



THE PEOPLE'S BANK OF CHINA  
REPRESENTATIVE OFFICE FOR EUROPE

# London RMB Business Quarterly

Issue 14: December 2022

## List of Contributors

Agricultural Bank of China Ltd London  
Bank of China Limited, London Branch  
Bank of Communications, London Branch  
Bank of England  
Bloomberg  
China Construction Bank (London) Limited, UK RMB Clearing Bank  
China Central Depository & Clearing Co., Ltd. (CCDC) UK Representative Office  
China Foreign Exchange Trade System (CFETS)  
Cross-border Interbank Payment System (CIPS)  
EBS  
Enterprai  
HSBC  
London Stock Exchange Group  
Shanghai Stock Exchange London Office  
SWIFT  
The People’s Bank of China Representative Office for Europe  
Wind Financial

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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.

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.



**William Elliott**  
Assistant Director, High Growth Markets,  
City of London Corporation

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 14<sup>th</sup> issue of the London RMB Business Quarterly we see the



**Jin Mei**  
Chief Representative, Representative Office for Europe,  
The People's Bank of China

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 14<sup>th</sup> issue of the London RMB Business Quarterly report. Your contributions play a major part in the success of this quarterly report.

## Market Overview

*In Q2 2022, London's offshore RMB market still showed its resilience, with the average daily CNH FX trading volume, the value of new Dim Sum bonds issuance, the RMB clearing volume, the total value of Sino-Britain cross-border RMB transactions, and the amount of RMB loans enjoying a YoY increase. However, the amount of RMB deposits 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 Q2 2022, the average daily CNH FX trading volume in London stood at GBP115.84 billion, up 54.99% YoY. During June 2022, about 48% of all CNH spot trading on EBS took place during EMEA trading hours, up 6% from that in December 2021.

### London RMB Bond Market

During Q2 2022, 25 Dim Sum bonds were newly listed on the London Stock Exchange, with a total issuance size of RMB12.11 billion, and weighted average coupon rate of 3.72%. The value of new Dim Sum bonds issued from April to June 2022 increased by RMB4.9 billion compared with the same period of 2021, an increase of 68%. At the end of June 2022, there were 189 Dim Sum bonds listed on the London Stock Exchange with an outstanding value of RMB99.27 billion, and weighted average coupon rate of 3.37%.

### London RMB Credit Market

By the end of June 2022, the amount of RMB deposits reached RMB82.26 billion, down 7.07% YoY. The amount outstanding of RMB loans reached RMB78.38 billion, up 19.96% YoY.

### London RMB Clearing

Between April 2022 to June 2022, the total cumulative clearing volume was RMB2.74 trillion and the average daily clearing volume was RMB49 billion, up 9.89% YoY. By the end of Jun 2022, the accumulative total RMB clearing volume climbed to RMB69.76 trillion.

### China-UK RMB Cross-Border Settlement

In the six months to June 2022, the total value of cross-border RMB business transactions between China and the UK totaled approximately RMB1.25 trillion, up 31.5% YoY. This comprised cross-border RMB receipts

of approximately RMB595.30 billion, and payments of approximately RMB654.47 billion, resulting in a net inflow into the UK of RMB59.17 billion. During this period, cross-border RMB payments for the settlement of goods traded was approximately RMB107.45 billion, accounting for 33.1% 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 June 2022, the RMB FX spot transactions in the UK accounted for 39.38% of the total, up 2.64% from June 2021. RMB's share as a domestic and international payments currency in June 2022 was 2.17%, down 0.29% from June 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, there was an upward trend in RMB share in the global currency reserves, reaching a figure of 2.68% as of Q2 2022, up 0.08% from Q4 2021. When it was first included in the SDR basket, the share registered at 1.07% (Q4 2016).

RMB Exchange Rate

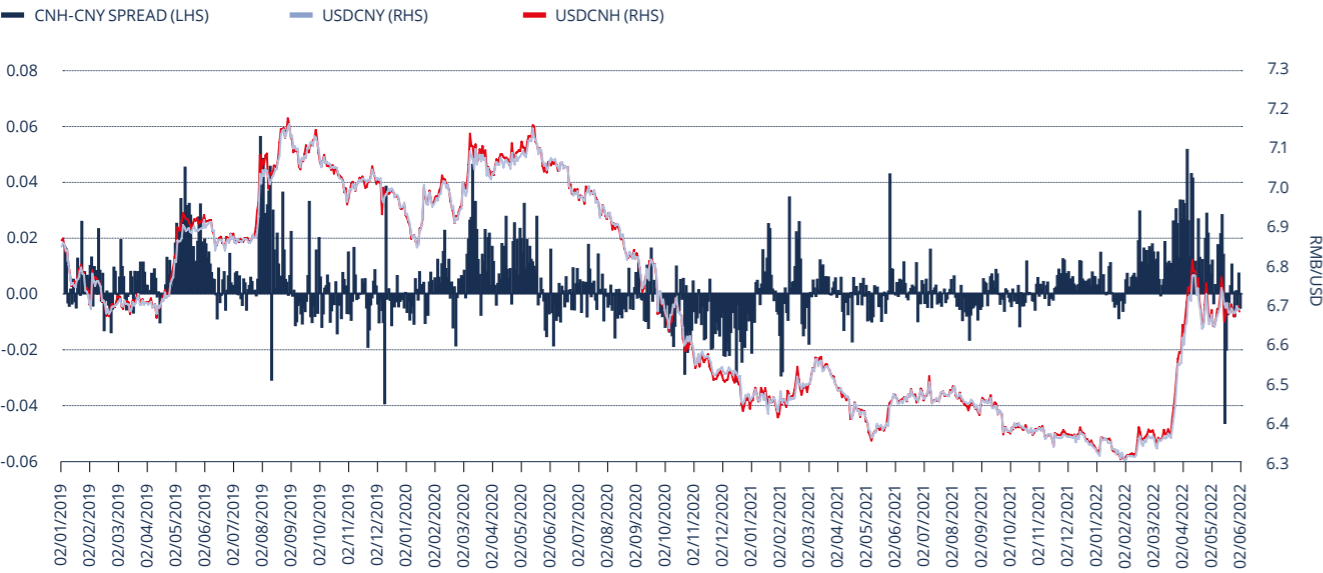
From April to June 2022, the RMB exchange rate experienced a depreciation against the USD from 6.36 to 6.83 before stabilising at around 6.70. It closed at 6.6941 at the end of June and depreciated by 5.34% in 2Q22. The spreads between CNH and CNY were positive in most of this period and CNH in offshore market was a little bit weaker. Influenced by the lockdown of big cities in China due to COVID-19, the downturn in the domestic stock market and the inverted spread of interest rates of the 10-year

government bonds between China and the US, the RMB weakened against the USD.

From 1<sup>st</sup> April to 30<sup>th</sup> June 2022, the average FX spot rate of USD/CNH in the offshore market was 6.6317, with the average USD/CNY onshore FX spot rate 6.6194. The spread between offshore and onshore in this period was +123 basis points, while the spread of our last review period was +8 basis points.

