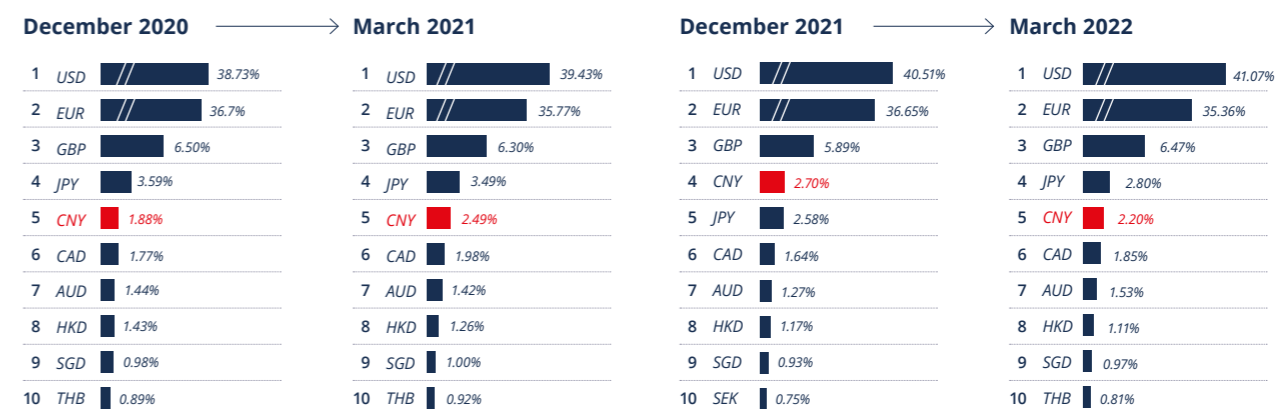
Source: PBoC

The International Status of the London Offshore RMB Market

According to SWIFT, RMB's share as a domestic and international payments currency in March 2022 was 2.2%, down 0.29% from March 2021. RMB share as a global currency in trade finance market was 2.32%, up 0.41% from March 2021. The UK retained its position of having the second largest share of offshore RMB payments. The top three

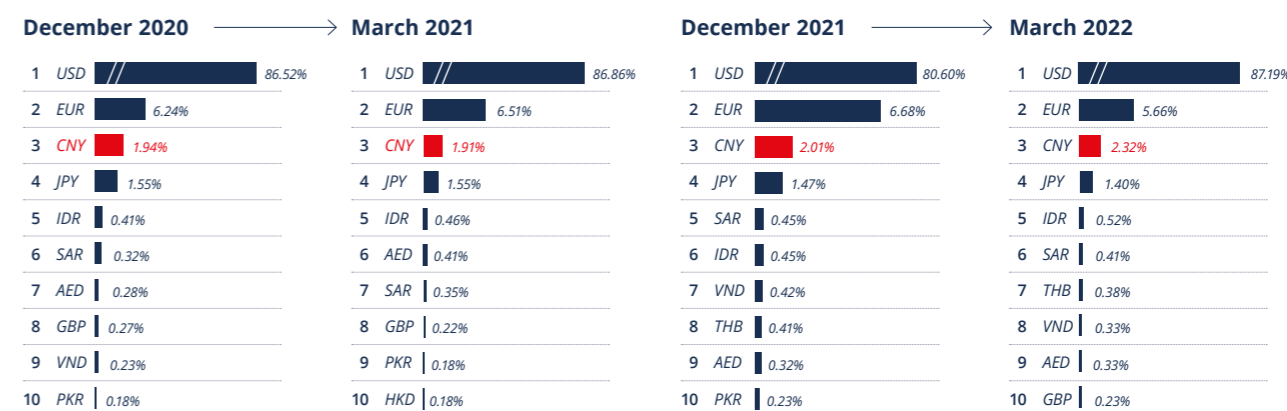
countries or regions doing FX transactions in RMB in March 2022 were the United Kingdom, the United States and China. The United Kingdom accounted for 36.14% of the total, down 2.04% from March 2021.

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



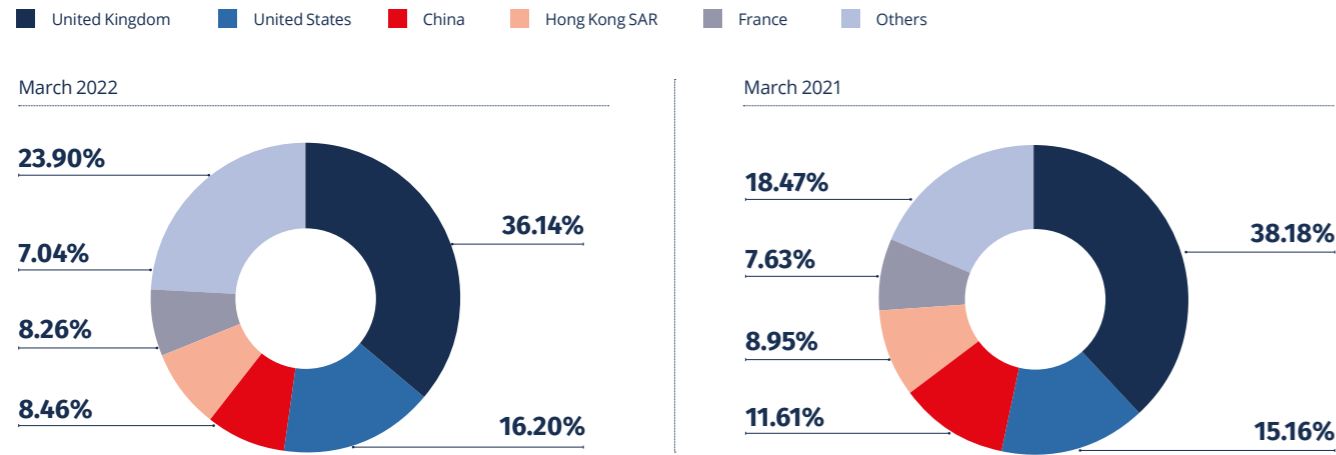
Source: SWIFT, watch

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



Source: SWIFT, watch

Top Economies doing FX Spot transactions in RMB



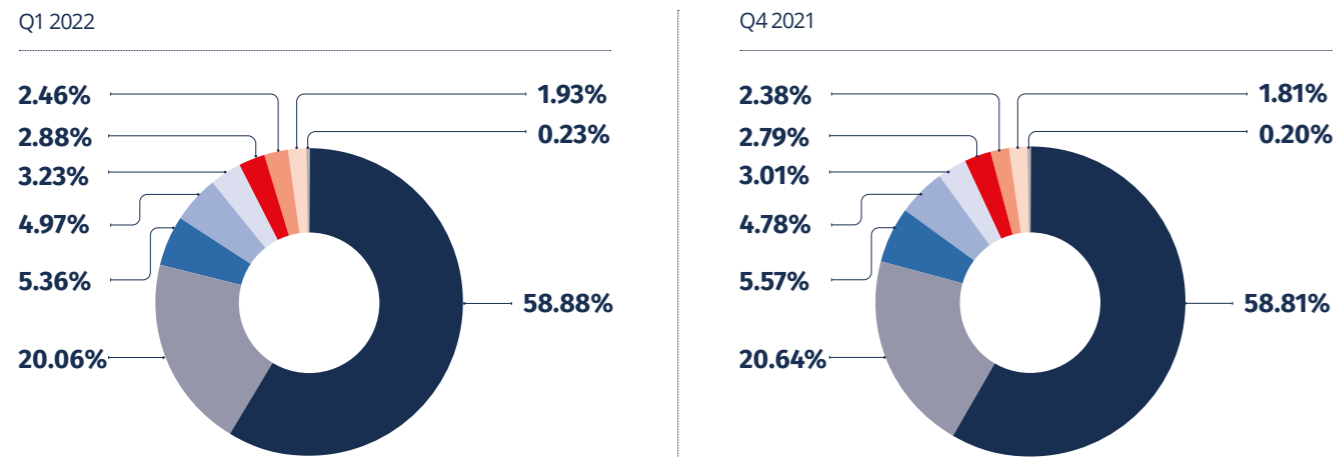
Source: SWIFT, watch

RMB in Global Currency Reserves

According to the IMF, RMB represented 2.88% of global currency reserves as of Q1 2022, up 0.09% 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 slightly from

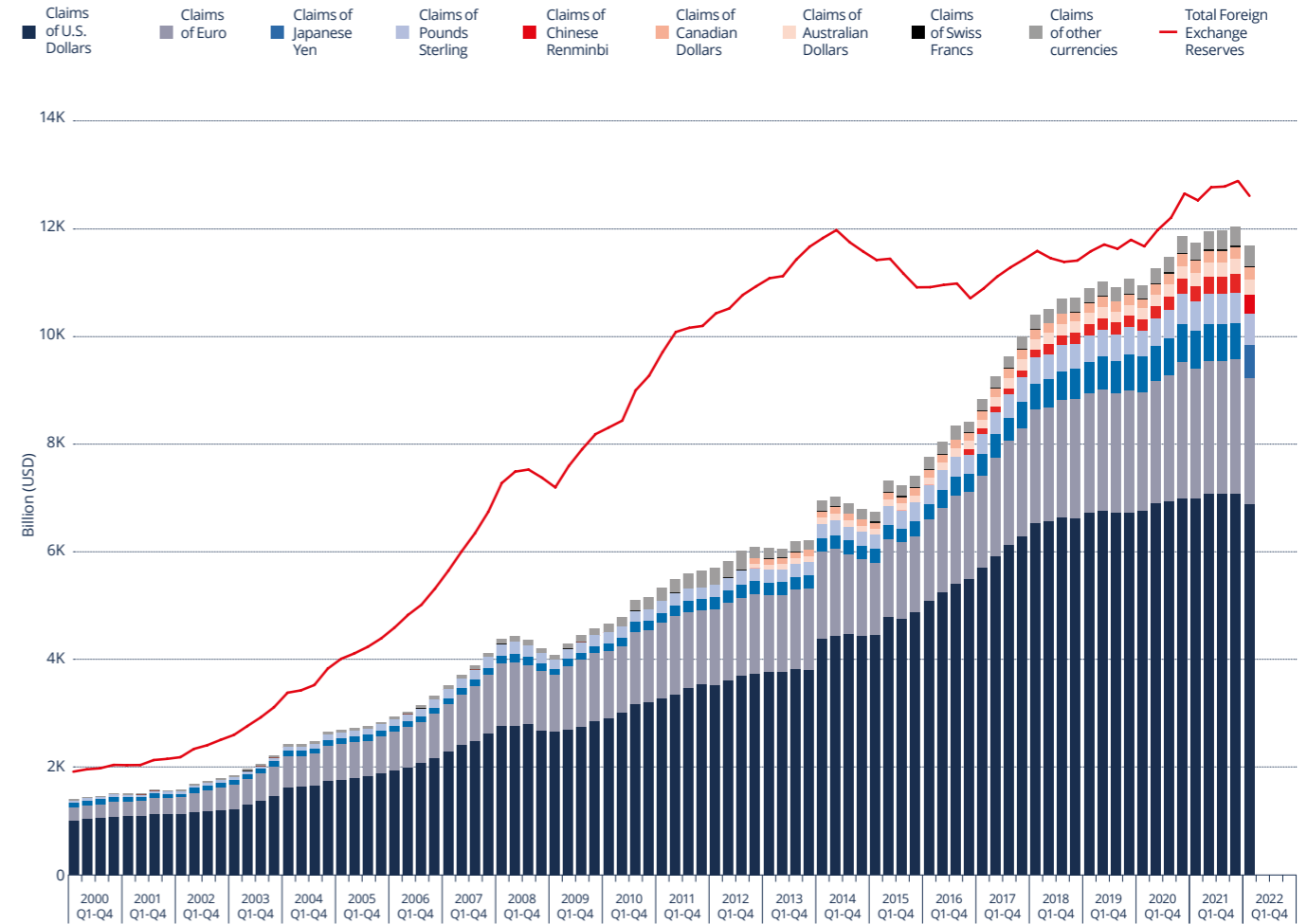
58.81% in Q4 2021 to 58.88% in Q1 2022; the share of Euro decreased from 20.64% in Q4 2021 to 20.06% in Q1 2022; the share of JPY decreased slightly from 5.57% in Q4 2021 to 5.36% in Q1 2022.

