



**London RMB
Business Quarterly**

**Issue 2
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THE PEOPLE'S BANK OF CHINA
REPRESENTATIVE OFFICE FOR EUROPE

With thanks to

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The People's Bank of China (PBoC) Representative Office for Europe

Foreword

The City of London is pleased to be working in partnership with the People's Bank of China to present the London RMB Business Quarterly. London is the leading offshore RMB trading hub outside of Asia, and this report aims to help us maintain this position, providing an overview of the market for Chinese currency in the City.



Catherine McGuinness

Chair of Policy and Resources
City of London Corporation

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We are very proud of 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 London's influence as a leader in the RMB internationalisation market outside of Asia and the PBoC's efforts to develop and sustain the RMB market at home and abroad.

The City of London is home to over 30 Chinese financial and professional services firms which joined the London 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 London 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. The second issue of the London RMB Business Quarterly, explores the opportunities for offshore and onshore RMB investments, as well as, perspectives on onshore hedging, bond markets and trade.

The London RMB Business Quarterly report serves to contribute to the understanding of the London offshore RMB market, providing most recent data, policies and commentaries from market participants. As well as, promote the healthy and sustainable development of the London offshore RMB market by monitoring and providing feedback to regulatory bodies in both countries for policies improvement.

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



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Special Adviser for Asia
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Market Overview



In Q3 2018, the offshore RMB market in London remained resilient. CNH was a little weaker than CNY and the FX spot spread between CNH-CNY turned from negative to positive.

London RMB Foreign Exchange Market

About 35% of all CNH spot trading on EBS took place during EMEA trading hours in September, 2 percentage points down from June. The daily CNH trading volume in London averaged GBP78 billion in Q3 2018.

London RMB Bond Market

22 Dim Sum bonds were newly listed on the London Stock Exchange in Q3 2018, with the total size of RMB4.9 billion which increased 36.9% QoQ and the average coupon rate of 4.57%.

London RMB Credit Market

By the end of Q3 2018, the outstanding amount of RMB deposits totalled RMB55.8 billion, a decline of 13.86%

from previous quarter, while the outstanding RMB loans increased by 2% from the previous quarter.

London RMB Clearing

The total cumulative clearing volume was RMB7.7 trillion in the first three quarters, up 19.5% YoY. The average daily volume was RMB43.8 billion in September.

RMB Cross-Border Settlement between China and UK

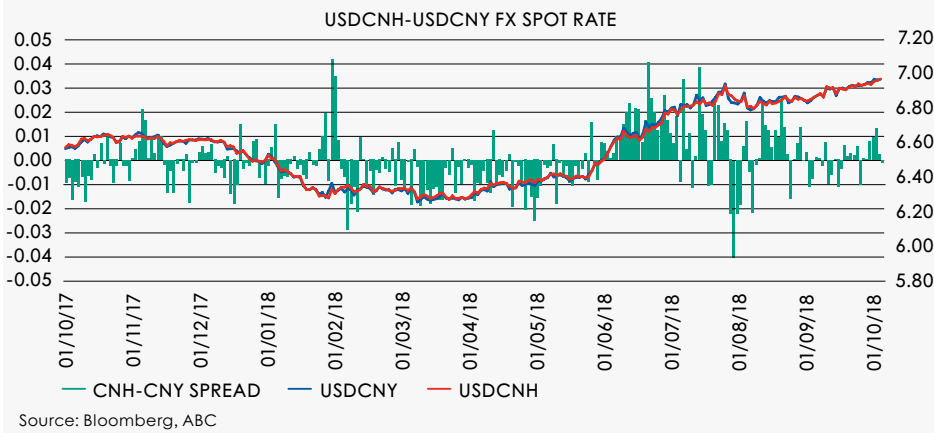
The total actual cross-border RMB settlement between China and the UK amounted to RMB288 billion in the first three quarters, an increase of 144% YoY.

UK's Rank as Offshore RMB Centre

The SWIFT data showed UK remains the country with the largest share of RMB payments outside of Hong Kong. The UK also retained its first place in terms of offshore RMB FX transactions, accounting for 38.64% of global RMB FX trading volume.