The Onshore-Offshore Exchange Rate Differential as of June 2022

USDCNH-USDCNY FX Spot Rate



Source: Bloomberg, ABC

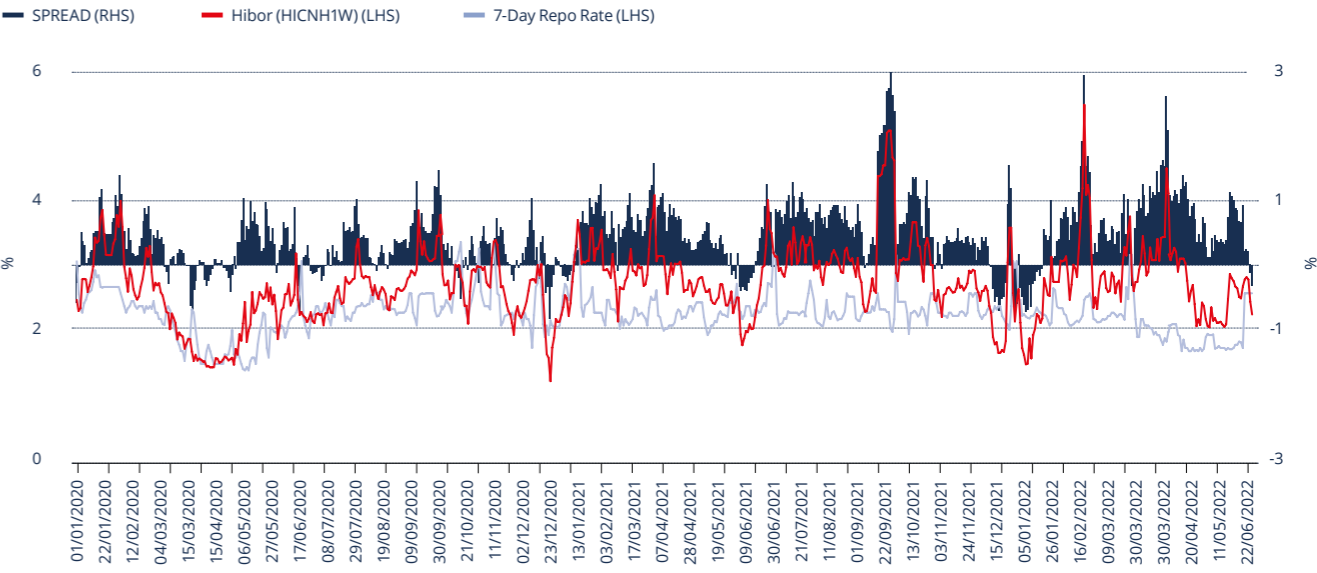
RMB Interest Rate

In Q2 2022, the overall market was relatively loose. 3M SHIBOR fell by about 37 bps from the end of the first quarter to 2.00%. The repo market interest rate also fell sharply, the monthly average 7-day repo rate (R007) in Q2 2022 was down 48 bps to 1.93%. The PBC cut the RRR by 25 bps in mid-April, and guided the market interest rate to decline significantly by using various structural monetary policies. The economy gradually recovered in June, the PBC's open market operations was less, and the price of funds

rose slightly compared with the previous month. In the bond market, the short-term yields fell more significantly on the longer-term, 1Y Govt bond and the 1Y CDB bond were 1.93% and 2.00% at the end of the second quarter, down 17 bps and 25 bps respectively. 10Y Govt bond and 10Y CDB bond were 2.83% and 3.06% at the end of the second quarter, up 6 bps and 2 bps respectively. The yields of Govt and CDB bonds became steeper.

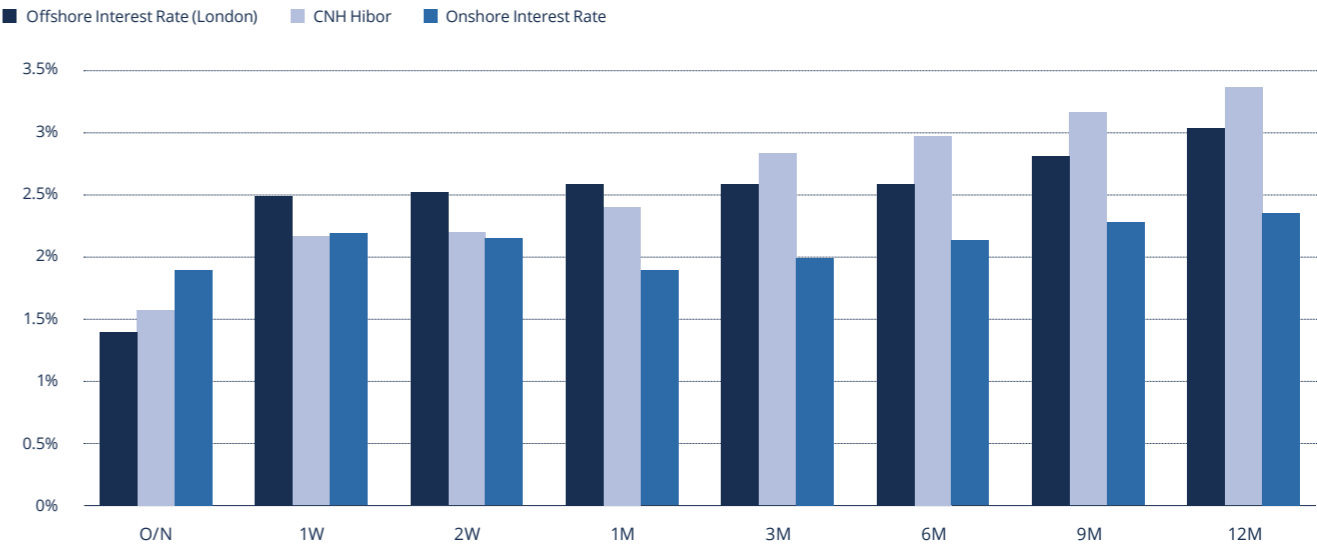
The Onshore-Offshore Interest Rate Spreads as of June 2022

CNH Hibor and 7-Day Repo Rate Spreads



Source: Bloomberg, CCB

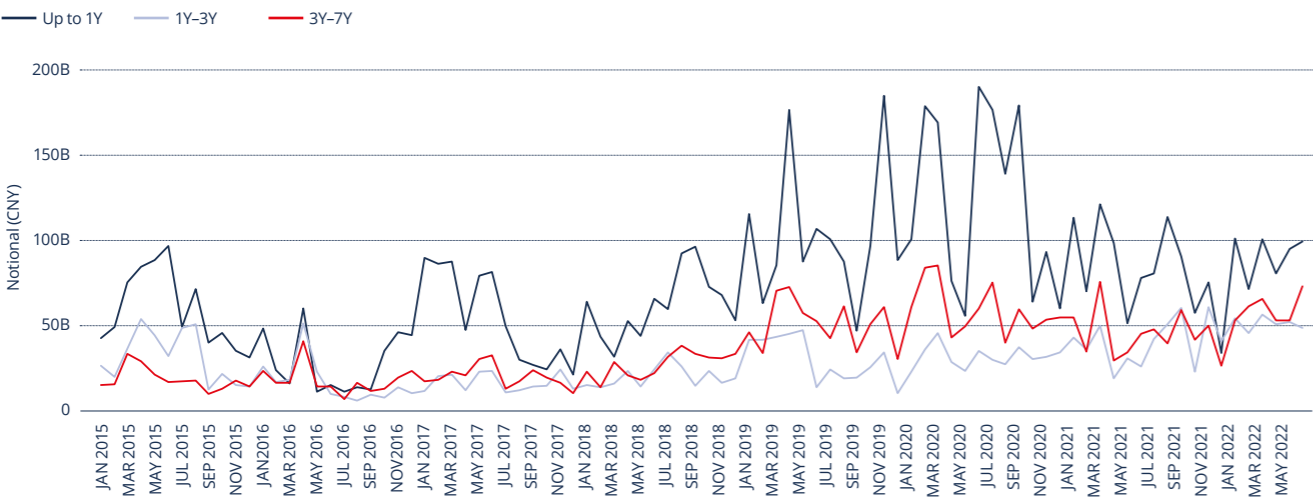
The Term Structure of RMB Offshore and Onshore Interest Rate in June 2022



Source: Bloomberg, CCB

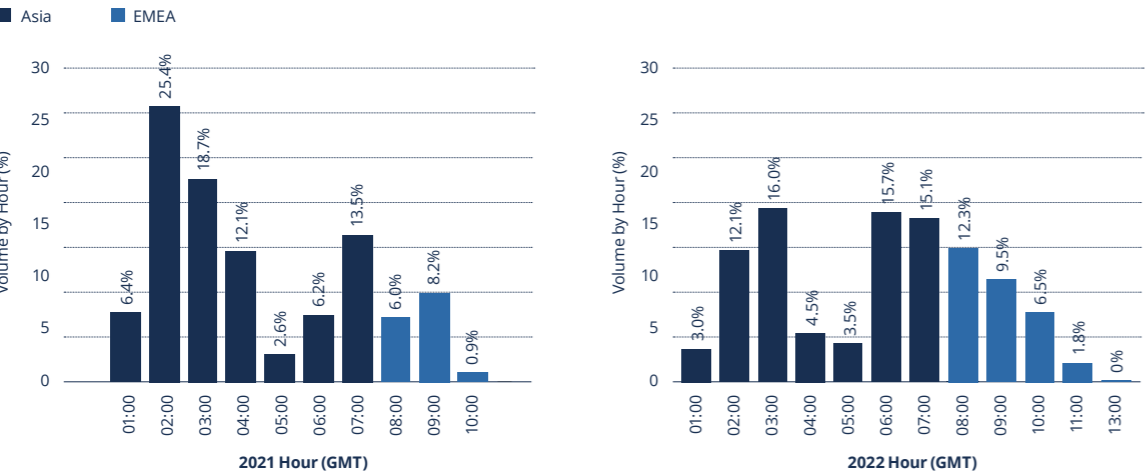
The offshore RMB interest rate swap (IRS) transaction activity in H1 2022 increased by 20.7% relative to H1 2021. Maturities up to 1Y continue to show the largest volume by notional value, with RMB554 billion traded in H1 2022; this was a small increase of 3.1% compared to H1 2021. The short duration maturities (1Y to 3Y) which are more sensitive to changes in liquidity preferences exhibited a strong increase in volume by 52.2% in H1 2022 with total notional traded amounting to RMB307 billion. Similarly, intermediate tenor (3Y-7Y) volumes went up by 32.2%.