World Currency Composition of Official Foreign Exchange Reserves



Source: International Monetary Fund

Official Foreign Exchange Reserves by Currency (USD billion) as of Q1 2022



Source: International Monetary Fund

RMB Bond-Backed CFETS FX Repos in the UK Market

China Foreign Exchange Trade System (CFETS)

I. Development of China's FX Repo Market and its Main Features

History

In April 2015, the China Foreign Exchange Trade System (CFETS) launched its foreign-currency lending platform, which quickly became one of the most active trading venues for foreign currencies in China. In July 2018, CFETS introduced foreign-currency repos (FX repos) backed by offshore foreign-currency bonds to facilitate better utilisation of non-RMB assets and credit, to reduce financing costs. This was China's first FX repo product that is fully designed to international standards, from collateralisation and trading to custody and settlement. USD170 billion of FX repos have been traded since launch, all of which take the form of classic repo with title transfer.

Meanwhile, another breakthrough was being made in China's FX repo market, due to the rapid development of China's bond market. As of the end of 2021, holding by overseas institutions grew 23% from the year before, to RMB4 trillion. This, along with the inclusion of Chinese bonds in an expanding set of major global indices, underscores the growing international recognition for RMB bonds and a rising need for cross-currency asset-liability management (ALM).

In line with these developments, in December 2019 CFETS rolled out China's first cross-currency repo product—FX repo with RMB bonds as collateral. Working together with China Central Depository & Clearing (CCDC) and the Shanghai Clearing House (SHCH), the list of acceptable collateral has expanded to all openly traded bonds in China's interbank market, including government bonds, policy financial bonds, interbank negotiable certificates of deposit, and credit bonds. CFETS now supports both bilateral and triparty FX repos, as well as DVP settlement of cross-currency repos.

Rapid Growth

By the end of Q1 2022, there was about 100 participants in the FX repo market, including large commercial banks, joint-stock banks, urban and rural commercial banks, overseas foreign banks, overseas Chinese banks, Shanghai Free-Trade Accounting Units (FTUs), securities companies, and financial companies.

Trading volume surged 137% YoY to USD287 billion in 2021, with a 78-12-10 split among bilateral cross currency repo, triparty cross currency repo, and offshore foreign-currency bond-backed repo.

In a near-zero US interest rate environment, CFETS FX repos bring significant financing cost benefits, compared with foreign-currency lending. Spread scales with the tenor, of 1W at about 5 bps and 1M and longer at 10–20 bps. Moreover, China is tapping into the FX repo market to provide new pricing references for secured foreign-currency financing activities in line with the international benchmark rate reforms.

CFETS is now connected to CCDC, SHCH, Clearstream, and Euroclear Bank—through leased lines or SWIFT—to provide direct and integrated trade clearing. CFETS has also broken new ground in connectivity with the direct SWIFT connection to ICBC Asia as the secondary depository (i.e., nominee holder).

In Q1 2022, FX repo transactions totaled USD80 billion, up 25% YoY. Amid the Fed rate hike in mid-March and expectations for further increases within the year, as well as the other changes all around the world today, RMB assets are gaining prominence as a safe-haven asset. This will further highlight the advantages of RMB bond-backed FX repos in lowering the cost of foreign-currency financing, conserving credit, and increasing FX liquidity in both Chinese and overseas markets.

II. RMB Bond-Backed FX Repos in the UK Market

In 2014, the China Construction Bank London Branch ("CCB London") became the RMB clearing bank in the UK. With an expanding service capacity and business scope, CCB London has cleared RMB60 trillion to date and became, in 2020, the first direct participant of the Cross-Border Interbank Payment System (CIPS) in Europe. The branch has been building the offshore RMB market in the UK, to promote RMB assets in overseas transactions. Recently, CCB London and Barclays Bank are working to bring RMB bond-backed FX repos to the UK market for the first time on a pilot basis, which would promote foreign-currency financing, as well as Sino-UK financial cooperation and innovation. The CFETS FX repos, powered by CFETS' FX trading system, promise to bring three benefits: (i) allowing investors in the UK market to find productive

uses for their RMB bond holdings; (ii) enabling the balancing of foreign-currency debt as part of cross-currency ALM; and (iii) alleviating the shortage of high-quality collateral in the UK market, thereby opening up new financial avenues for UK financial institutions and bringing added liquidity to the local market.

CFETS FX repos have been designed from the ground up to international standards and practices, to deliver a seamless experience to overseas participants, whether it be the agreement's terms and conditions, the repo product, or the trading itself. Further convenience comes from CFETS' system connectivity with the various financial infrastructure home and abroad, creating a more efficient, one-stop trading and settlement experience for all participants.

III. Outlook on the Offshore RMB Market

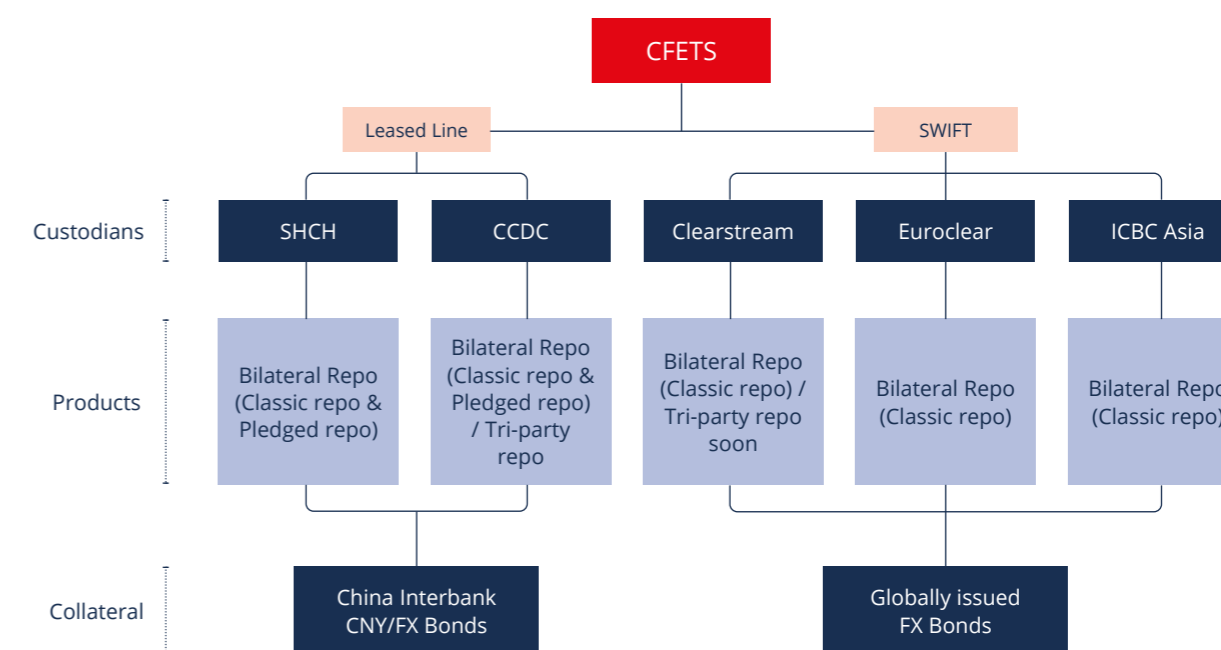
CFETS plans to integrate further with other financial infrastructure to create synergy, to encourage the trading of RMB assets in the UK market, and expand the use of RMB bonds as collateral in new products and applications. Additional repo currencies and trading models are being discussed to meet the trading needs of domestic and foreign investors. CFETS is also working with Chinese depositories to upgrade infrastructure and such services as mark-to-market

and collateral management under bilateral and tri-party repo models. Lastly, CFETS has joined hands with UK trading platforms to bring more liquidity and innovation to both the Chinese and the UK market.

More Information:

How to trade CFETS FX repos?

- 1. Membership.** Qualified overseas institutions can start trading immediately after becoming a member at CFETS.
- 2. Types of repos.** Foreign-currency classic repos (title transfer), pledged repos, and tri-party repos.
- 3. Types of collateral.** RMB and foreign-currency bonds traded in China's interbank market and foreign-currency bonds under the custody of overseas depositories.
- 4. Agreement.** The parties may negotiate on the use of such agreements as the NAFMII Bond Repurchase Master Agreement and the Global Master Repurchase Agreement (GMRA).
- 5. Partnering institutions for CFETS FX repos**



Opening up channels to facilitate financial market infrastructure services: A significant approach to boost China-UK financial market cooperation

Shanghai Clearing House (SHCH)

In recent years, China's financial market has continued to deepen its opening up, while the UK is committed to building a post-Brexit financial market system and regulatory framework. In this context, for China and the UK, to maintain and continuously improve the financial market infrastructure's robust and convenient comprehensive services to international financial institutions, will help further deepen bilateral financial cooperation. In particular, encouraging financial activities via central counterparties, which is the international consensus of the G20 and the shared vision of financial institutions, has now become one of the key points for strengthening cooperation between the financial markets of China and the UK. The support of the collaboration between Shanghai Clearing House (SHCH) and the UK financial market infrastructures have been emphasized by the joint statements of the China-UK Economic and Financial Dialogues for several times. To accelerate the expansion of high-efficiency and low-cost services of central counterparties is in the interests of all relevant parties, especially the stable and predictable regulatory environment of the UK Third Country Central Counterparty (TC-CCP) recognition is a basis for safeguarding the active cross-border financial activities, and enhanced cooperation in this specific area is of great significance for both financial markets.