RMB Exchange Rate

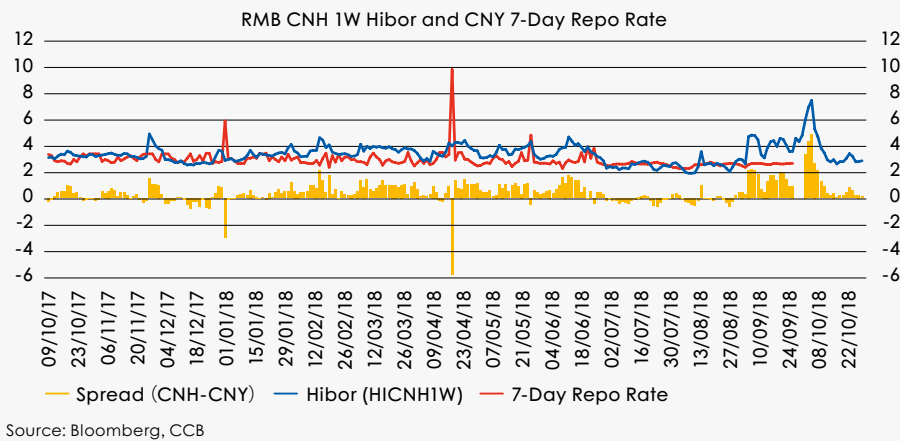
The Onshore-Offshore Exchange Rate Differential



From July to October 2018, the average FX spot rate of USD/CNH in the offshore market was 6.8396, with the USD/CNY onshore rate was 6.8337. The spread between the two was +59 basis points, while the spread in Q2 2018 was -41 basis points. CNH was a little weaker than CNY and the FX spot spread between CNH-CNY turned from negative to positive. One possible reason is that foreign investors who already have RMB exposure will use offshore market to hedge RMB risk in weaken side, while the Chinese exporter who need to sell foreign currency and buy RMB are always trading in onshore market. So, there is a little mismatch in different types of end users between onshore and offshore markets.

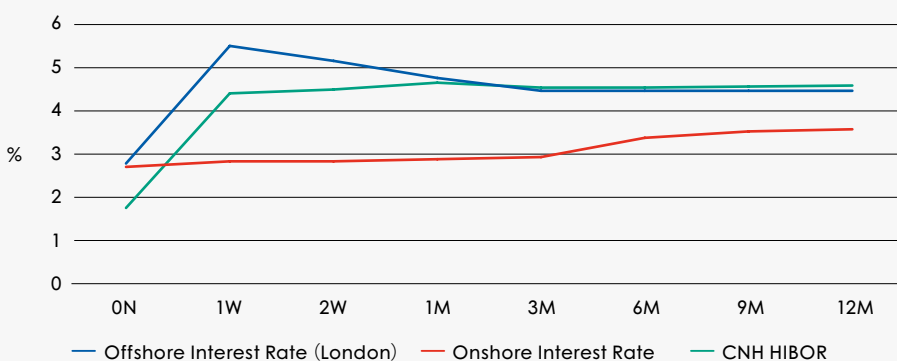
RMB Interest Rate

The Onshore-Offshore Interest Rate Spreads



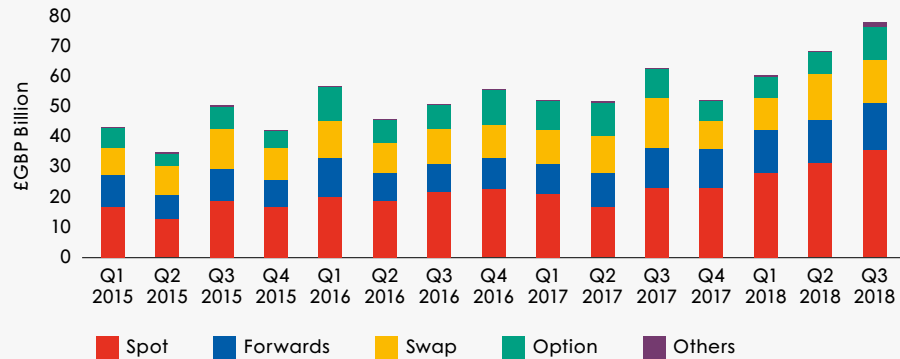
In July and August, both onshore and offshore rates are quite stable with narrow spread, however, offshore rate starts to shoot up from 2.4% to 4.5% in September. There are mainly two reasons, firstly the interest rate hike in US in September leads to a short-term CNH Hibor rate increase; Secondly, there is a tight CNH liquidity in overseas market towards Chinese national holiday. In the meantime, China also encourages that more RMB shall flow back to domestic onshore market, hence there is a hike in USDCNH swap point, which leads to relative higher level in CNH Hibor price at the end of third quarter 2018.