CNY OTC IRS Volume by Tenor Range



Source: Enterprai Data & Analytics, DTCC SDR

CNY OTC IRS Volume Distribution by Hour in June 2022



Source: Enterprai Data & Analytics, DTCC SDR

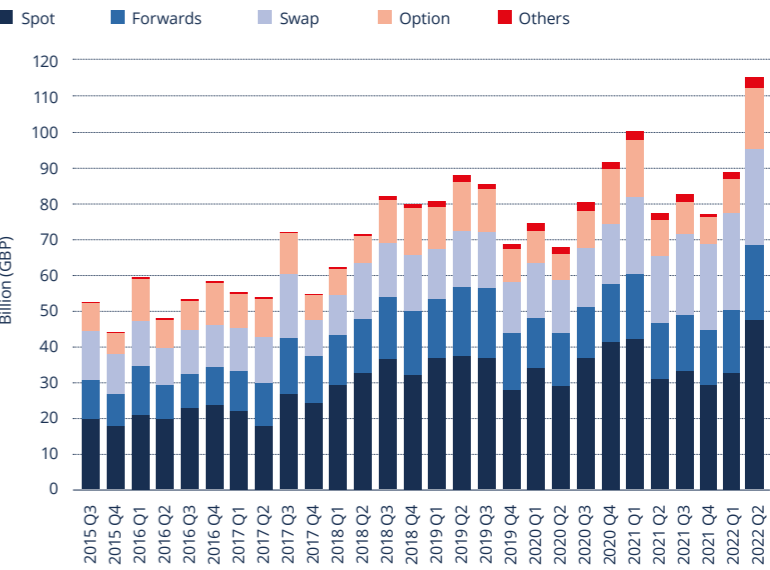
<sup>1</sup> The scale of the offshore RMB IRS transaction activity is measured by IRS notional value extracted from transactions reported to the Depository Trust & Clearing Corporation's (DTCC) swap data repository (SDR), processed and categorised by Enterprai. DTCC operates multiple depository services 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 Q2 2022, the average daily CNH FX trading volume in London stood at GBP115.84 billion, up 29.61% QoQ, up 54.99% 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 43.2%; followed by RMB FX turnover with non-resident deposit-taking corporations, taking 31.8%; the smallest share belonged to RMB FX turnover with UK deposit-taking corporations, accounting for 24.9%.

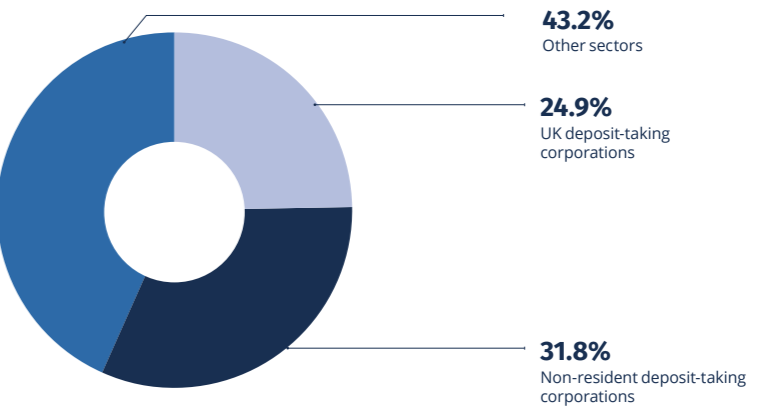
In June 2022, the share of EMEA trading time sessions of the overall offshore RMB foreign exchange transactions was higher than that in December 2021. According to EBS transaction data, RMB spot transactions in the EMEA trading session accounted for 48%, up 6% from December 2021. Specifically, in June 2022, volumes traded during Asia, EMEA and American trading hours were 41%, 48% and 11% respectively, compared with 46%, 42% and 9% in December 2021.

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



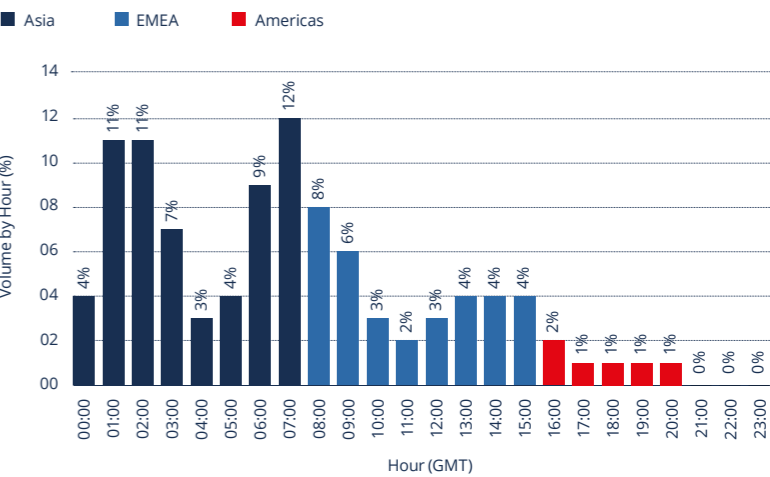
Source: Bank of England (BoE)

RMB FX Turnover by Counterpart Sector in Q2 2022



Source: Bank of England (BoE)

Spot CNY Volume Distribution by Hour on EBS in June 2022

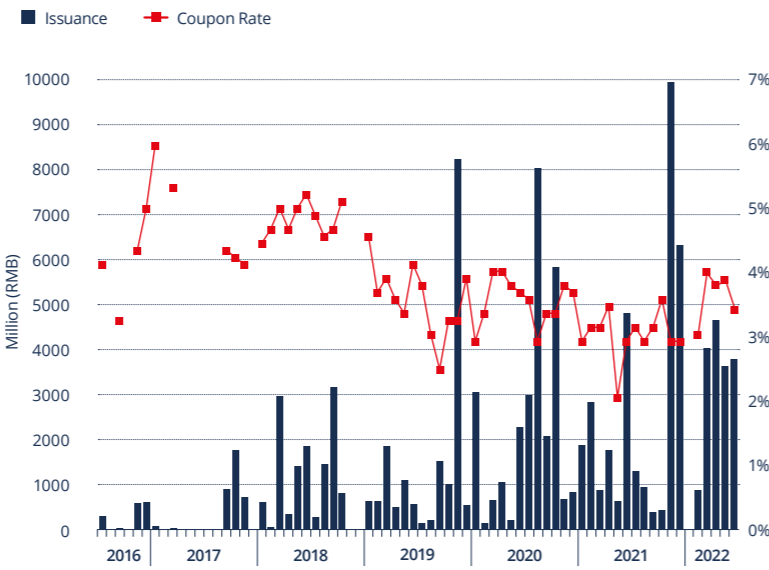


Source: EBS

London RMB Bond Market

Between April and June 2022, 25 Dim Sum bonds were newly listed on the London Stock Exchange, with a total issuance size of RMB12.11 billion, and weighted average coupon rate of 3.72%. The value of new Dim Sum bonds issued from April to June 2022 increased by RMB4.9 billion compared with the same period of 2021, an increase of 68%. At the end of June 2022, there were 189 Dim Sum bonds listed on the London Stock Exchange with an outstanding value of RMB99.27 billion, and weighted average coupon rate of 3.37%.