I. Achievements have been made in the opening up and development of China's financial market

Opening up and cooperation are important driving forces for the prosperity of the global financial market. Since 2018, the opening process of China's financial market has been accelerating. The Chinese government has made commitments and comprehensive arrangements for the new round of high-level opening-up of the financial industry. The financial regulatory authorities have actively introduced a series of opening-up measures, creating a favorable environment for foreign institutions to layout, invest and allocate RMB financial assets in China.

Against this background, China's financial market has continued to grow at a relatively fast pace in recent years. In 2021, the trading volume of China's bond market (including cash and repo) reached RMB1,639 trillion, with a compound annual growth rate of 14% (since 2018, the same as below); the trading volume of China's stock market reached RMB258 trillion, with a compound annual growth rate of 42%; the trading volume of China's futures market reached RMB581 trillion, with a compound annual growth rate of 40%. The trading volume of the inter-bank derivatives market (including interest rate swaps, standard forwards, FX derivatives, and credit derivatives) reached RMB159 trillion, with a compound annual growth rate of 5.4%.

The development of China's financial market should be attributed to the proactive measures and the foreign institutions' increasing participation as well. From 2018 and 2021, foreign investors have increased their net investments of domestic bonds and stocks by more than USD700 billion. At the end of 2021, foreign investors held RMB3.94 trillion of stocks in China, compared to RMB1.15 trillion at the end of 2018, with a compound annual growth rate of 50.8%. At the end of 2021, foreign investors held RMB4.1 trillion of bonds in China, compared to RMB1.79 trillion at the end of 2018, representing a compound annual growth rate of 31.8%. However, as the second largest bond and stock market in the world, the foreign investors' holding ratio in stock and bond market remained at 3%-5%, indicating a great potential for growth.

The rapid growth of foreign investors' investment in RMB financial assets creates a large amount of demand for interest rates and exchange rates risk management products, and further increases the demand of foreign investors to participate in RMB interest rate, FX and other derivatives trading. Foreign investors have multiple ways to participate in RMB derivatives market transactions, e.g., by becoming Qualified Foreign Investors (QFI) or through China Interbank Bond Market Direct (CIBM Direct). Meanwhile, considering the international trading preferences, foreign investors are actively adopting central clearing of OTC derivatives to manage their liquidity, interest rate, exchange rate and credit risks, while accessing to the efficient, compliant, and cost-effective clearing services. This is in line with the global policy orientation that standardized OTC derivative transactions should be centrally cleared and is also the mainstream choice of all types of participants in China's financial market today.

II. Central clearing in China's OTC derivatives market is developing rapidly

After the international financial crisis in 2008, it has become an international consensus to promote the central clearing mechanism in the OTC market. In 2009, under the oversight of the People's Bank of China (PBoC), Shanghai Clearing House (SHCH) was established. It started to provide central clearing services for China's OTC financial market since 2011. In 2014, according to the regulations of the PBoC, SHCH provided central clearing services for certain RMB interest rate swap transactions subject to mandatory clearing. In 2016, SHCH officially became the first Qualifying Central Counterparty (QCCP) in China's OTC financial market recognized by the PBoC.

At present, SHCH's central clearing service covers five product categories, including bonds, interest rate derivatives, FX spots & derivatives, credit derivatives and commodity derivatives, and SHCH has launched clearing services for more than 20 financial instruments. Among them, the central clearing volume of FX spots & derivatives transactions accounted for 61.8% of the total volume of related products in China's interbank FX market, of which the central clearing of FX spots accounted for 73.2%, and FX derivatives is 56.5%. In the interest rate derivatives market, the percentage of transactions via SHCH central clearing reaches 99%. It is theoretically and practically showed that central clearing services not only provide services with safety, efficiency, and low cost, but also conform to the development trend of international financial markets and regulatory policies. It has been broadly accepted in China's OTC derivatives market, and has also attracted more and more overseas institutions to participate.

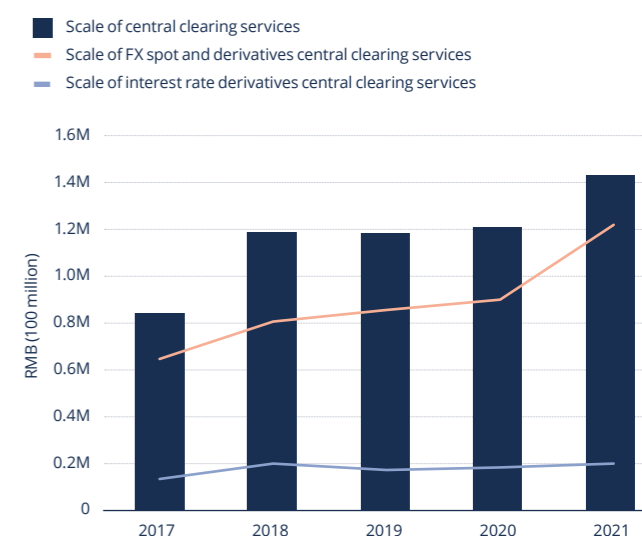
At present, in accordance with international standards including the CPMI-IOSCO Principles for Financial Market Infrastructures (PFMIs), and based on the status quo of China's financial market, SHCH has established an effective risk management framework, with orderly risk reserve resources and accurate risk measurement methods, to effectively cope with potential risk shocks. During the COVID-19 pandemic, SHCH has maintained stable operations with high efficiency and low cost. For example, by the first quarter of 2020, while the daily average variation margin collected by some other CCPs increased by 100%, some even by 300%, but SHCH only increased by 42%. At the same time, as a QCCP in China, SHCH may be considered as a QCCP, on a temporary basis, by institutions in the UK and the EU, and has obtained a no-action relief from the US. According to the Capital Requirement Regulations, Chinese and international financial market participants, in calculating of risk-weighted assets, could apply a lower weight to their trade exposures to QCCPs, together with a lower multiplier and capital factor to their default fund exposures to QCCPs. It could greatly reduce the cost and improve capital efficiency, and better maintain the financial market's stability and dynamic.

III. SHCH's foreign institutions services

In 2021, the scale of central clearing of SHCH increased significantly, reaching around RMB150 trillion in the whole year, with a compound annual growth rate of 14.1% in the past five years (see Figure 1). Among them, the volume of FX spots & derivatives central clearing was RMB125 trillion, with a compound annual growth rate of 17% in the past five years. The volume of interest rate derivatives central clearing was RMB21.1 trillion, with a compound annual growth rate of 10.2% in the past five years (see Figure 1).

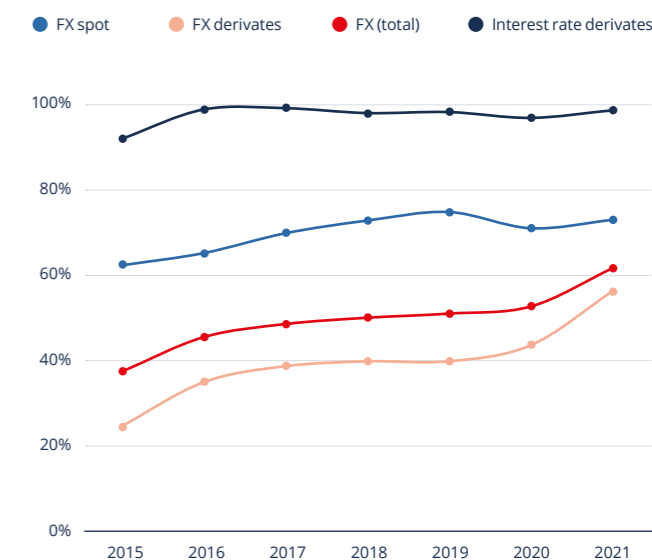
The central clearing of SHCH has maintained a high proportion in China's OTC financial market, and the share of centrally cleared trading of FX and interest rate products has increased significantly in recent years (see Figure 2). In the past five years, the scale of central clearing carried out by foreign institutions at SHCH has been growing, with a compound annual growth rate of 8.7% (see Figure 3). Among them, the scale of interest rate derivatives central clearing of foreign institutions at SHCH has surged rapidly, with a compound annual growth rate of 10.7%.

Fig. 1: Scale of central clearing services of SHCH in recent years



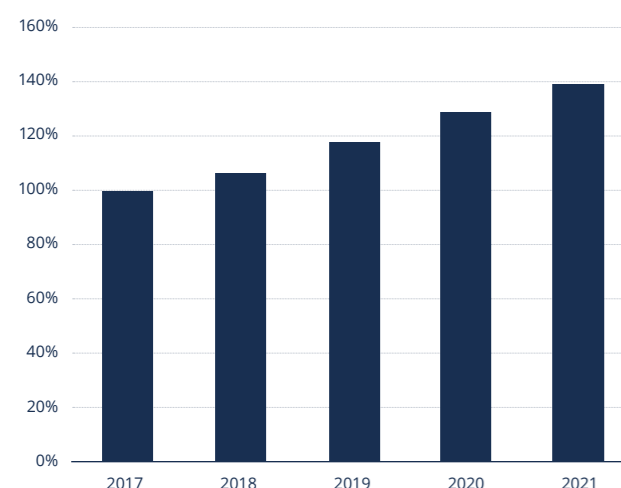
Source: SHCH

Fig. 2: Proportion of central clearing services of FX spots & derivatives and interest rate derivatives in China's OTC financial market in recent years



Source: SHCH

Fig. 3: Growth trend of foreign institutions participating in SHCH's central clearing services in recent years (Y2017 as the base year, the volume converted into 100%)



Source: SHCH

Among foreign institutions, there are five UK-funded institutions participating in the central clearing services of bonds, FX spots & derivatives and interest rate derivatives at SHCH. The scale of clearing services by the above five UK-funded institutions has reached trillions RMB in 2021, with a compound annual growth rate of 12.6% in the past five years, showing a steady growth trend. Among them, the scale of FX spots & derivatives central clearing services by the above five UK-funded institutions have grown at a compound annual growth rate of 21.2% in the past five years.