The Term Structure of RMB Offshore and Onshore Interest Rate



London RMB Foreign Exchange Market

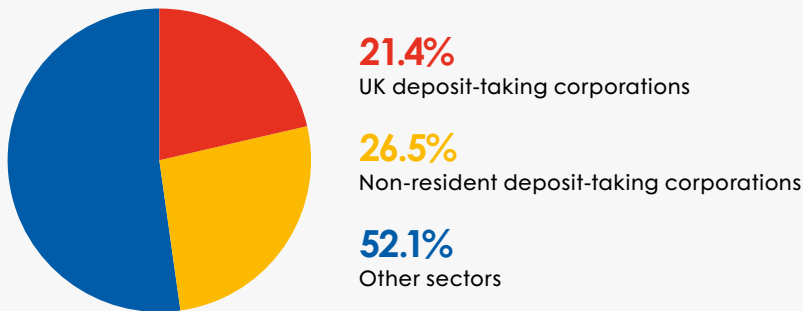
Average Daily Turnover of RMB FX in London



Source: Bank of England (BoE)

In Q3 2018, the RMB foreign exchange market transactions maintained its momentum of rising. The daily CNH trading volume in London averaged GBP78 billion, up 12.72% QoQ and 23.42% YoY respectively, of which: UK deposit-taking corporations 21.4%, non-resident deposit-taking corporations 26.5%, other financial institutions 52.1%.

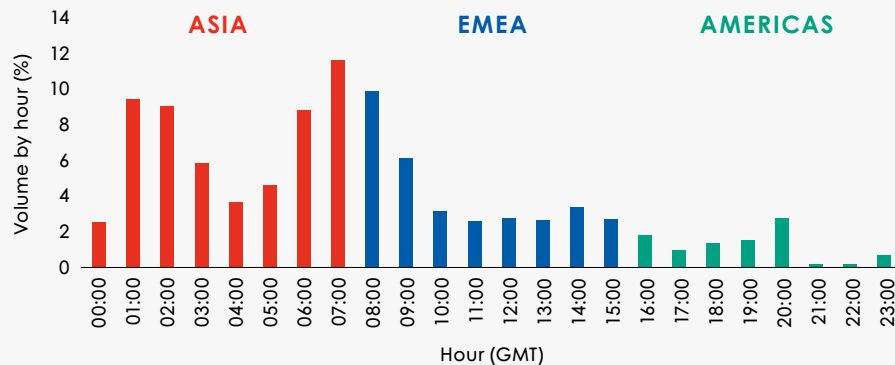
RMB FX Turnover by Counterpart Sector



Source: BoE

In October, the proportion of the offshore RMB FX trading in London market decreased slightly from last month. Trading data from EBS revealed that the proportion of spot CNH trading volume in EMEA trading hours was 34% in October, 1 percent down from previous month. Specifically, in October, Asia, EMEA and Americas trading hours registered 57%, 34% and 9% respectively of total CNH spot trading volumes, compared with a distribution of 57%, 35% and 8% in the previous month, and 58%, 34% and 8% a year ago.

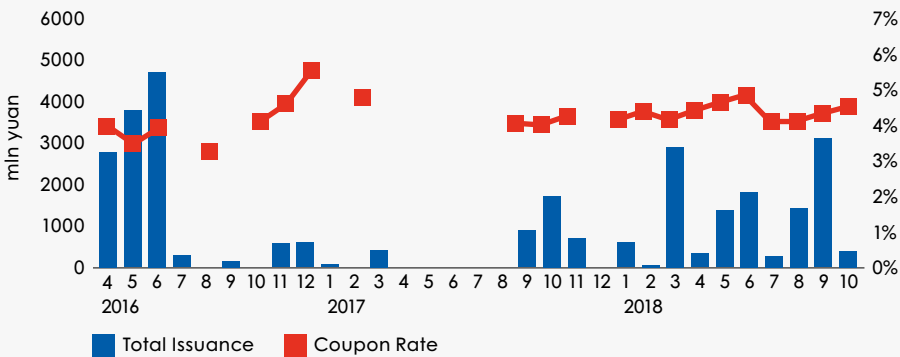
Spot CNH Volume Distributions by Hour on EBS



Source: EBS

London RMB Bond Market

Dim Sum Bond Issuance and Coupon Rate

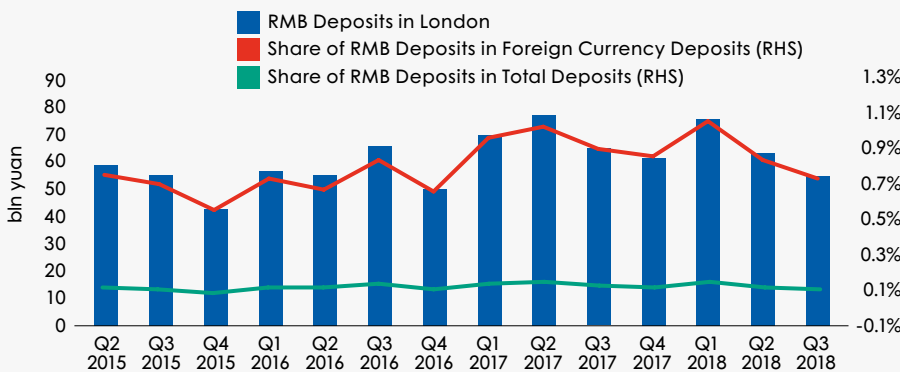


Source: LSE

In Q3 2018, 22 Dim Sum bonds were newly listed on the London Stock Exchange, with the average coupon rate of 4.57%, and the total size of RMB4.9 billion, which increased 36.9% over last quarter. Fourteen of them were issued by Australian commercial banks, with the total size of RMB2.77 billion, or 56.5% of the total new issuance in Q3. As of Q3 2018, there are 117 Dim Sum bonds listed on the London Stock Exchange with a total size of RMB33.71 billion, the average coupon rate is 4.54%.