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

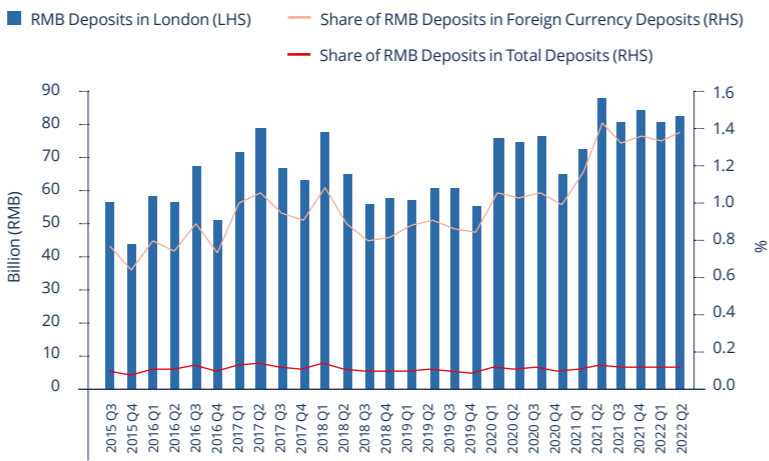


Source: LSE

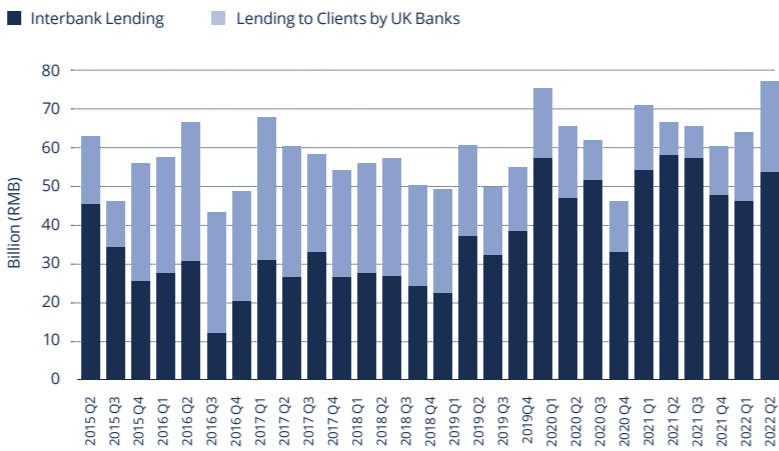
London RMB Credit Market

The outstanding RMB deposits in London offshore market saw a YoY decrease while the amount outstanding of RMB loans saw an increase. By the end of June 2022, the amount of RMB deposits reached RMB82.26 billion, up 2.99% QoQ and down 7.07% YoY. The amount outstanding of RMB loans reached RMB78.38 billion, up 24.76% QoQ and 19.96% YoY.

RMB Deposits in London as of Q2 2022



RMB Lending in London as of Q2 2022

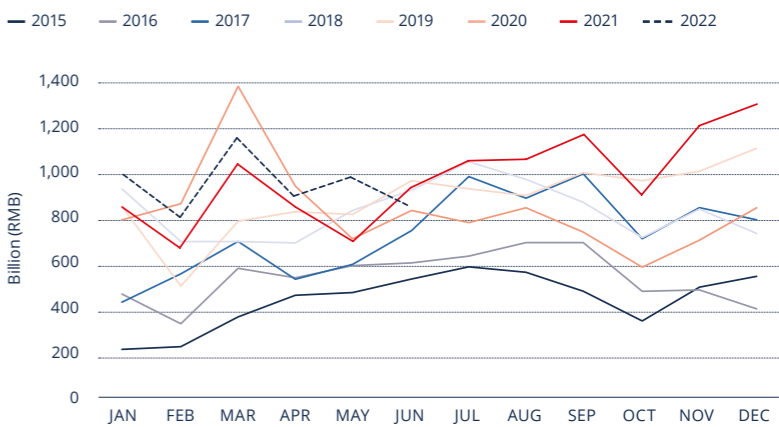


Source: Bank of England (BoE)

London RMB Clearing

Between April 2022 to June 2022, the total cumulative clearing volume was RMB2.74 trillion, with daily average clearing volume RMB49 billion, up 9.89% YoY. Accumulated transaction counts stood at 20421. By the end of June 2022, the accumulative total RMB clearing volume reached RMB69.76 trillion since China Construction Bank (CCB) London Branch obtained its authorisation 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 June 2022

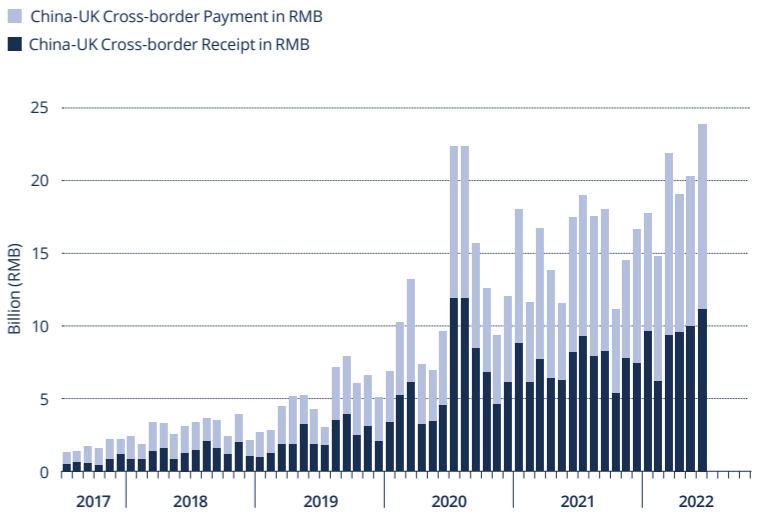


Source: CCB London Branch

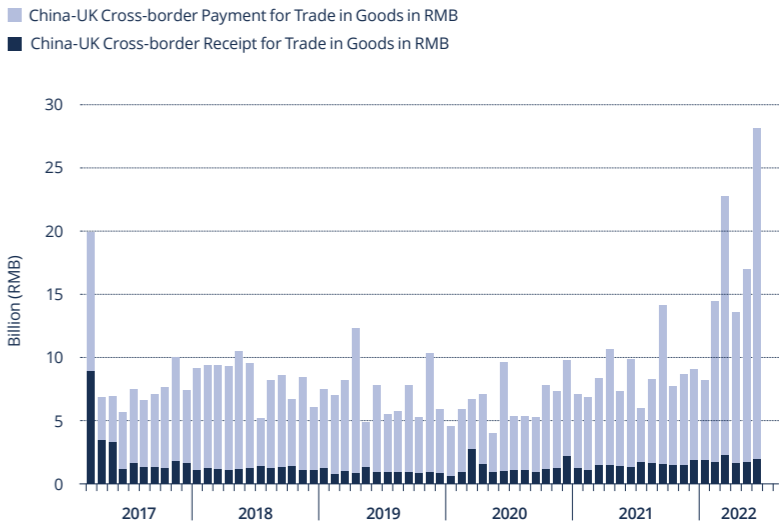
China-UK RMB Cross-Border Settlement

In the six months to June 2022, the total value of cross-border RMB business transactions between China and the UK totaled approximately RMB1.25 trillion - a 31.5% YoY increase. This comprised cross-border RMB receipts of approximately RMB595.30 billion, and payments of approximately RMB654.47 billion, resulting in a net inflow into the UK of RMB59.17 billion. During this period, cross-border RMB payments for the settlement of goods traded was approximately RMB107.45 billion (accounting for 33.1% of the total value of goods traded between China and the UK during the same period), of which receipts were approximately RMB11.11 billion and payments approximately RMB93.32 billion.

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



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



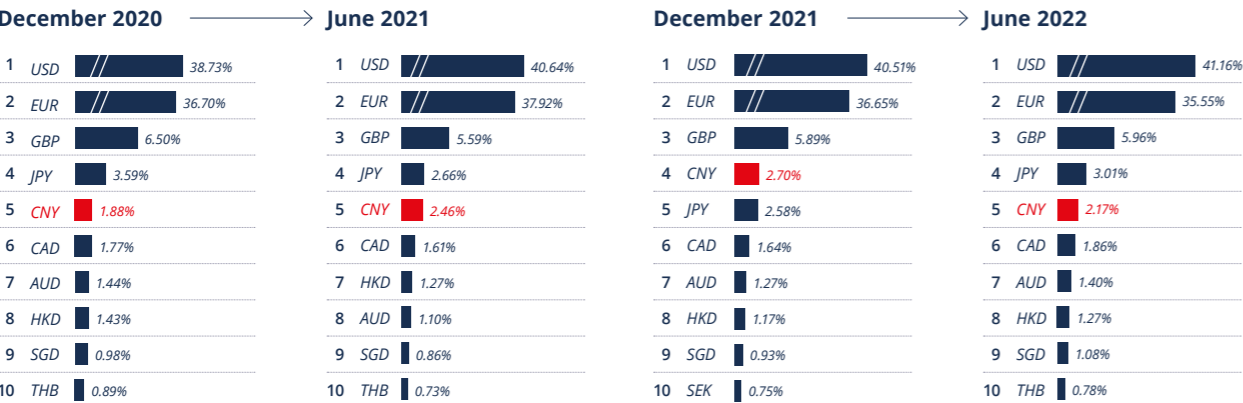
Source: PBoC

The International Status of the London Offshore RMB Market

According to SWIFT, RMB’s share as a domestic and international payments currency in June 2022 was 2.17%, down 0.29% from June 2021. RMB share as a global currency in trade finance market was 2.99% in June 2022, down 0.43% from June 2021. 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 RMB FX spot transactions in June 2022 were the UK, the US and Hong Kong. The UK accounted for 39.38% of the total, up 3.24% from March 2022.