To facilitate the active participation of UK-funded institutions in China's financial market is one of the key driving forces for SHCH to deepen China-UK financial cooperation. In recent years, SHCH has taken a series of concrete measures to continuously strengthen its cooperation with the UK financial market. In 2017, SHCH set up an overseas office in London, to explore cross-border business cooperation with relevant UK institutions, and to directly serve the UK market participants. In 2019, SHCH submitted application to the Bank of England for TC-CCP recognition, to facilitate the business participation of UK-funded institutions. Meanwhile, since 2015, the joint statements in the 7th, 8th, 9th and 10th China-UK Economic and Financial Dialogue have emphasized the related SHCH's business development in the UK's market and cooperation with UK's financial market. Both sides expressed support for further cooperation.

IV. SHCH applies for UK TC-CCP recognition for mutual benefit

Globally, jurisdictions such as the UK, the US, and EU, authorize cross-border infrastructure services through regulatory recognition systems. For better financial cooperation and mutual benefits, SHCH has applied for UK TC-CCP recognition, which will be beneficial to UK-funded institutions, enabling them to access to SHCH's clearing services continuously and at low cost. It has a positive effect on the scale and the duration of their positions, and even their willingness to participate in new businesses in China's financial market. UK's institutions are also paying close attention to the recognition progress.

For UK's institutions, SHCH acquiring UK TC-CCP recognition has two underlying meanings: Firstly, only being recognized as TC-CCP, SHCH could accept UK's institutions as clearing members and provide direct central clearing services for them. At present, the UK-funded clearing members of SHCH are all legal entities of UK banks in China; Secondly, UK-funded institutions can treat SHCH as a QCCP for risk capital charge measurement, which could reduce cost significantly.

Compared with Non-QCCPs, the measurement results differ by a factor of tens. For example, for QCCPs, the multiplier for the trade exposure component in risk-weighted assets is 2%, while for Non-QCCPs, the multiplier varies from 20% to 150%.

In 2019, SHCH completed the first step - "submission of UK TC-CCP application", which took effect automatically from January 1st, 2021. In the follow-up steps, the application may still need to go through several procedures, which will take some time. The Bank of England is now formulating relevant rules and publicly consulting relevant technical standards on the TC-CCP recognition. SHCH is actively following up the policy-making progress, so as to promote the application in accordance with the rules and requirements.

At present, SHCH could be treated as a QCCP on the temporary basis in UK. According to the "transitional provision" under the UK's Capital Requirement Rule (CRR II), a non-UK CCP that has submitted TC-CCP application, can be treated as QCCP for risk capital charge measurement until the end of 2022. SHCH is subject to the "transitional provision", therefore, UK-funded institutions participating in SHCH's clearing services can treat SHCH as a QCCP. Currently, all relevant participants in the market are expecting stable and predictable policy requirements after the expiration of the "transitional provision", which are conducive to financial cooperation, mutual benefit and stability.

V. Some Thoughts and Prospects

The application of SHCH for UK TC-CCP will be of great meaning to the deepening cooperation between China and the UK's financial markets:

First, it is helpful to promoting China-UK financial cooperation and market connectivity, making UK investors' access to China's financial market more conveniently, efficiently and at low cost, and effectively channeling financial activities between Chinese and UK's investors, which serves the common interests of both sides.

At the same time, SHCH's TC-CCP recognition will be a milestone, deepening the China-UK capital market cooperation further. It would become another highlight of the financial cooperation achievements after the "Shanghai-London Stock Connect", helping to connect China and the UK's OTC derivatives markets, and expand cooperation in products, funding, business, etc. Meanwhile, SHCH is willing to explore more cooperation potentials with the UK's financial market infrastructures and institutions in the future, covering a wider range of instruments such as derivatives, bonds and green finance.

To this end, to help strengthen and enhance the China-UK capital market cooperation it would be beneficial for UK market players to consider accelerating the TC-CCP recognition process once the UK finalises formulating the relevant regulatory rules. Additionally, the UK authorities could adopt a temporary transitional policy for a period of time after the relevant rules are launched, referring to similar arrangements in other markets. This will help to keep the business continuity of financial infrastructures and institutions and stabilise the market expectation.

Updates on the Chinese Green Bond Market in 2021

China Central Depository & Clearing Co., Ltd. (CCDC)

China's green bond market registered rapid growth in response to the goals of achieving emission peak, carbon neutrality and related regulatory policies. In 2021, China's green bond market amounted to over RMB640 billion, becoming a significant part of the global green bond market. The following measures can be taken in the future to promote continued sound development of the green bond market: encouraging standardized and digital disclosure on environmental impacts, accelerating promotion and application of ESG, encouraging responsible investing, and opening up the green bond market, so as to create a positive synergy across borders.

Policy Updates

First, improvements in master planning. The National Outline for Standardized Development released in October 2021 required improvement in the foundation for standardization in green development. In December 2021, the Central Economic Work Conference reiterated the importance of a proper understanding and interpretation of the 30-60 carbon goals.

Second, progress in green bond standards. The Green Bond Endorsed Project Catalogue (2021 Edition) (the "Catalogue") published by PBC, NDRC and CSRC in April provided a unified basis for projects to be supported by green bonds. The Guidelines on Environmental Information Disclosure for Financial Institutions and the Environment Equity Financing Instruments published by PBC in July 2021 served as effective guidance and regulation for environmental information disclosure and environment-related equity financing instruments. The Green Finance Evaluation Scheme for Banking Financial Institutions which came in effect in July started to include green loans and bonds into the evaluation. In December, the Ministry of Ecology and Environment released the Administrative Measures for Corporate Disclosure of Environmental Information. This clarified who to disclose and what to be disclosed.

Third, regional endeavors to promote green finance. Shenzhen Green Finance Regulations came in effect and the Guideline for Environmental Information Disclosure of Financial Institutions in Shenzhen (Exposure Draft) was released, putting stricter requirements on environmental information disclosure.

Overview of the Green Bond Market Development

I. MAJOR DEVELOPMENTS

a. Substantial growth in issuance

Rapid growth has been observed in labeled green bonds. At the same time, there are also an enormous volume of green oriented bonds¹, that is, unlabeled bonds that actually use their proceeds for green purposes and thus make a substantive contribution to green development.

In 2021, the green oriented bond market registered steady growth, with an increased diversity of market participants. As of December 31, 2021, 804 green oriented bonds with a total value of RMB1,446.7 billion had been issued in China, up by 6% year-on-year. Of this amount, RMB604.1 billion was labeled, while RMB842.6 billion unlabeled. Unless otherwise explained, labeled green bonds to be discussed below are onshore labeled green bonds.

Of green oriented bonds, credit bonds and local government bonds took the largest shares. Of labeled green bonds, credit bonds took the largest part (61%).

b. Issuers concentrated in industry and utilities

By sector of issuer, both labeled green bonds and green oriented bonds were concentrated in industry and utilities. Electricity, transportation, construction and engineering are the biggest non-financial issuers of green bonds. Notably, green bonds issued by the electricity sector soared to RMB187.8 billion, providing a robust support for the development of clean electricity.

c. Bond ratings remained high

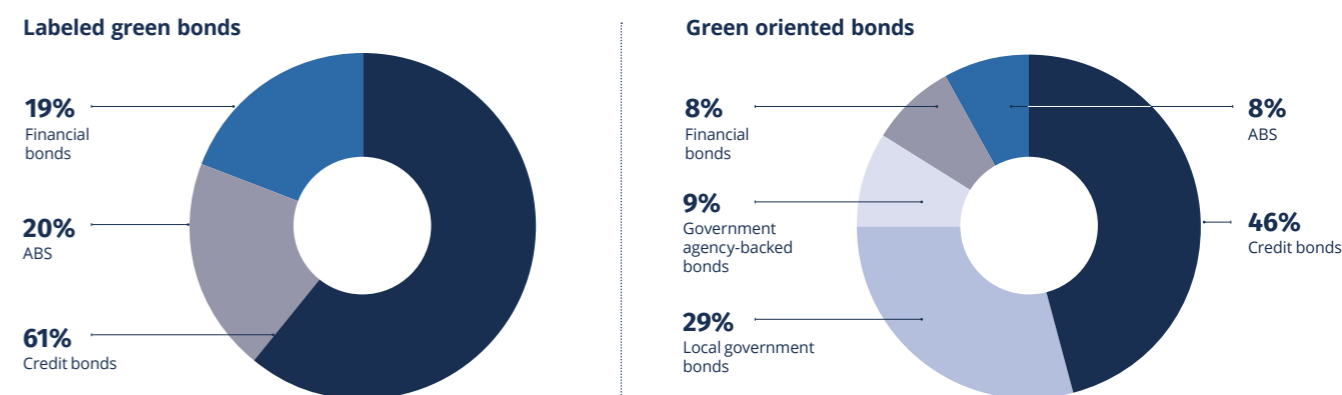
As for ratings, the labeled green bonds and green oriented bonds were given relatively high ratings in 2021. According to ChinaBond Market Implied Ratings (MIR), the ratings for green bonds in 2021 were relatively scattered. Of labeled green bonds with MIR, over 60% were AAA- and above; of green oriented bonds, over 80% were AAA- and above.