London RMB Credit Market

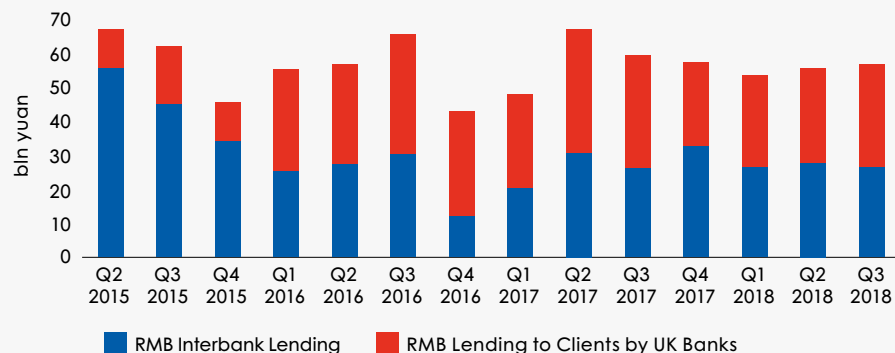
RMB Deposits in London



Source: BoE

By the end of Q3 2018, the balance of RMB deposits in London totalled RMB55.8 billion, a decline of 13.86% from previous quarter and 15.88% YoY respectively.

RMB Lending in London

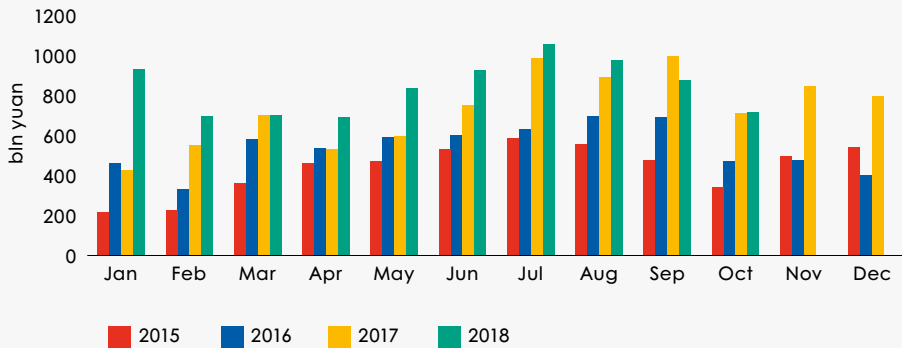


Source: BoE

By the end of Q3 2018, the outstanding RMB loans in the London offshore market were RMB56 billion, an increase of 2% from the previous quarter, but a decrease of 5.19% YoY.