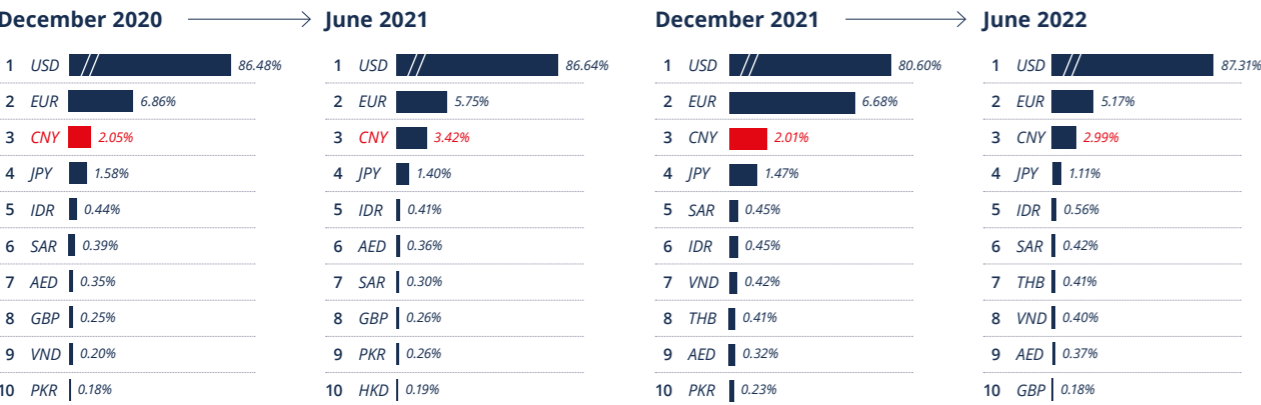
On 27<sup>th</sup> October 2022, BIS released the “Triennial Central Bank Survey of foreign exchange and Over-the-counter (OTC) derivatives markets in 2022” in which BIS noted that the RMB saw the largest increase in market share of FX trading, expanding from 4.3% to 7% and moving up to 5<sup>th</sup>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

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



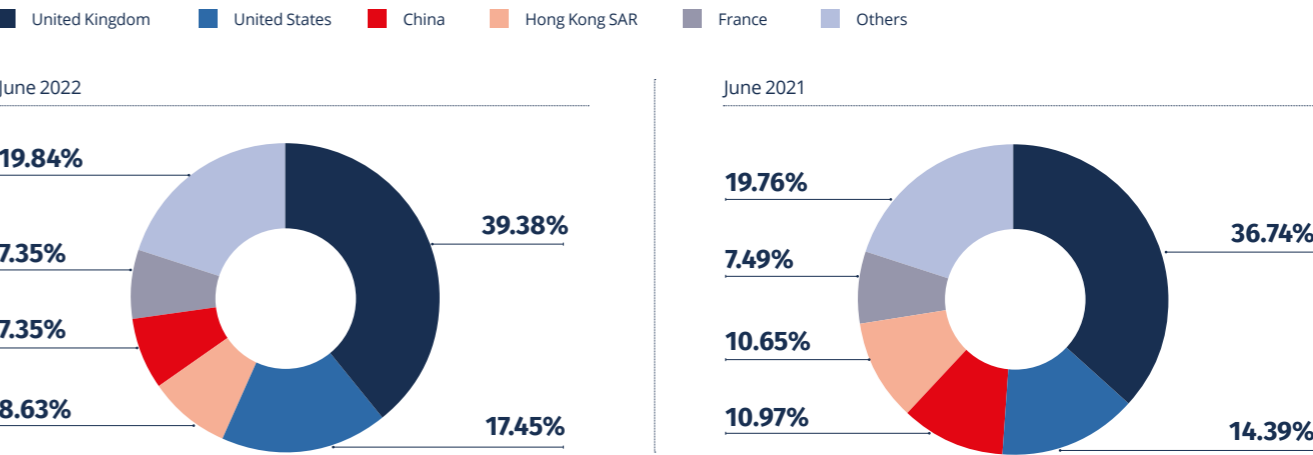
Source: SWIFT, watch

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



Source: SWIFT, watch

Top Economies doing FX Spot transactions in RMB



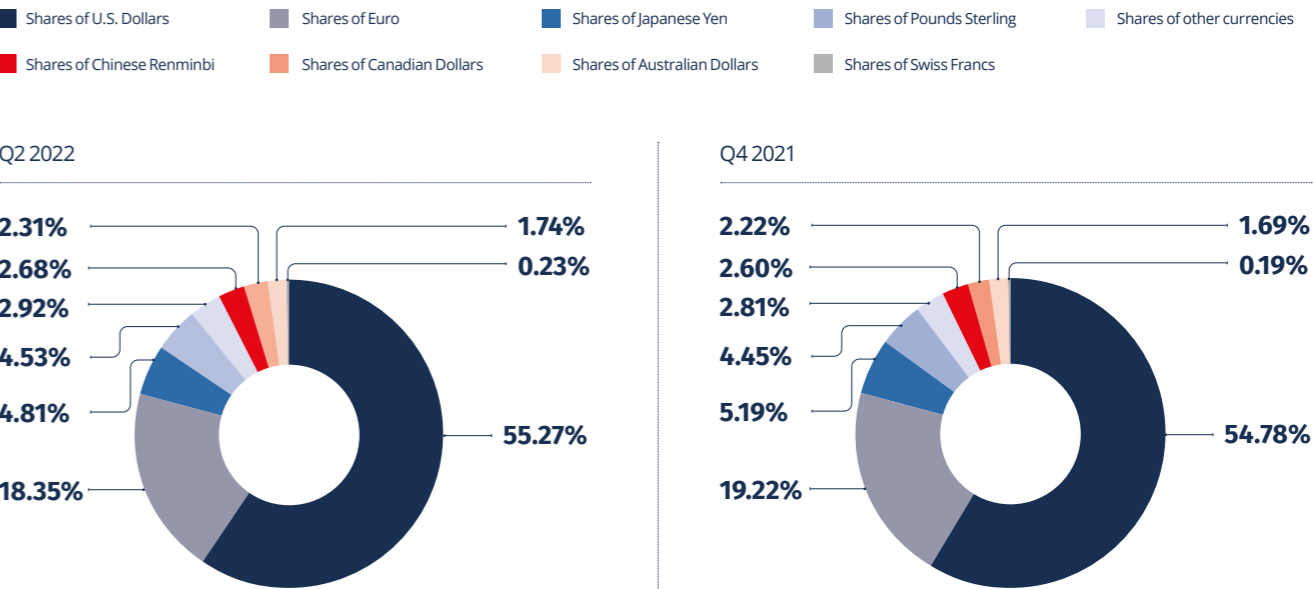
Source: SWIFT, watch

RMB in Global Currency Reserves

According to the IMF, RMB represented 2.68% of global currency reserves as of Q2 2022, up 0.08% 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