Table 1: Issuance of Green Oriented Bonds in 2021 (RMB100 million)

Bond type	Green oriented bonds ²	Labeled green bonds	Unlabeled green bonds
Local government bonds	4,166.30	--	4,166.30
Government-backed agency bonds	1300	--	1300
Financial bonds	1,150.55	1,150.55	--
Credit bonds	6,661.97	3,701.99	2,959.98
Asset-backed securities	1,188.37	1,188.37	--
Total	1,4467.19	6,040.91	8,426.28

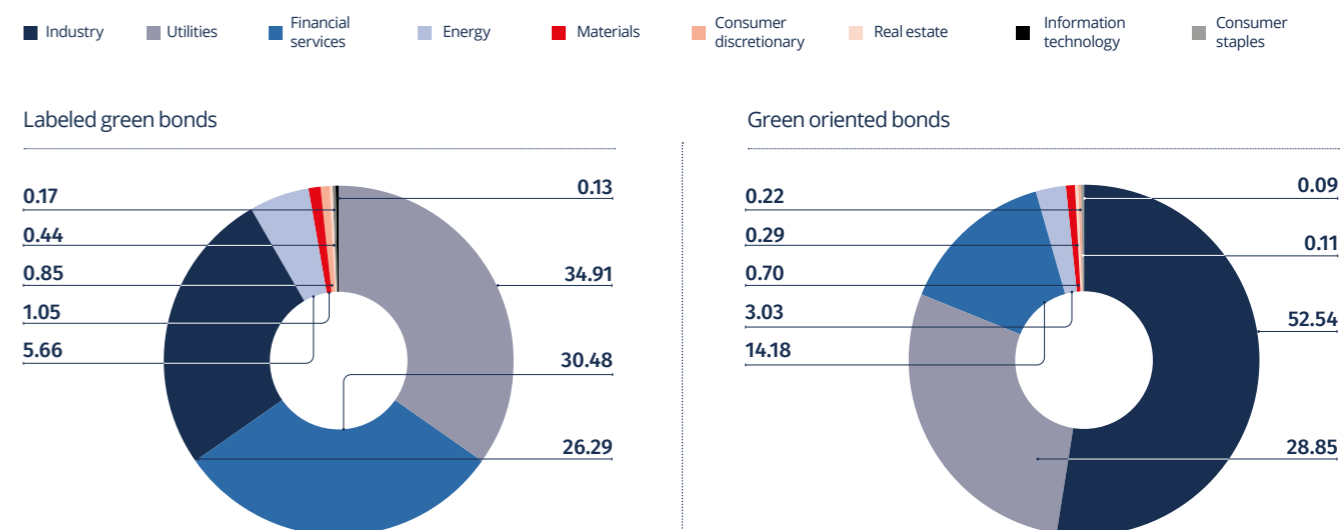
Source: CCDC

Fig. 1: Issue Structure of Labeled Green Bonds and Green Oriented Bonds



Source: CCDC

Fig. 2: Issuer Base of Labeled Green Bonds and Green Oriented Bonds



Source: CCDC

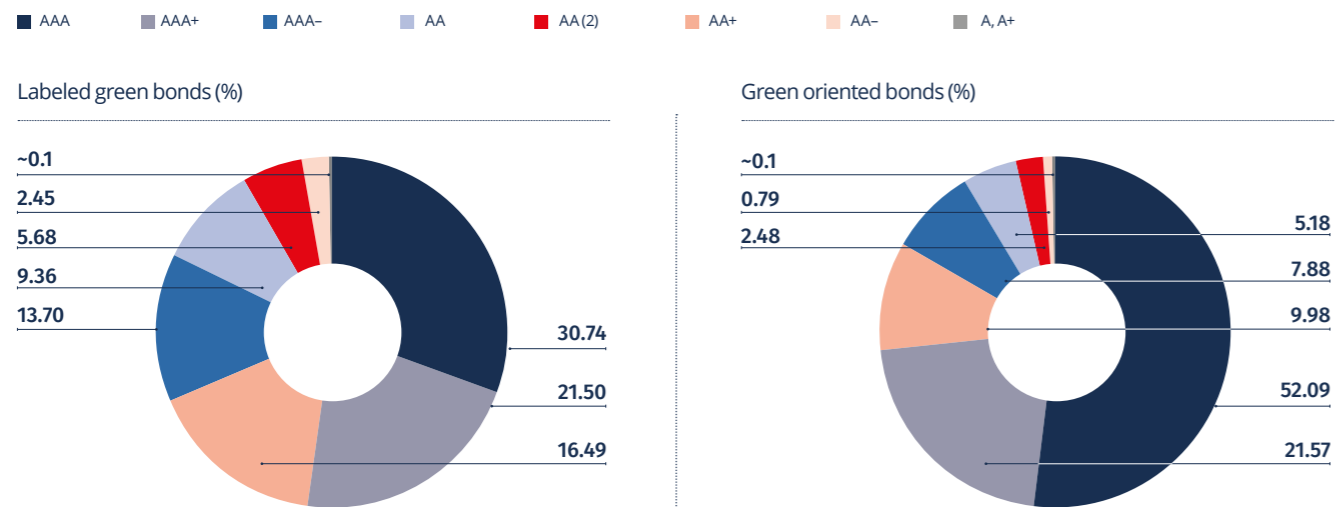
² Green oriented bonds = labeled green bonds + unlabeled green bonds

¹ A bond can be identified as green oriented if the use of its proceeds is compliant with one of the four green bond standards (i.e. the PBC's Green Bond Endorsed Projects Catalogue (2021 Edition), the NDRC's Guidelines for Issuance of Green Bonds, the International Capital Market Association's Green Bond Principles, and the Climate Bond Initiative's Climate Bonds Taxonomy) and if at least 50% of the proceeds are invested in green projects.

d. Maturities made a better match

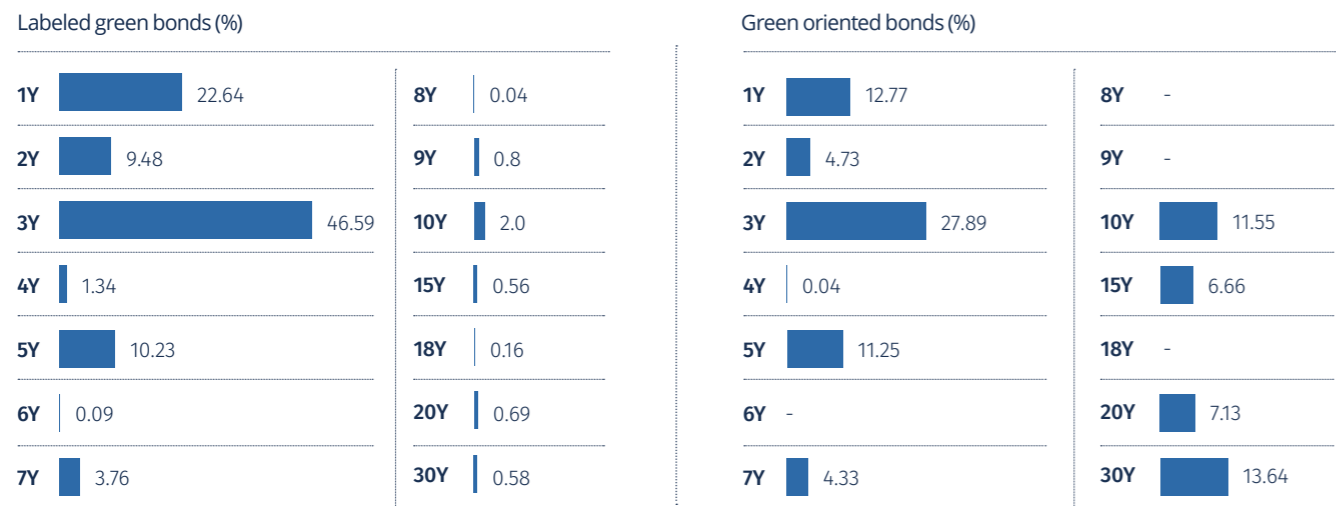
Labeled green bonds and green oriented bonds showed enhanced diversity in maturity. Labeled green bonds were relatively concentrated in 1 to 5 years, while green oriented bonds tended to have medium to long terms.

Fig. 3: MIR of Labeled Green Bonds and Green Oriented Bonds in 2021



Source: CCDC

Fig. 4: Maturity of Labeled Green Bonds and Green Oriented Bonds in 2021

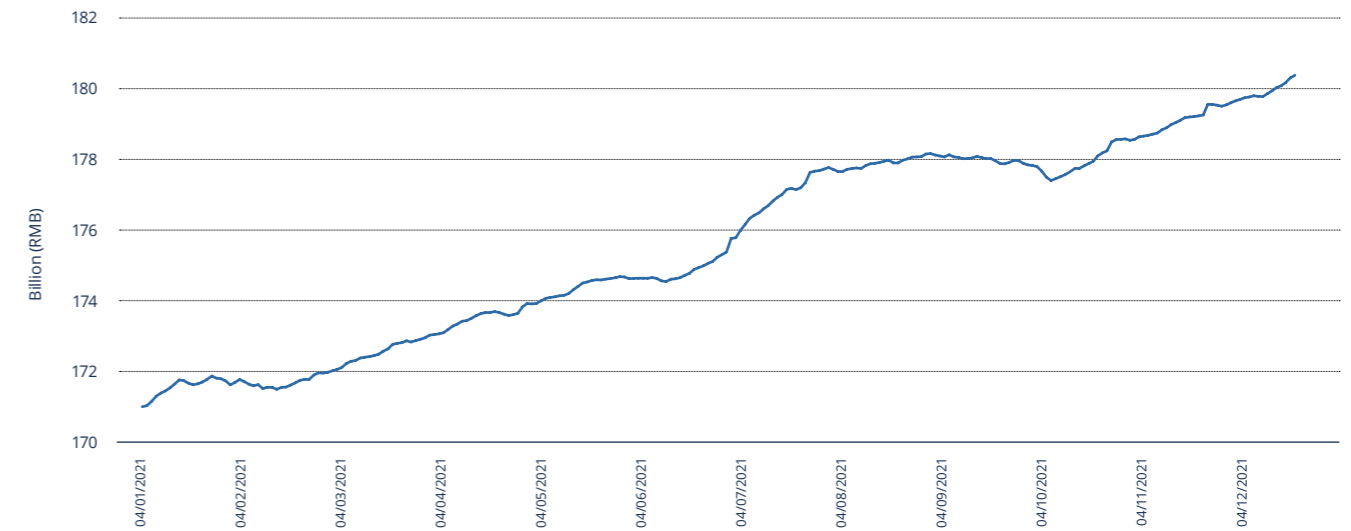


Source: CCDC

e. The secondary market made steady progress

CCDC has rolled out index series focusing on green and sustainable development to buttress green finance. In 2021, the green bond market went up as a whole. The ChinaBond China Green Bond Index went steadily up from 171 at the beginning of the year to 181.