London RMB Clearing

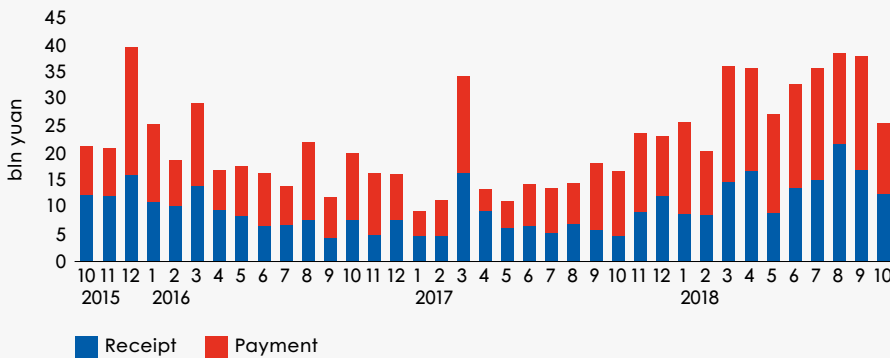
Clearing Volume of UK Clearing Bank



Source: CCB London Branch

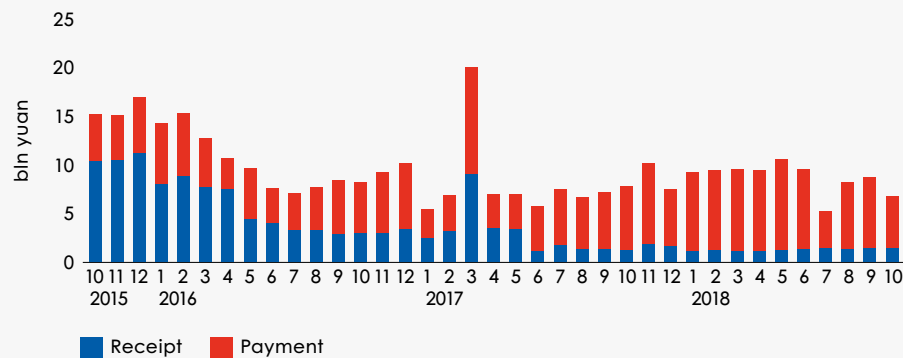
China-UK RMB Cross-Border Settlement

China-UK Cross-Border RMB Payment and Receipt



Source: PBoC

China-UK Cross-Border RMB Payment and Receipt Under Merchandise Trade



Source: PBoC

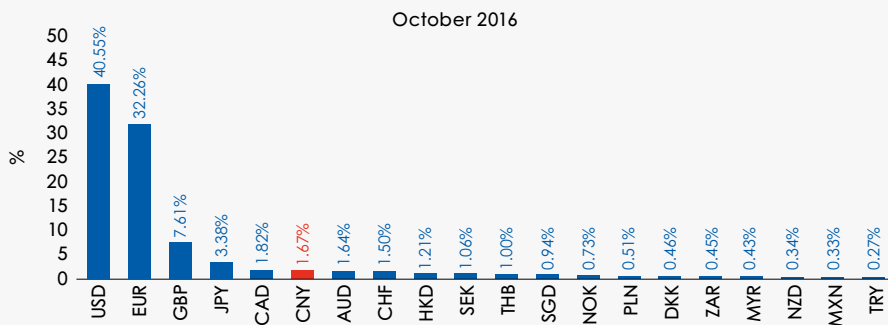
By the end of October, cumulative clearing volume was RMB8.4 trillion in 2018, up 18% YoY. In October, total clearing volume was RMB717.2 billion. The daily average volume was RMB40.18 billion, and an accumulated transaction count in October stood at 5,101 with an average straight through processing rate of 91.16%. By the end of October 2018, the accumulative total RMB clearing volume reached RMB29.65 trillion since China Construction Bank London Branch obtained its authorisation to become the RMB clearing bank in the UK in June 2014, and China Construction Bank, London Branch remained the largest clearing bank outside of Asia.

In October, the total actual RMB payments and receipts between China and the UK amounted to RMB25.3 billion, down 32.7 % from September, but still represented an increase of 54% YoY. By the end of October, the total actual cross-border RMB settlement between China and the UK amounted to RMB313 billion in 2018, an increase of 133% YoY. Within the cross-border RMB settlement, payments were higher than receipts, with total receipts standing at approximately RMB135 billion and total payments at approximately RMB178 billion.

In October, the cross-border RMB settlement under merchandise trade was RMB6.7 billion, accounting for 26.5% of total settlement volume, and 13.1% of total import and export volume between China and UK in the same period.

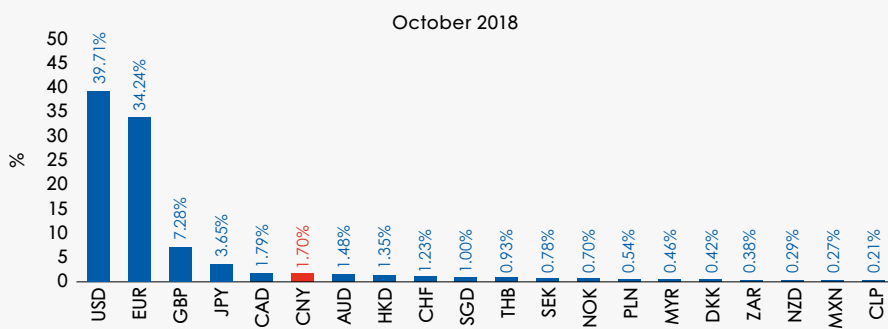
The International Status of the London Offshore RMB Market

RMB's share as a domestic and international payments currency



Source: Swift

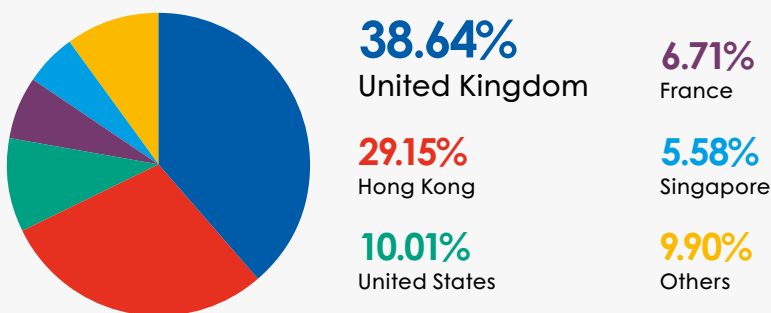
RMB's share as a domestic and international payments currency