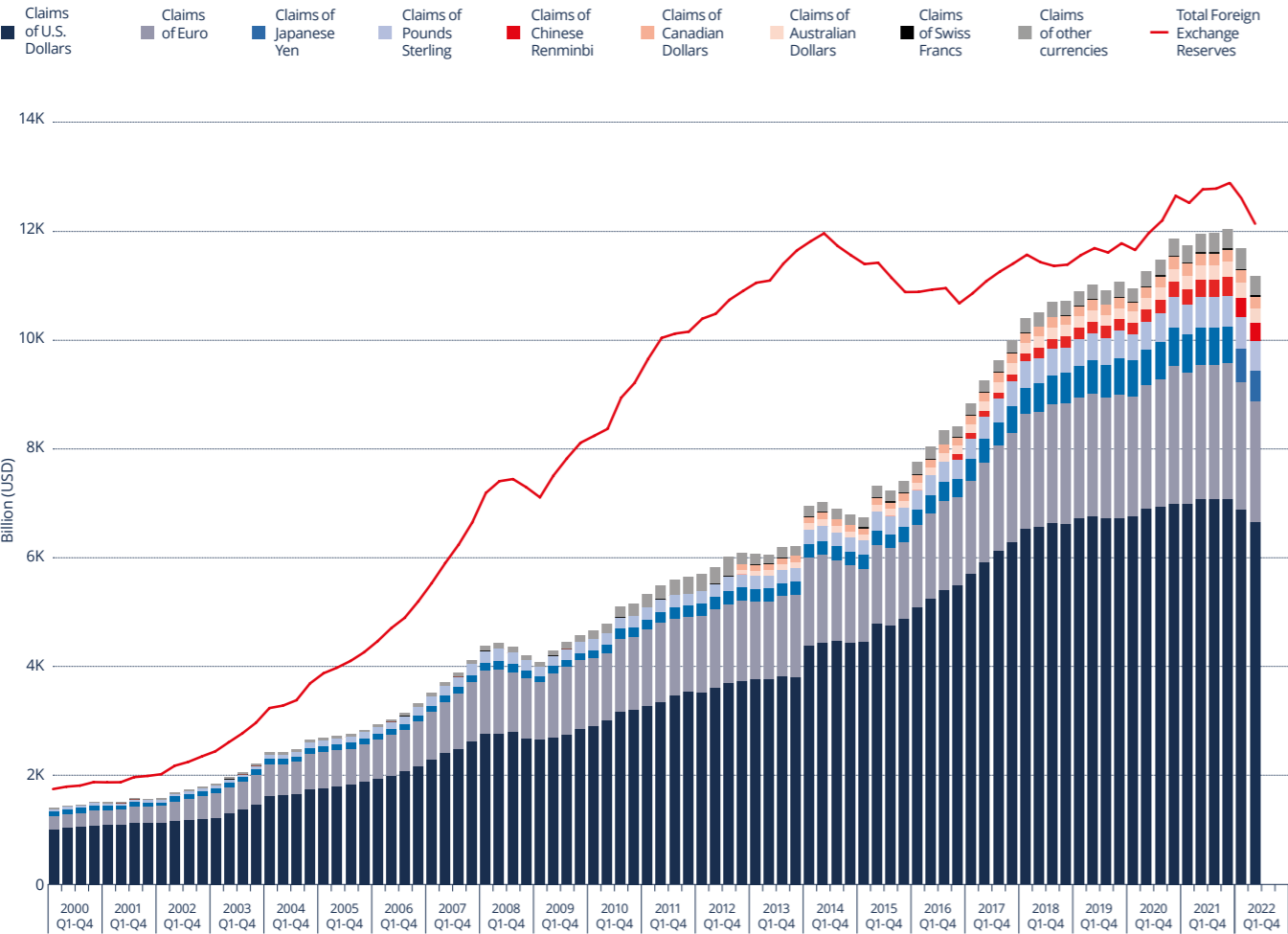
55.27% in Q2 2022; the share of Euro decreased from 19.22% in Q4 2021 to 18.35% in Q2 2022; the share of JPY decreased from 5.19% in Q4 2021 to 4.81% in Q2 2022. The share of GBP increased from 4.45% in Q4 2021 to 4.53% in Q2 2022.

World Currency Composition of Official Foreign Exchange Reserves



Source: International Monetary Fund

Official Foreign Exchange Reserves by Currency (USD billion) as of Q2 2022



Source: International Monetary Fund

New Investment and Trading Channels for Overseas Institutions for the High-Quality Opening-Up of China's Bond Market

China Foreign Exchange Trade System (CFETS)

I. Northbound Primary Service

On July 4<sup>th</sup>, 2022, under the guidance of the People's Bank of China, China Foreign Exchange Trade System (CFETS) and Bond Connect Co., Ltd. (BCCL) jointly launched the Northbound primary service for cross-border bond subscription, making China's bond market more accessible to overseas institutions. In line with China's high-quality opening-up and new development paradigm, this service represents an innovation by CFETS to offer a more efficient cross-border bond subscription process and broaden China's financial services.

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. The new service also offers electronic distribution confirmation forms in place of the offline distribution agreements, which streamlines the complex signing process for onshore and offshore parties in the primary market and eliminates steps of repeatedly signing a distribution agreement for each issuance. Through the launch of the Northbound primary service, iDeal has expanded its underwriting and distribution functionalities to both onshore and offshore investors, providing an easier and more efficient means of investing in the primary market.

The service is off to a smooth start and has been an instant hit among offshore investors—41 have signed up for the service and 27 among them have already completed their first deals within the first week of launch, facilitated by the professional service teams newly set up on iDeal by 14 onshore underwriters. The bonds subscribed for ranged from policy financial bonds and green financial bonds to credit bonds.

As the next step, CFETS will continue to shoulder its responsibilities as a financial infrastructure by improving market services and promoting a "Dual Circulation" in China's bond market, in order to support the two-way opening of the financial market and the high-quality development of the bond market.

II. Swap Connect

The People's Bank of China, the Hong Kong Securities and Futures Commission, and the Hong Kong Monetary Authority issued a joint announcement on July 4<sup>th</sup>, 2022, approving CFETS, Shanghai Clearing House, and OTC Clearing Hong Kong Limited to together develop a mutual access scheme between the Hong Kong and Mainland interest rate swap markets (Swap Connect). At the Bond Connect Anniversary Summit 2022 & Swap Connect Launch event held on that day, Ms. Huo Yingli, Chief Executive Officer of CFETS; Mr. Xie Zhong, Chairman of the Shanghai Clearing House; and Mr. Nicolas Aguzin, Chief Executive Officer of the Hong Kong Stock Exchange, signed the Swap Connect agreement on behalf of the three financial infrastructures, marking an important step towards the upcoming launch of Swap Connect.

Swap Connect will help offshore investors manage interest rate risks and reduce the impact of rate fluctuations on their bond value, smoothing out cross-border capital flows and further promoting the internationalization of RMB. At the same time, overseas institutions will bring a different set of expectations, which will contribute to robust development of China's interest rate derivatives market.

In terms of the trading and clearing framework, Swap Connect will offer electronic trading and central clearing functions that have been available on China's interbank derivatives markets, taking advantage of the proven experience and overall design from the opening-up of the China's bond market. It allows onshore and offshore investors to trade directly through the connectivity between electronic trading platforms without changing their trading practice. Swap Connect has also pioneered a "clearing link" that enables the two central counterparties to jointly provide offshore and onshore investors with clearing services on RMB interest rate swaps. In this way, these types of RMB interest rate swap transactions can be traded and centrally cleared efficiently, if the laws and regulations of the Mainland and Hong Kong markets are duly observed by onshore and offshore investors.

CFETS is currently making service and system preparations under the direction of the People's Bank of China. To ensure a smooth launch, CFETS will also strengthen communications with both onshore and offshore investors.

## Development of China's Financial Infrastructure for RMB Cross-Border Payment and Settlement

### Cross-border Interbank Payment System (CIPS)

#### Summary

In 2021, as China continues to be the world's largest trading nation, demand for cross-border use of RMB is on the rise. Large RMB cross-border trading volume brings about higher requirement for clearing and settlement, highlighting the importance of Cross-border Interbank Payment System (hereinafter referred to as "CIPS"), the one and only wholesale payment system dedicated to RMB cross-border business in China. As one of the systemically important financial market infrastructures (FMIs) in China, CIPS provides safe, efficient, convenient, and cost-effective clearing services, as well as diversified terminal products and data services to meet the needs of various financial institutions. With the goal of "wherever there is RMB, there is CIPS service", CIPS provides full support to not only the promotion of the Belt and Road Initiative, but also the two-way opening-up of China's financial market, meeting global investors' demand for RMB liquidity to access China's financial markets.

#### Development Footprint

In October 2015, CIPS was successfully put into operation in Shanghai, with 19 direct participants and 176 indirect participants from 50 countries and regions all over the world. The launch of CIPS was one of the milestones in constructing China's FMI network, which marked an important progress in the development of China's modern payment system that integrated domestic and overseas payments of RMB. Moreover, CIPS played a significant role in the official inclusion of RMB in the Special Drawing Rights (SDR).

In October 2017, CIPS launched Delivery versus Payment (DVP) and supported Northbound Trading under Bond Connect, effectively reducing settlement risks of cross-border bond transactions, and improving settlement efficiency.