Fig. 5: ChinaBond China Green Bond Index in 2021



Source: CCDC

Table 2: ChinaBond Green and Sustainable Development Indices at End-2021

Index	Base date	Duration	TYM (%)	Total market cap (RMB100M)	Return (%)			Sharpe ratio			Green prop. (%)
					1Y annualized	3Y annualized	Historic annualized	1Y	3Y	Historic	
ChinaBond China Green Bond Index	2009-12-31	5.24	3.20	48120.14	5.74	4.76	5.06	2.53	1.36	0.84	85.49
ChinaBond China Green Bond Select Index	2009-12-31	5.21	3.20	43424.34	5.76	4.76	5.01	2.48	1.35	0.76	85.68
ChinaBond China Climate-aligned Bond Index	2009-12-31	3.32	3.02	13082.03	4.97	4.58	4.93	2.45	1.32	0.63	99.35
ChinaBond Carbon Neutral Green Bond Index	2021-02-26	2.38	2.82	2248.04	--	--	5.80	--	--	--	82.75
ChinaBond Green Bond Composite Index	2016-12-31	1.92	3.18	7757.85	4.70	4.37	4.37	3.74	1.74	1.23	87.94
ChinaBond Medium-High Grade Green Financial Bond Index	2018-06-29	1.22	2.69	2381.04	3.72	3.80	4.29	4.28	1.59	1.87	99.74
ChinaBond High Grade Green Corporate Credit Bond Index	2017-12-31	2.20	3.01	3930.73	4.98	4.61	5.70	2.99	1.40	1.76	84.91
ChinaBond ESG Select Credit Bond Index	2018-08-31	2.27	3.27	72169.29	4.77	4.50	4.83	3.23	1.67	1.92	--

Source: CCDC

II. INNOVATION IN GREEN BOND PRODUCTS AND ISSUANCE METHODS

With policy support and the efforts of market participants, the green bond market saw ongoing innovation in issuance methods and product types during 2021. Participants were further diversified and a number of “first-of-its-kind” products were launched, thus expanding the scope of green sectors supported by green bonds.

First, the first Yellow River-themed green financial bond was issued. In July, China Development Bank issued the first green financial bond for ecological protection and high-quality development of the Yellow River area, totaling RMB10 billion, to global investors.

Second, the first carbon neutrality bond was placed. The first six carbon neutrality bonds, with an aggregate amount of RMB6.4 billion, were placed in February by China Three Gorges Corporation, Huaneng Power International, State Power Investment Corporation, etc. In September, the Agricultural Development Bank of China issued a carbon neutrality bond of RMB3.6 billion; this was the first bond to use its proceeds for afforestation (change of land use to forest), reforestation and other forest carbon sequestration projects.

Third, the first sustainable development-linked bonds were issued. The bonds, placed by China Huaneng Group and six other issuers in May, were medium- to long-term bonds (2 years and above) with an aggregate amount of RMB7.3 billion.

Fourth, two-way opening-up of the green bond market was advanced. China Construction Bank issued the first green bond based on the China-EU Common Ground Taxonomy - Climate Change Mitigation, whose proceeds would be used for clean transportation and clean energy projects in the Greater Bay Area. In December, with reference to the Hungarian green bond scheme, Hungary issued the first green sovereign panda bond in China.

III. LATEST DEVELOPMENTS IN GREEN FINANCIAL SERVICES

First, the launch of carbon indices. ChinaBond Pricing Center (CBPC) rolled out the ChinaBond Carbon Neutral Green Bond Index in March to show the overall price trends and developments of carbon neutrality bonds. In July, the ChinaBond CEA Composite Price Index was launched to offer an insight into the trading of carbon emission allowances (CEA). In December, CBPC released the ChinaBond CTG Bond Yield Curve, the first ChinaBond yield curve with clean energy bonds as constituents.

Second, the launch of green collateral service. CCDC created a green bond collateral pool. In December, it provided collateral management service for PBC's first carbon emission reduction support instrument and coal-themed reloading business.

Third, the launch of ESG (environment, society and governance) products. Back in 2020, CBPC created the first ESG Evaluation System that covered the onshore, public-placed credit bond issuer market. In 2021, the system was upgraded to cover also A-share listed companies. Now ESG Evaluation, ESG Index, ESG Database, ESG Reports and ESG Consulting are available to offer comprehensive and effective tools for market participants to analyze and use ESG-related data. Based on the ESG evaluation and scores generated by an independency, fair third-party, market participants may set up and refine their internal ESG research system and investment strategies. Notable progress has been in indices. CBPC created the ChinaBond ESG Select Credit Bond Index based on its ESG Evaluation System. It also worked with partners to roll out over ten ESG-related indices, including

- ChinaBond CLAMC ESG Credit Bond Select Index (the first ESG bond index for the issuance wealth management sector),
- ChinaBond BoCom Yangtze River Delta ESG Select Credit Bond Index (the first highly-rated Yangtze River Delta ESG bond index) and
- ChinaBond TFISEC ESG Selected Chinese Offshore USD Bond Index (the first Chinese offshore USD bond index to select constituents by ESG standards).

These new indices serve as benchmarks and investment targets for green and sustainable finance practitioners both at home and abroad.

Fourth, the launch of the Green Bond Environmental Benefit Disclosure Indicator System and the green bond database. After three years of efforts, CCDC presented to the market the first comprehensive set of indicators for disclosure of environmental impacts by bonds. In line with the Guidelines on Environmental Information Disclosure for Financial Institutions, CCDC formed the principles underlying the design of disclosure indicators. Based on massive environmental information collected from thousands of prospectus of green bonds, it managed to create 30 general indicators and 13 special indicators (applicable to specific sectors) that enable quantifiable disclosure of environmental impacts in the “203+2” sub-sectors. On top of that, CCDC also set up China's first database for environmental benefits generated by green bonds. The database now has information on the basics, the use of proceeds and the environmental impacts for all outstanding green oriented corporate bonds from 2002 to 2021. Users may search and download such information from the database. This innovative practice got positive feedback from the market, as it received the International Finance Forum Global Green Finance Innovation Award and was named the Greater Bay Area Excellent Green Finance Project.

Latest Policies and Major Events

On 7th January 2022, the People's Bank of China (PBoC) 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 PBoC and the 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.

China Onshore RMB Market Events

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, 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. To implement 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.

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 10th March 2022, Jin Penghui, the vice-president of the PBoC Shanghai Head Office said that the PBoC is working on building a new transitional financial system so that more substantial support can be put in place for the low-carbon transformation of fossil fuel, especially coal.

On 11th March 2022, CFETS has expanded the floating



Hong Kong Skyline

spot price range for CNY/RUB in the interbank FX market from 5% to 10% to facilitate market development. This was done with approval from the PBoC. 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 RMB114.1 billion (USD17.95 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, CFETS released the high credit grade bond indices to offer more performance benchmarks and investment targets. 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 31st 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 announced they will revise their methodology for compilation of the SSE Dividend Index. This is 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.

London Offshore RMB Market Events

On 11th January 2022, the FCA 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, the Bank for International Settlements (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 suggestions for the UK - China Economic and Financial dialogue.

On 31st March 2022, the London RMB Business Quarterly Report Vol.12 was released. This report which was jointly produced by the PBoC 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 RMB1 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.

HK Offshore RMB Market Update

Driven by fund flows of corporates, after increasing significantly in December and January, renminbi deposits in Hong Kong dropped in February and March, decreasing by 12.7% MoM to RMB791.3 billion by the end of March. It should be noted that changes in deposits are affected by a wide range of factors, such as interest rate movements and fund-raising activities. It is therefore more appropriate to observe the longer-term trends, and not to speculate based on fluctuations in a single month.

Hong Kong economy contracted by 4% in the first quarter of 2022 due to severely pandemic disruption. As in the early March 2022, the Covid situation in Hong Kong was relieved, the government gradually relaxed the social distancing measures, and supported the domestic demand with various measures, including ending the entry ban for non-residents flying into the city, which will increase the flow of business and trade, promoting the use of offshore RMB.

On 21st February 2022, the PBC issued two batches of RMB-denominated central bank bills in Hong Kong, including RMB10 billion with a term of three months and a rate of 2.50%, and RMB15 billion with a term of one year and a rate of 2.70%. The issuance was well received by overseas investors, with a total bid amount near RMB60 billion, about 2.4 times the issued amount.

On 22nd March 2022, the PBoC issued RMB5 billion worth of central bank bills in Hong Kong. The issuance was well-received by overseas investors, with total bidding reaching over RMB22 billion, roughly 4.4 times the value issued.

Appendix I

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

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
STANDARD CHARTERED BANK	500MM	4.000%	31/03/2022	31/03/2024
QNB FINANCE LIMITED	600MM	4.100%	31/03/2022	31/03/2025
FIRST ABU DHABI BANK P.J.S.C.	150MM	3.800%	22/03/2022	21/03/2027
STANDARD CHARTERED PLC	1100MM	4.350%	18/03/2022	18/03/2026
NORDIC INVESTMENT BANK	300MM	3.150%	18/03/2022	18/03/2024
QNB FINANCE LIMITED	1250MM	4.000%	17/03/2022	14/03/2027
QNB FINANCE LIMITED	141MM	3.910%	11/03/2022	09/03/2025
WESTPAC BANKING CORPORATION	250MM	3.070%	25/02/2022	23/02/2029
QNB FINANCE LIMITED	125MM	3.640%	24/02/2022	23/02/2027
QNB FINANCE LIMITED	147MM	3.400%	22/02/2022	22/02/2025
NORDIC INVESTMENT BANK	350MM	2.720%	21/02/2022	21/02/2024
QNB FINANCE LIMITED	380MM	3.530%	30/12/2021	30/12/2024
QNB FINANCE LIMITED	300MM	3.600%	23/12/2021	23/12/2026
INTERNATIONAL FINANCE CORPORATION	633MM	2.750%	03/12/2021	15/06/2023
THE GOVERNMENT OF THE HONG KONG	130MM	3.420%	30/09/2021	30/09/2024
SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA	2500MM	3.000%	01/12/2021	30/11/2026
THE GOVERNMENT OF THE HONG KONG	128MM	3.100%	10/09/2021	10/09/2026
SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA	2500MM	2.800%	01/12/2021	30/11/2024
BANK OF CHINA LIMITED, HONG KONG BRANCH	1800MM	2.800%	11/11/2021	16/01/2023
BANK OF CHINA LIMITED, MACAU BRANCH	3000MM	3.150%	11/11/2021	21/09/2022
BANK OF CHINA LIMITED, MACAU BRANCH	1000MM	2.750%	11/11/2021	29/09/2023
FIRST ABU DHABI BANK P.J.S.C.	150MM	3.400%	10/11/2021	10/11/2025
AGRICULTURAL DEVELOPMENT BANK OF CHINA	1700MM	3.050%	03/11/2021	02/11/2026
AGRICULTURAL DEVELOPMENT BANK OF CHINA	550MM	3.350%	03/11/2021	02/11/2031
AGRICULTURAL DEVELOPMENT BANK OF CHINA	1750MM	2.900%	03/11/2021	02/11/2024
QNB FINANCE LIMITED	312MM	3.620%	29/10/2021	30/10/2025
QNB FINANCE LIMITED	130MM	3.580%	13/10/2021	13/10/2026
QNB FINANCE LIMITED	130MM	3.420%	30/09/2021	30/09/2024
FIRST ABU DHABI BANK P.J.S.C.	128MM	3.100%	14/09/2021	14/09/2026
FIRST ABU DHABI BANK P.J.S.C.	128MM	3.100%	10/09/2021	10/09/2026
QNB FINANCE LIMITED	500MM	3.301%	12/08/2021	12/08/2026
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	325MM	2.734%	03/08/2021	03/08/2022
QNB FINANCE LIMITED	1000MM	3.150%	20/07/2021	20/07/2023
QNB FINANCE LIMITED	170MM	3.300%	14/07/2021	14/07/2024