Source: Swift

SWIFT data showed that in October 2018 the share of international payment in RMB (including payments initiated by customers and payments from financial institutions) decreased to 1.70% of the total volume, a slight decline from August. RMB ranked sixth as a global payment currency, the same as October 2016. The UK retained its position of having the largest share of RMB payments outside of Hong Kong. In October 2018, RMB payments in the UK accounted for 5.3% of all the volumes outside mainland China, a slight decrease from August. The UK also retained its first place in terms of offshore RMB FX transactions, accounting for 38.64% of global RMB FX trading volume.

Top Countries (Regions) FX Transaction in RMB



Source: Swift

Industry Update

Mr. Chai Tianyi

Manager of FX Market Department

China Foreign Exchange Trade System (CFETS)

Further Opening-up of China Interbank FX Market

As recent years have seen greater openness of China's financial market and more internationalised RMB, China has steadily open up the interbank FX market. By far, China's interbank FX market has 93 overseas participants, accounting for 14% of the total number. By category, there are 39 foreign central banks and similar institutions, 21 offshore clearing banks and 33 offshore participating banks from Americas, Europe, Asia, Australia and Africa. Overseas participants have access to trading instruments including spot, forward, swap, currency swap, option, and foreign currency lending.

In 2004, Bank of China (Hong Kong) Ltd. (BOCHK) entered China's interbank FX market, which marked the early opening up of the market. In 2009, as the RMB settlements of cross-border trade transactions proceeded smoothly, offshore RMB clearing banks were permitted to enter. In 2015, foreign central banks (monetary authorities), international financial institutions, and sovereign wealth funds were able to invest in the interbank FX market directly or via agents without quota limits. In January 2016, overseas participating banks with a relatively large RMB business base, international influence and geographical representation were allowed to participate. In September 2016, eligible overseas investors were permitted to invest in foreign currency lending market. In 2017, the PBC allowed Settlement Agents with the qualification of RMB derivatives business to hedge for overseas bond investors against foreign exchange risk exposure arising from the inward remittances. Noticeably, this September, London-based XTX Markets became the first nonbank market maker in the interbank G10 currency pairs market. So far, China's interbank FX market has been opened up to various foreign institutions with an increasing level of access to different instruments.

Foreign investors are a vital force behind increased market liquidity and greater integration between domestic and overseas markets. They have become increasingly active in the interbank FX market. During the first three quarters of 2018, the total turnover of overseas institutions in the interbank FX market exceeded USD1 trillion with a market share of 2.1%, as compared to 1% in 2017. Specifically, the cumulative turnover in the RMB/FX market, G10 currency pairs market and foreign currency lending market was USD118 billion, USD2.5 billion and USD890.3 billion, accounting for 0.3%, 0.9% and 6.8% respectively of the corresponding markets. Currently, there are three UK institutions in China's interbank FX market, namely Crédit Agricole (London), China Construction Bank London Branch and Standard Chartered Bank. Crédit Agricole (London) entered the interbank G10 currency pairs market as a market maker in 2006 and has since conducted transactions worth of USD7.04 billion. China Construction Bank London Branch was authorised by PBC to act as London's RMB clearing bank in June 2014 and subsequently entered the interbank FX market in October of that year. It provides a wide range of RMB banking products and services for overseas central banks, nonbank financial institutions and other participating banks. Its cumulative trading turnover reached USD5.58 billion in the interbank FX market. Standard Chartered Bank entered this market last year, the cumulative trading turnover of which reached USD145 million as of the end of October 2018. Meanwhile, China Merchants Bank London Branch will soon access China's foreign lending market.

China's interbank FX market continues to shore up its ability to provide services to investors around the world. Since January 2016, the trading session has been extended to 23:30 Beijing time to overlap with trading hours in Europe and the US. Meanwhile, the interbank FX market is actively implementing its "going global" strategy by building a worldwide service network and improving the infrastructure for international financial services. The orderly opening-up of the interbank FX market is part of China's efforts to establish a sound, open and competitive FX market. This will meet the demand for opening up China's economy and financial markets and facilitate the innovative development of trade, and will also pave the way for capital account convertibility and further reforms on the market-oriented CNY exchange rate formation mechanism.