In October 2019, CIPS launched clearing institution business and cooperated with NetsUnion Clearing Corporation and China UnionPay to enable e-wallets of Hong Kong and Macau to be used in Mainland China.

In September 2021, Southbound Trading under Bond Connect was launched officially. CIPS acted as the dedicated settlement channel, working together with China Foreign Exchange Trade Centre, Shanghai Clearing House, and other FMIs to integrate bond trading, depository and settlement services. Against this backdrop, besides RMB business, CIPS started to provide the HKD payment and clearing services, which made it easier for mainland investors to invest in Hong Kong's financial market.

In October 2021, Cross-boundary Wealth Management Connect Pilot Scheme in the Greater Bay Area was officially launched. CIPS was responsible for facilitating cross-border flow of RMB and rolled out data enquiry services.

#### Key Functions and Features

CIPS offers a vast range of settlement and clearing services, including RMB remittance, DvP, Payment versus Payment (PvP), Central Counterparties (CCP), and other RMB cross-border transactions.

CIPS adopts a hybrid settlement mechanism combining Real-Time Gross Settlement (RTGS) and Deferred Net Settlement (DNS) to optimize liquidity arrangements and meet diversified needs of CIPS participants. RTGS and DNS are used for payment messages initiated individually and in batch by direct participants respectively.

The operating time of CIPS is 5×24 hours + 4 hours, which manages to cover almost all time zones of financial markets around the world. It enables global RMB holders to initiate funds transfer or financial market business according to their own time manner with great convenience.

Since its inception in 2015, CIPS has applied the international standard ISO 20022, which is considered the main message standard for the foreseeable future. All payment and reconciliation messages of CIPS are developed from corresponding ISO 20022 messages. Additionally, CIPS has also played an important role in Global LEI Foundation (GLEIF), dedicated to promoting the application of LEI in China.

#### Participants

As of June 2022, CIPS renders professional services to 76 direct participants and 1,265 indirect participants. CIPS welcomes banking institutions and FMIs that have prospective RMB business to become CIPS direct or indirect participants. Direct participants would be able to conduct RMB cross-border payment and settlement directly through CIPS, while indirect participants may entrust direct participants to conduct RMB cross-border payment and settlement through CIPS. First, banking institutions and FMIs that meet specific requirements are eligible to apply to become direct participants. CIPS grants formal approval and offer full packages of services after careful review and related preparation. Second, banking institutions and FMIs may entrust certain direct participants to submit application of becoming indirect participants. The onboarding process is much simpler than that of becoming a direct participant. An indirect applicant

may access partial CIPS services packages through its direct participant. Further details are available on the CIPS official website: <https://www.cips.com.cn/en/index/index.html>.

#### CIPS User Community

In February 2020, CIPS officially launched User Community, which aims to create a global "network of friends" in RMB business available for CIPS participants, business individuals, and financial institutions. CIPS user community is a multi-functional platform providing different kinds of services, including:

- **Real-time Market Service:** exclusive notices for direct participants, mapping relationships between direct participants and indirect participants, participant profiles, payment route enquiries, compliance tips, etc.
- **Data disclosure:** system data, such as trading statistics, customized monthly reports for direct participants that can help grasping industry trends and identifying business opportunities, etc.
- **Disclosure of Rules and Standards:** CIPS message standards, standardization of message usage and business rules, LEI application, etc.
- **Product Service:** latest product introduction and product demos, online registration services, etc.
- **Information Sharing:** latest policies and research reports on RMB cross-border business, platform for participants and partners to promote their business, Q&A window, etc.

#### CIPS Connector

In order to solve the problems, such as inconsistent standards of payment orders and excessive manual intervention, CIPS launched CIPS Connector. As a Standard application tool, CIPS Connector is able to integrate the end-to-end transmission of cross-border payment messages.

CIPS Connector adopts global standards, such as ISO 20022 for message standard and LEI for financial entity identification, which enables participants to connect the upstream and downstream institutions together and realize straight-through processing (STP) in RMB cross-border business based on unified interface and standards. As a result, it physically extends the coverage of CIPS network and functionally improves cross-board payment efficiency, reduces

management costs, and facilitates cross-border trade and investment.

There are various types of connection and interactive methods available for CIPS Connector, including both Application Programming Interface (API) and Graphical User Interface (GUI). Specifically, API is appropriate for institutions with large RMB cross-border business volume, while GUI is designed for small and medium-sized banks and enterprises without internal system development. Different institutions can choose to implement method flexibly based on their own preferences.

CIPS Connector lays a solid foundation for all the possible business scenarios in cross-border payment industry. In terms of business transactions, CIPS Connector supports outward and inward payment activities, account reconciliation, business enquiries, and financial market business, etc. In terms of system functions, it provides instructions and files transfer, account bank configuration, parameter management, system control and other functions to ensure low delay and high reliability of financial information exchange. More information is available in product column on the CIPS official website: <https://www.cips.com.cn/en/products/index.html>.

#### Data Services

Cross-border data service is the cheery on top of CIPS for its capability in decomposing market data, transforming data into insightful information, and empowering business growing potentials. To materialize the above vision, CIPS launched Data Services in September 2021. Data Services provide APP, WEB, and API connection, and offer users with business functions, such as macro-navigation, recommended payment route(s), multiple code mapping, and institution information enquiries, etc. The integrated multiple-sources and up-to-date information technologies applied under the reliable and comprehensive database provide accurate, real-time, and convenient payment routes enquiry services.

London: The ‘Green’ capital market for China’s Emerging Sustainability Champions

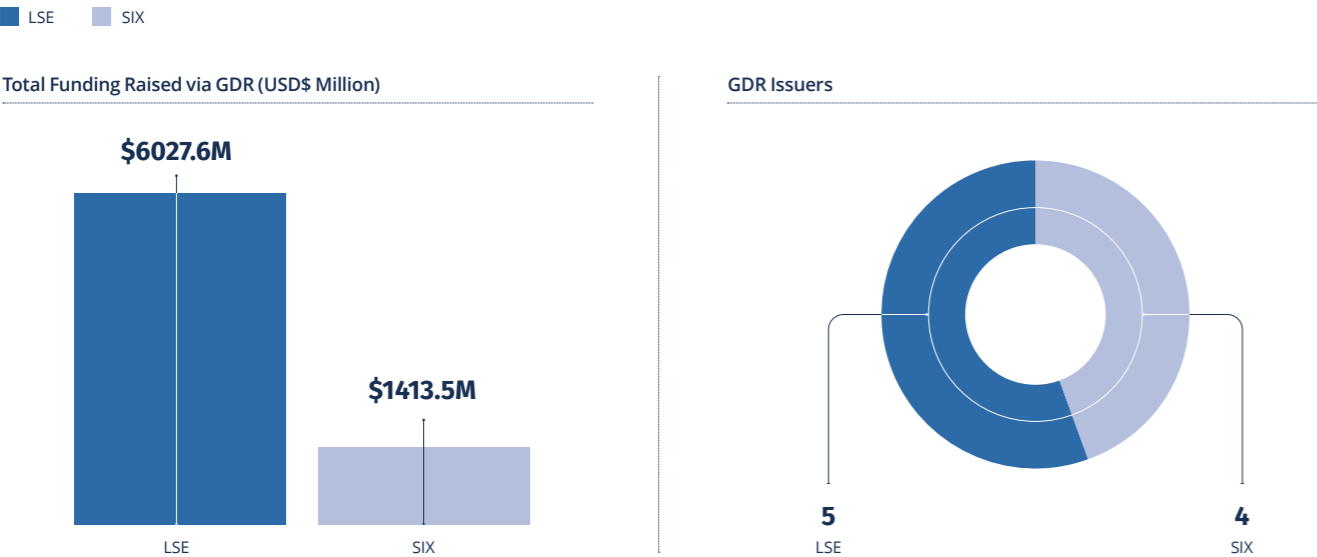
HSBC

With China’s capital market continuing to open its doors wider to the outside world and retaining its support strategically for local businesses’ IPOs beyond their home turf, Chinese companies are heading to Europe for overseas financing in the form of trading in global depository receipts (GDR). The openness of European bourses has gained big momentum with a number of globally minded Chinese companies listed in China’s A-shares have announced plans to issue GDRs in Europe this year.

At the of time of writing, for the first time, funds raised in Europe by Chinese companies have surpassed that of the US as per Dealogic. There have been five Chinese companies completed GDR issuances so far this year, raising USD2.1 billion from Zurich and London, and during the same period, less than USD400 million from the US, a distinct trend emerges.