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
QNB FINANCE LIMITED	130MM	3.350%	14/07/2021	14/07/2026
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	650MM	2.200%	29/06/2021	06/12/2023
HSBC HOLDINGS PLC	2750MM	3.400%	29/06/2021	29/06/2027
NORDIC INVESTMENT BANK	500MM	2.300%	18/06/2021	18/06/2024
STANDARD CHARTERED BANK	750MM	2.800%	11/06/2021	11/06/2024
QNB FINANCE LIMITED	150MM	3.410%	02/06/2021	01/06/2026
INTERNATIONAL FINANCE CORPORATION	635MM	2.200%	18/05/2021	01/09/2023
QNB FINANCE LIMITED	130MM	3.420%	28/04/2021	27/04/2024
QNB FINANCE LIMITED	1100MM	3.500%	22/04/2021	22/04/2024
QNB FINANCE LIMITED	400MM	3.520%	21/04/2021	21/04/2023
QNB FINANCE LIMITED	140MM	3.180%	09/04/2021	09/04/2026
QNB FINANCE LIMITED	220MM	3.500%	31/03/2021	31/03/2026
QNB FINANCE LIMITED	150MM	3.200%	12/03/2021	12/03/2023
QNB FINANCE LIMITED	500MM	3.280%	11/03/2021	11/03/2023
QNB FINANCE LIMITED	150MM	3.300%	26/02/2021	25/02/2026
QNB FINANCE LIMITED	260MM	2.800%	24/02/2021	24/02/2028
QNB FINANCE LIMITED	150MM	3.280%	23/02/2021	23/02/2024
QNB FINANCE LIMITED	500MM	3.280%	18/02/2021	18/02/2024
QNB FINANCE LIMITED	405MM	3.300%	05/02/2021	05/02/2026
QNB FINANCE LIMITED	1500MM	3.150%	04/02/2021	04/02/2026
FIRST ABU DHABI BANK P.J.S.C.	1500MM	3.150%	29/01/2021	29/01/2026
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	500MM	2.000%	21/01/2021	21/01/2025
QNB FINANCE LIMITED	176MM	3.300%	13/01/2021	13/01/2026
QNB FINANCE LIMITED	240MM	3.730%	23/12/2020	23/12/2025
QNB FINANCE LIMITED	200MM	3.970%	11/12/2020	11/12/2030
QNB FINANCE LIMITED	240MM	3.100%	04/12/2020	04/12/2023
QNB FINANCE LIMITED	150MM	4.001%	02/12/2020	02/12/2030
INTERNATIONAL FINANCE CORPORATION	20MM	2.350%	27/11/2020	27/11/2027
QNB FINANCE LIMITED	500MM	3.950%	17/11/2020	17/11/2027
QNB FINANCE LIMITED	150MM	3.670%	06/11/2020	04/11/2023
AGRICULTURAL DEVELOPMENT BANK OF CHINA	2200MM	3.050%	28/10/2020	27/10/2023
AGRICULTURAL DEVELOPMENT BANK OF CHINA	1500MM	3.250%	28/10/2020	27/10/2025
AGRICULTURAL DEVELOPMENT BANK OF CHINA	2000MM	3.800%	28/10/2020	27/10/2030
QNB FINANCE LIMITED	140MM	3.000%	16/10/2020	16/10/2025
QNB FINANCE LIMITED	138MM	3.630%	24/09/2020	24/09/2023
INTERNATIONAL FINANCE CORPORATION	1650MM	2.550%	16/09/2020	18/09/2023
QNB FINANCE LIMITED	750MM	3.800%	15/09/2020	15/09/2025
QNB FINANCE LIMITED	750MM	3.500%	09/09/2020	09/03/2026
QNB FINANCE LIMITED	140MM	3.400%	18/08/2020	18/08/2025
FIRST ABU DHABI BANK P.J.S.C.	3600MM	3.400%	18/08/2020	18/08/2025

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
AGRICULTURAL DEVELOPMENT BANK OF CHINA	2500MM	2.600%	12/08/2020	11/08/2023
AGRICULTURAL DEVELOPMENT BANK OF CHINA	1800MM	2.850%	12/08/2020	11/08/2025
FIRST ABU DHABI BANK P.J.S.C.	189MM	3.500%	15/07/2020	15/07/2025
QNB FINANCE LIMITED	1200MM	3.850%	10/07/2020	10/07/2025
FIRST ABU DHABI BANK P.J.S.C.	200MM	3.300%	02/07/2020	02/07/2025
FIRST ABU DHABI BANK P.J.S.C.	1400MM	3.500%	02/07/2020	02/07/2025
QNB FINANCE LIMITED	1200MM	3.800%	17/06/2020	17/06/2025
QNB FINANCE LIMITED	235MM	3.900%	17/06/2020	17/06/2025
FIRST ABU DHABI BANK P.J.S.C.	350MM	3.100%	12/06/2020	12/06/2023
QNB FINANCE LIMITED	445MM	3.600%	05/06/2020	05/06/2025
NATWEST MARKETS PLC	40MM	3.500%	04/06/2020	04/06/2023
NATWEST MARKETS PLC	75MM	3.460%	27/05/2020	27/05/2023
QNB FINANCE LIMITED	130MM	4.000%	06/05/2020	05/05/2025
QNB FINANCE LIMITED	250MM	4.080%	24/04/2020	24/04/2025
WELLS FARGO FINANCE LLC	100MM	4.050%	07/04/2020	07/04/2025
WELLS FARGO FINANCE LLC	70MM	4.000%	07/04/2020	06/04/2025
WELLS FARGO BANK N.A.	100MM	3.950%	07/04/2020	06/04/2025
WELLS FARGO FINANCE LLC	70MM	4.350%	02/04/2020	01/04/2025
WELLS FARGO BANK N.A.	260MM	4.220%	02/04/2020	01/04/2025
WELLS FARGO BANK N.A.	200MM	4.300%	02/04/2020	01/04/2025
WELLS FARGO FINANCE LLC	100MM	3.150%	25/03/2020	25/03/2023
WELLS FARGO & COMPANY	145MM	2.720%	13/03/2020	12/03/2027
QNB FINANCE LIMITED	200MM	3.315%	11/03/2020	11/03/2025
QNB FINANCE LIMITED	200MM	3.350%	11/03/2020	11/03/2027
FIRST ABU DHABI BANK P.J.S.C.	139MM	3.350%	13/02/2020	13/02/2025
COMMONWEALTH BANK OF AUSTRALIA	200MM	3.255%	22/01/2020	22/01/2025
QNB FINANCE LIMITED	500MM	4.000%	21/01/2020	21/01/2030
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	1000MM	2.600%	15/01/2020	15/01/2023
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	1735MM	2.600%	15/01/2020	15/01/2023
QNB FINANCE LIMITED	135MM	3.910%	14/01/2020	14/01/2025
QNB FINANCE LIMITED	219MM	3.885%	10/01/2020	10/01/2025
NATWEST MARKETS PLC	35MM	3.480%	31/12/2019	31/12/2024
FIRST ABU DHABI BANK P.J.S.C.	150MM	3.500%	12/12/2019	12/12/2024
QNB FINANCE LIMITED	350MM	4.053%	04/12/2019	04/12/2026
FIRST ABU DHABI BANK P.J.S.C.	240MM	3.500%	29/11/2019	29/11/2024
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	200MM	3.212%	21/11/2019	21/11/2024
FIRST ABU DHABI BANK P.J.S.C.	458MM	3.420%	20/11/2019	20/11/2024
AGRICULTURAL DEVELOPMENT BANK OF CHINA	4500MM	3.400%	07/11/2019	06/11/2024
AGRICULTURAL DEVELOPMENT BANK OF CHINA	2500MM	3.180%	07/11/2019	06/11/2022
NATWEST MARKETS PLC	200MM	3.685%	05/11/2019	05/11/2024

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
FIRST ABU DHABI BANK P.J.S.C.	845MM	3.220%	23/10/2019	23/10/2024
QNB FINANCE LIMITED	165MM	3.600%	22/10/2019	22/10/2024
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	490MM	2.440%	19/09/2019	19/09/2022
FIRST ABU DHABI BANK P.J.S.C.	140MM	3.440%	19/09/2019	19/09/2024
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	700MM	2.315%	03/09/2019	03/09/2022
LLOYDS BANK PLC	200MM	3.310%	03/09/2019	03/09/2024
COMMONWEALTH BANK OF AUSTRALIA	200MM	3.050%	01/08/2019	01/08/2022
QNB FINANCE LIMITED	155MM	3.815%	03/07/2019	03/07/2024
QNB FINANCE LIMITED	140MM	4.300%	20/06/2019	20/06/2024
LLOYDS BANK PLC	70MM	3.450%	19/06/2019	19/06/2022
WESTPAC BANKING CORPORATION	140MM	3.600%	18/06/2019	18/06/2026
NATWEST MARKETS PLC	108MM	4.350%	10/06/2019	10/06/2024
NATWEST MARKETS PLC	105MM	4.390%	10/06/2019	10/06/2024
AGRICULTURAL DEVELOPMENT BANK OF CHINA	1000MM	3.230%	30/05/2019	29/05/2022
MITSUBISHI HC CAPITAL UK PLC	100MM	3.650%	08/05/2019	08/05/2023
QNB FINANCE LIMITED	200MM	3.800%	25/04/2019	25/04/2022
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	150MM	3.535%	24/04/2019	24/04/2023
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	140MM	3.470%	23/04/2019	23/04/2022
QNB FINANCE LIMITED	100MM	4.180%	29/03/2019	28/03/2024
WESTPAC BANKING CORPORATION	150MM	3.680%	27/03/2019	27/03/2024
FIRST ABU DHABI BANK P.J.S.C.	140MM	3.955%	26/03/2019	26/03/2024
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	135MM	3.675%	25/03/2019	25/03/2024
WESTPAC BANKING CORPORATION	150MM	3.670%	22/03/2019	22/03/2024
NATWEST MARKETS PLC	40MM	4.620%	20/03/2019	20/03/2024
FIRST ABU DHABI BANK P.J.S.C.	300MM	4.000%	19/03/2019	19/03/2024
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	300MM	3.700%	18/03/2019	18/03/2024
COMMONWEALTH BANK OF AUSTRALIA	250MM	3.805%	11/03/2019	11/03/2024
COMMONWEALTH BANK OF AUSTRALIA	150MM	3.805%	05/03/2019	05/03/2024
WESTPAC BANKING CORPORATION	150MM	3.760%	04/03/2019	04/03/2024
FIRST ABU DHABI BANK P.J.S.C.	200MM	4.120%	11/02/2019	11/02/2024
QNB FINANCE LIMITED	135MM	4.600%	23/01/2019	23/01/2024
MITSUBISHI HC CAPITAL UK PLC	200MM	4.750%	29/10/2018	29/04/2022
WESTPAC BANKING CORPORATION	200MM	4.700%	12/10/2018	12/10/2022
BANK OF MONTREAL	155MM	4.720%	19/09/2018	19/09/2023
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	270MM	4.795%	14/09/2018	14/09/2023
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	140MM	4.610%	13/09/2018	13/09/2023
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	145MM	4.620%	11/09/2018	11/09/2023
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	137MM	4.600%	11/09/2018	11/09/2023
ROYAL BANK OF CANADA	160MM	4.480%	07/09/2018	07/09/2023
WESTPAC BANKING CORPORATION	190MM	4.600%	07/09/2018	07/09/2023