Foreign institutions can now enter China's interbank FX market through greatly streamlined procedures. Foreign central banks and similar institutions can be registered as members of the interbank FX market by sending to CFETS their registration forms and signature authorisation. They may access the market by entrusting PBC or interbank FX market member(s) as agent(s), or directly participating in the market as foreign members. Offshore clearing banks and eligible offshore participating banks can register as members of the interbank FX market by submitting a written application to CFETS. Now foreign banks (including overseas branches of Chinese banks and offshore foreign funded banks) eligible to conduct foreign currency lending business can simply apply to CFETS to be foreign currency lending members. Looking forward, CFETS will continue to open wider China's interbank market to overseas investors, meeting their various demands, and those London-based financial institutions are particularly welcome.

To learn more about CFETS and
their work you can visit their website:
<http://www.chinamoney.com.cn/english>

Industry Update

Hugo Syrmen,
EM Currency Specialist,
EBS

Recent Development of Offshore RMB FX Market

After a record breaking third quarter observed from July to September 2018 in which CNH volumes on EBS posted a 51% increase year-on-year (i.e. vs Q3 2017), the CNH market on EBS experienced a consolidation phase in the first half of the fourth quarter (October to mid-November), as volumes contracted by 14% versus the previous quarter. Volatility from disappointing Chinese economic data and strengthening US treasury yields led to very intense trading in the first couple of weeks of October on EBS. In October the weakening of the offshore Renminbi was mostly led by the following factors:

- **Strengthening US treasury yields.**
- **Further signs of an economic slowdown in China as the effects of American tariffs on Chinese exports are starting to bite (GDP growth at 6.5% vs 6.6% exp for e.g.).**
- **Further political pressure applied by the US on China as Trump raised the possibility of additional tariffs on Chinese exported goods.**

The quieter volumes observed in the latter half of October coincided with the tightening of the range in which USD/CNH traded much of the autumn, as the Renminbi finally stabilised against the US Dollar after the strong depreciation observed since mid-June 2018. Mid-November 2018 also saw quieter trading conditions in comparison to previous months as market participants waited to see whether the US and China would smoothen the trade war spat at the upcoming G20 summit at the end of the month. After the G20 summit, the dollar weakened against its major peers, as the thaw in trade tensions between China and US supported investor confidence.

Comparing the third quarter of 2018 with the same period in 2017, EBS global CNH volume growth reached +51%. Growth was mainly driven by the Americas where EBS recorded year-on-year growth of +81%. Although the share of CNH traded out of the Americas decreased by 3 percentage points quarter on quarter, the fast YoY growth observed for this region was in line with the trend observed in the last couple of years in which we have seen the proportion of CNH traded out of America increase faster than that of other regions, hereby emphasising the internationalisation of offshore Renminbi trading.

Meanwhile CNH volumes traded out of the EMEA region grew by 54% year on year and APAC volumes grew by 42% year on year as Asia retained its position as the largest region for CNH volumes traded on EBS. Asia now accounts for 49% of global CNH volumes on EBS, with EMEA accounting for a third of volumes and the remainder of volumes coming from the Americas.

Latest Policies and Major Events

- On 5 January, the People's Bank of China (PBoC) **improved policies for cross-border RMB business**. Major policies included: 1) encouraging enterprises to settle cross-border trade deals in the RMB; 2) supporting foreigners' use of the RMB for direct investments in the country; 3) encouraging foreign investors to participate in carbon emission trading in China with the RMB; 4) authorising Chinese firms to transfer RMB funds raised through issuing bonds or equities overseas back home; 5) allowing individuals to remit funds from overseas, and vice versa.
- On 23 March, **Bloomberg announced that it will add Chinese RMB-denominated government and policy bank securities to the Bloomberg Barclays Global Aggregate Index**. The addition of these securities will be phased in over a 20-month period starting April 2019. Meanwhile, several planned operational enhancements will be implemented by the PBoC and the Ministry of Finance.
- On 26 March, **China's crude oil futures was listed on the Shanghai International Energy Exchange. The futures contract is denominated in the RMB with trading unit of 1,000 barrels per contract**. It would be available to foreign investors, exchanges and petroleum companies.
- On 11 April, Yi Gang, the Governor of the PBoC, made an announcement in the Boao Forum for Asia Annual Conference that the **PBoC will implement the following measures in the next few months to further open financial sector**: 1) remove the foreign ownership cap for banks and asset management companies; 2) lift the foreign ownership cap to 51% for securities companies, fund managers, futures companies, and life insurers, and remove the cap in three years; 3) abolish the requirement for joint-venture securities firms to have at least one local security firm as a shareholder; 4) the daily quotas under Stock Connect increased by four times.