The stock connect program between the Shanghai Stock Exchange and the London bourse started in June 2019 following the joint announcements by the Chinese and British governments. China’s securities regulator CSRC since then expanded the scopes to include Switzerland and Germany as part of China’s new drive to revive the East-West capital market connectivity by broadening and deepening two-way cross border investments and capital raising access of its domestic and overseas stock exchanges. There has been in total 9 Chinese companies completed their listings via GDR thus far, 5 via LSE and 4 via SIX, raising in total USD7.4 billion. The scope expansion has incentivised a few Chinese companies choosing Zurich to issued their GDR this year, London still remains the leader in total number of GDRs listed and total capital raised.

Figure 1: Total Funding Raised and No of Issues via LSE & SIX



Source: HSBC

Ming Yang Smart Energy group, the leading Chinese wind turbine manufacturer and comprehensive clean energy solutions provider, had favoured London recently for listing its GDR. This listing re-enforces London’s leading position as a global hub for sustainable finance.

HSBC participated as the Joint Global Coordinator and Book Runner in the Ming Yang transaction, leveraging its credential and experiences in sustainable financing especially in the UK capital markets. The bank will continue proactively supporting other major Chinese renewal energy companies to access overseas capital markets, contributing to the Net-Zero goals committed by both the Chinese and British governments.

This transaction marks the inaugural GDR issuance from a Chinese renewable energy company based in the Greater Bay Area (GBA) of China. Ming Yang is headquartered in the city of Zhongshan in the heart of GBA, where China’s new economic and technological powerhouse is leading the way in sustainability and innovation.

Thanks to the depth and sustainability credential of London capital market, Ming Yang has received significant market interests, from a diversified investors based such as international funds, sovereign funds and hedge funds, raising in total USD707 million. The proceeds will be mainly used to strengthen the company’s wind turbine manufacturing and sales capabilities, to build a manufacturing system of high-end equipment for wind energy, PV, energy storage and hydrogen, enhancing the Company’s global presence. Such successful issuance of the GDR also reflects the international investors’ confidence in the future developments and successes of China’s emerging sustainable sector.

Worth noting that Ming Yang has qualified for LSE’s Green Economy Mark, which is given to London listed companies that generate at least 50% of their annual revenues from products and services related to the green economy. This qualification acknowledged China’s new energy companies’ contribution, efforts and credentials in supporting climate change, implementing the national strategy of Net Zero and steering the economy to more an ever greener society is well recognised by the international community. Given London’s leading position and credential on ESG and sustainable finance, it will continue to be the most attractive capital market for Chinese renewable energy players with international outlooks.

## Latest Policies and Major Events

On 18<sup>th</sup> April 2022, the People's bank of China (PBC) and the State Administration of Foreign Exchange (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 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 25<sup>th</sup> 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 15, 2022.

On 11<sup>th</sup> 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% from 10.92% in its first regular review of the SDR valuation since the Chinese currency was included in the basket in 2016.

On 20<sup>th</sup> 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 27<sup>th</sup> May 2022, the PBC, China Securities Regulatory Commission (CSRC) and the 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 25<sup>th</sup> June 2022, 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.



Hong Kong Skyline

On 28<sup>th</sup> June 2022, CSRC and the Hong Kong Securities and Futures Commission (HKSF) 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 commenced on 4<sup>th</sup> July 2022.

On 4<sup>th</sup> July 2022, PBC, HKSF, and the Hong Kong Monetary Authority (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.

### China Onshore RMB Market Events

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

On 8<sup>th</sup> June 2022, Industrial and Commercial Bank of China (ICBC) successfully issued the first domestic "carbon neutral" green financial bond of commercial banks, with an issue size of RMB10 billion, a maturity of 3Y, 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 Common Ground Taxonomy, meeting the international mainstream green bond standards.

On 13<sup>th</sup> June 2022, CFETS offered 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 15<sup>th</sup> June 2022, the first 5Y 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 28<sup>th</sup> June 2022, China Central Depository & Clearing Co., Ltd. (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 4<sup>th</sup> July 2022, under the guidance of PBC, CFETS and Bond Connect Company Limited (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.

On 4<sup>th</sup> July 2022, the bilingual version of China Bond Market Handbook (2022) was published, jointly revised by CFETS, NAFMII, SHCH, ICBC, ABC, BOC, HSBC, Orient Securities, Citic Securities and BCCL. The Handbook reviews the organizational structure, investment products, trading mechanisms, opening-up policies, business processes of the bond market, and puts the emphasis on the bond market achievements, reforms, opening-up and innovations. The Handbook provides more details of the market access processes, investment and trading mechanisms, and FX conversion and hedging, which covers the issues of concern for foreign investors.

### **London Offshore RMB Market Events**

On 11<sup>th</sup> 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 12<sup>th</sup> 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 18<sup>th</sup> 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.

### **HK Offshore RMB Market Update**

#### **RMB deposits in Hong Kong market stays above RMB800 billion by the end of Q2 in 2022**

Hong Kong RMB deposits slightly dropped while cross-border renminbi trade settlement increased. Renminbi deposits in Hong Kong decreased by 4.2% in June to RMB815.0 billion at the end of June. The total remittance of renminbi for cross-border trade settlement amounted to RMB835.9 billion in June, compared with RMB777.3 billion in May. As Hong Kong Monetary Authority (HKMA) suggests, 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 over-generalise fluctuations in a single month.

Enhanced Currency Swap Agreement between People's Bank of China and Hong Kong Monetary Authority was reached. The People's Bank of China (PBC) and the Hong Kong Monetary Authority (HKMA) have reached the enhanced Currency Swap Agreement on 4th July. It has become a long-standing arrangement with no need for renewal. Its size has also been expanded from RMB500 billion / HKD590 billion to RMB800 billion / HKD940 billion.

HKMA will further enhance the RMB Liquidity Facility, including increasing the size and streamlining the operation, to support the continued development of Hong Kong's offshore RMB market. Details will be announced in due course.

On 23<sup>rd</sup> May 2022, the PBC successfully issued one RMB10 billion 3M central bank bill and one RMB15 billion 1Y central bank bill in Hong Kong with the bid-winning interest rate of 2.49% and 2.80% respectively.

On 21<sup>st</sup> June 2022, the PBC issued RMB5 billion RMB-denominated central bank bills in Hong Kong, with a term of 6 million and a rate of 2.30%.

# Appendix I

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

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
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
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

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
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	3000MM	3.15%	11/11/2021	21/09/2022
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
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	325MM	2.73%	03/08/2021	03/08/2022
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
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

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
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
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

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
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
AGRICULTURAL DEVELOPMENT BANK OF CHINA	2500MM	3.18%	07/11/2019	06/11/2022
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
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	490MM	2.44%	19/09/2019	19/09/2022
FIRST ABU DHABI BANK P.J.S.C.	140MM	3.44%	19/09/2019	19/09/2024
EUROPEAN BANK FOR RECONSTRUCTION & DEVELOPMENT	700MM	2.32%	03/09/2019	03/09/2022
LLOYDS BANK PLC	200MM	3.31%	03/09/2019	03/09/2024
COMMONWEALTH BANK OF AUSTRALIA	200MM	3.05%	01/08/2019	01/08/2022
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
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

Issuer	Amount Issued (CNY)	Coupon (%)	Issue Date	Maturity
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
WESTPAC BANKING CORPORATION	200MM	4.70%	12/10/2018	12/10/2022
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
INTERNATIONAL FINANCE CORPORATION	75MM	3.91%	11/10/2017	11/10/2022
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
LLOYDS BANK PLC	100MM	4.61%	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 June 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
Yuxiu 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
AIIB	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

Issuer	Amount Issued (RMB100M)	Coupon (%)	Issue Date	Maturity
BMW Finance	15	3.03	10/06/2021	15/06/2022
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
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
Yuxiu 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
Yuxiu 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

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 Q2 2022, CIPS cleared and settled a total volume of RMB2.14 trillion in the UK among which RMB1.24 trillion was paid and RMB0.9 trillion was received by the UK<sup>1 2</sup>. As of June 2022, CIPS has 20 participants from the UK with 2 as direct participants and 18 as indirect participants.

1	China Construction Bank Corporation London Branch
2	Bank of China Limited London Branch
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.

<sup>1</sup>The 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).

<sup>2</sup>The 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 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
Enterprai	SWIFT
EVIA	TheCity UK
HSBC	Tradeweb
ICBC London Branch	Wind Financial
ICBC Standard Bank	