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
WESTPAC BANKING CORPORATION	160MM	4.621%	07/09/2018	07/09/2023
COMMONWEALTH BANK OF AUSTRALIA	80MM	4.520%	07/09/2018	07/09/2023
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	140MM	4.600%	04/09/2018	04/09/2023
AUSTRALIA & NEW ZEALAND BANKING GROUP LD	138MM	4.630%	24/08/2018	24/08/2023
WESTPAC BANKING CORPORATION	270MM	4.650%	23/08/2018	23/08/2023
WESTPAC BANKING CORPORATION	140MM	4.350%	15/08/2018	15/08/2023
WESTPAC BANKING CORPORATION	627MM	4.420%	14/08/2018	14/08/2023
WESTPAC BANKING CORPORATION	140MM	4.510%	01/08/2018	01/08/2028
ROYAL BANK OF CANADA	135MM	4.300%	17/07/2018	17/07/2023
WESTPAC BANKING CORPORATION	200MM	4.770%	30/05/2018	30/05/2023
CREDIT AGRICOLE CORP & INV BANK	200MM	4.720%	29/05/2018	29/05/2023
COMMONWEALTH BANK OF AUSTRALIA	340MM	4.615%	26/04/2018	26/04/2023
INTERNATIONAL FINANCE CORPORATION	75MM	3.910%	11/10/2017	11/10/2022
LLOYDS BANK PLC	54MM	4.530%	24/07/2015	24/07/2025
CHINA DEVELOPMENT BANK	900MM	4.350%	10/10/2014	19/09/2024
LLOYDS BANK PLC	200MM	4.620%	17/01/2014	17/01/2024
LLOYDS BANK PLC	100MM	4.610%	24/09/2012	24/09/2022

Source: London Stock Exchange

Appendix II

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

Issuer	Amount Issued (RMB100M)	Coupon (%)	Issue Date	Maturity
China Mengniu	25	2.2	21/03/2022	10/06/2022
China TCM	10	2.32	18/03/2022	17/10/2022
Yuexiu Transport	10	3.29	16/03/2022	18/03/2027
Hengan International	15	2.4	16/03/2022	14/09/2022
Hengan International	10	2.5	01/03/2022	30/08/2022
Hengan International	10	2.5	01/03/2022	30/08/2022
China Mengniu	25	2.33	23/02/2022	12/06/2022
BMW Finance	25	3.1	17/02/2022	21/01/2027
BMW Finance	15	2.89	17/02/2022	21/01/2025
China TCM	10	2.4	16/02/2022	22/04/2022
NDB	30	2.45	26/01/2022	27/01/2025
China Mengniu	25	2.35	21/01/2022	22/04/2022
BEWG	10	3.38	20/01/2022	21/01/2027

Issuer	Amount Issued (RMB100M)	Coupon (%)	Issue Date	Maturity
BEWG	10	2.97	20/01/2022	21/01/2025
Everbright Water	10	2.5	12/01/2022	12/06/2022
Hungary	10	3.28	14/12/2021	16/12/2024
Trafigura Group	7	5	08/12/2021	13/12/2024
BOCGI	20	3.19	06/12/2021	08/12/2024
ADB	10	2.78	23/11/2021	25/11/2026
BMW Finance	10	2.9	23/11/2021	25/11/2022
BMW Finance	15	3.28	23/11/2021	25/11/2024
Far East Horizon	1.5	4.04	16/11/2021	18/11/2023
SPIC	10	2.88	01/11/2021	29/07/2022
Far East Horizon	3	4.06	25/10/2021	27/10/2023
SPIC	10	3.39	20/10/2021	22/10/2024
Republic of Poland	30	3.2	13/10/2021	15/10/2024
SPIC	20	3.47	11/10/2021	13/10/2024
China Mengniu	15	2.55	27/09/2021	22/12/2021
Daimler	20	3.3	23/09/2021	27/09/2023
Daimler	20	3.1	23/09/2021	27/09/2023
NDB	20	3.02	16/09/2021	17/09/2026
Crédit Agricole	10	3.14	15/09/2021	17/09/2024
BMW Finance	20	3.15	14/09/2021	16/09/2024
BMW Finance	15	3.1	14/09/2021	16/09/2023
China Mengniu	25	2.55	27/08/2021	26/11/2021
China Mengniu	25	2.55	27/08/2021	19/11/2021
Far East Horizon	7	3.78	26/08/2021	30/08/2023
Everbright Water	8	2.4	08/09/2021	12/08/2021
China Mengniu	5	2.5	08/03/2021	10/29/2021
SPIC	5	2.63	08/02/2021	03/01/2022
CEB Greentech	10	3.5	26/07/2021	28/07/2026
China Mengniu	20	2.6	26/07/2021	09/12/2021
Luso Bank	15	3.28	22/07/2021	27/07/2024
Far East Horizon	5	3.98	08/07/2021	12/07/2023
BOCGI	25	3.64	22/06/2021	24/06/2024
China Mengniu	8	2.65	21/06/2021	16/12/2021
China Everbright	40	3.7	16/06/2021	18/06/2024
BMW Finance	20	3.44	10/06/2021	15/06/2024
BMW Finance	15	3.03	10/06/2021	15/06/2022
Everbright Environment	20	3.6	10/06/2021	15/06/2024
China TCM	10	2.65	28/05/2021	25/02/2022
Hengan International	10	2.9	23/04/2021	23/10/2021
Daimler	20	3.77	18/05/2021	21/05/2024
Daimler	20	3.6	18/05/2021	21/05/2023

Issuer	Amount Issued (RMB100M)	Coupon (%)	Issue Date	Maturity
China Power	20	3.54	21/04/2021	23/04/2023
BEWG	15	3.98	21/04/2021	23/04/2026
NDB	50	3.22	23/03/2021	25/03/2024
GLP	15	4.4	18/03/2021	18/03/2024
Crédit Agricole	10	3.5	17/03/2021	18/03/2024
Daimler	20	3.8	16/03/2021	19/03/2024
Daimler	20	3.7	16/03/2021	19/03/2023
ADB	20	3.2	09/03/2021	11/03/2026
Yuexiu Transport	10	3.78	26/01/2021	28/01/2026
Everbright Water	10	3.75	13/01/2021	15/01/2024
Veolia Environment	7.5	4.45	14/12/2020	16/12/2023
Veolia Environment	7.5	4.45	14/12/2020	16/12/2023
China Power	15	4.6	16/11/2020	18/11/2023
China Power	15	4.35	03/11/2020	05/11/2023
Crédit Agricole	10	3.5	10/09/2020	11/09/2023
Anta Sports	10	3.95	20/08/2020	24/08/2023
Yuexiu Transport	5	3.54	12/08/2020	14/08/2023
Everbright Water	10	3.6	03/08/2020	05/08/2023
GLP	20	3.9	21/07/2020	23/07/2023
BMW Finance	25	3.19	14/07/2020	16/07/2021
New Development Bank	20	3	06/07/2020	07/07/2025
Veolia Environment	7.5	3.85	22/06/2020	24/06/2023
Veolia Environment	7.5	3.85	22/06/2020	24/06/2023
AIIB	30	2.4	11/06/2020	15/06/2023
CEB Greentech	10	3.68	10/06/2020	12/06/2025
Sumitomo Mitsui Banking Corporation	10	3.2	04/06/2020	08/06/2023
China TCM	22	3.28	03/06/2020	05/06/2023
Daimler International Finance	30	3.25	03/06/2020	05/06/2023
BEWG	10	4	11/05/2020	13/05/2025
BOCGI	15	2.7	06/05/2020	08/05/2023
New Development Bank	50	2.43	01/04/2020	03/04/2023
China Gas	10	3.38	06/03/2020	10/03/2025
BMW Finance	20	3.35	02/03/2020	04/03/2023
BMW Finance	15	2.9	02/03/2020	04/03/2021
Yuexiu Transport	10	3.47	08/01/2020	10/01/2023
Daimler International Finance	30	3.5	07/01/2020	09/01/2022
Crédit Agricole	10	3.4	04/12/2019	05/12/2022
Yuexiu Transport	10	3.58	28/11/2019	02/12/2022
China Mengniu	10	3.67	20/11/2019	22/11/2022
Daimler	30	4.04	08/11/2019	13/11/2022
Daimler	20	3.68	08/11/2019	13/11/2021

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

Appendix III

Agreements on RMB Business Between China and the UK

Currency swap

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 March 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. In March 2020, CCB London Branch became the first direct CIPS participant in the UK and in the Europe.

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 Q1 2022, CIPS cleared and settled a total volume of RMB2.01 trillion in the UK among which RMB1.2 trillion was paid and RMB0.81 trillion was received by the

UK^{1,2}. As of March 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.

¹The CIPS RMB clearing volume is different from China-UK RMB cross-border settlement volume (p12) 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).

²The CIPS RMB clearing volume is different from CCB london clearing volume (p12) 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 International 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
EVIA	SWIFT
HSBC	TheCity UK
ICBC London Branch	Tradeweb
ICBC Standard Bank	Wind Financial



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