- On 24 April, the **State Administration of Foreign Exchange (SAFE)** announced that **quotas for Qualified Domestic Limited Partnership (QDLP) program in Shanghai and Qualified Domestic Investment Enterprise (QDIE) program in Shenzhen would be expanded** to USD5 billion respectively. In order to support domestic enterprises to make outbound investments, SAFE introduced QDLP program in Shanghai in October 2013 and QDIE program in Shenzhen in December 2014.
- On 18 May, PBoC further improved cross-border fund flow management. Major measures covered: 1) the existing policy framework under which offshore RMB business clearing banks and participating banks can tap RMB liquidity from the onshore market to support offshore RMB business development; 2) duly implementing Hong Kong Monetary Authority's bilateral currency swap agreements; 3) adjusting the required reserve ratio of RMB deposits placed by Hong Kong's RMB business clearing bank in the settlement account in the PBoC's Shenzhen sub-branch to zero percent; 4) further enhancing the currency conversion mechanism for the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.
- On 1 June, **234 A-shares are included in the MSCI indexes**. In the first step of inclusion, there would be 234 A-shares added at 2.5% of Foreign Inclusion Factor (FIF)-adjusted market capitalisation, representing aggregate weights of 1.26% and 0.39%, respectively, in the MSCI China Index and the MSCI Emerging Market Index.
- On 12 June, **State Administration of Foreign Exchange eased restrictions on QFII**. Major policies included: 1) Lifting 20% cap on the funds that investors have been allowed to take out of China; 2) removing lockup periods for investment principal; 3) allowing investors under QFII and RQFII schemes to make foreign exchange hedging on their investments onshore.
- On 12 June, in order to prevent macro financial risks, **the PBoC decided to raise reserve requirement on foreign exchange forwards trading to 20% from 6 August**. The PBoC introduced a 20% reserve requirement on foreign exchange trading in September 2015. It was once removed in September 2017 following market conditions had stabilised.
- On 24 August, **the PBoC reintroduced the counter-cyclical factor in RMB fixing mechanism** which is expected to effectively mitigate the pro-cyclical market behaviors and stabilise market expectation. Counter-cyclical factor will play active role in keeping yuan exchange rate stable.
- On 31 August, **China Securities Regulatory Commission (CSRC) publicly solicited opinions on the "Rules for Regulation of the Depository Receipt Business for the Market Connectivity of Shanghai Stock Exchange and London Stock Exchange"**, indicating that the Shanghai-London Stock Connect program will be implemented soon, and the preparations have entered the last stage before the official launch. Shanghai-London Stock Connect will see Shanghai-traded Chinese companies issuing Global Depository Receipts (GDR) in London, while reciprocally allowing London-traded firms to issue Chinese Depository Receipts(CDR) to go public in Shanghai. The "Rules for Regulation (Draft for Comment)" provides important principles on the eastbound and westbound businesses of the Shanghai-London Stock Connect, including issuance and listing, cross-border conversion, continuous regulatory requirements, regulatory enforcement, investor protection and other matters.
- On 8 September, in order to promote the opening-up of the bond market and regulate the bond issuance by overseas institutions, with the approval of the State Council, **the People's Bank of China (PBoC) and the Ministry of Finance (MOF) jointly issued the "Interim Measures for Administration of the Bond Issuance by Overseas Institutions in the National Inter-bank Bond Market"** (PBoC and MOF Notice [2018] No.16). Meanwhile,

- Interim Measures for Administration of Issuing RMB Bonds by International Development Institutions (PBoC, MOF, NDRC and CSRC Notice [2010] No. 10) has been formally abolished. Since the international development institutions first issued an RMB bond in the inter-bank bond market in 2005, onshore bond financing channels have been broadened for overseas institutions and issuers have become increasingly diversified. At the end of September 2018, overseas institutions have cumulatively issued RMB180.86 billion of bonds in the inter-bank bond market. The issuers base has expanded from international development institutions to foreign governments, overseas financial institutions and non-financial enterprises.
- On 20 September, **the People’s Bank of China (PBoC) and Hong Kong Monetary Authority (HKMA), signed a “Memorandum of Co-operation on Using Central Moneymarkets Unit for Issuance of PBoC Bills”,** for the tendering and issuance of PBoC bills through CMU BID, the HKMA’s Central Moneymarkets Unit’s (CMU) bond tendering platform. The issuance of PBoC bills in Hong Kong aims to enrich the spectrum of renminbi financial products of high credit rating in Hong Kong, improve the yield curve of renminbi bonds in Hong Kong, and support the development of offshore renminbi business in Hong Kong.
 - On 10 October, **the Ministry of Finance (MOF) issued RMB5 billion sovereign bonds in Hong Kong.** Amongst which, RMB4.5 billion was issued to institutional investors. This included RMB3 billion 2-year bonds and RMB1.5 billion 5-year bonds priced at 3.65% and 3.80%, respectively. Another RMB0.5 billion bonds were sold to overseas central banks and monetary authorities, including RMB0.3 billion 2-year bonds and RMB0.2 billion 5-year bonds priced the same as those for the same tenors. In addition, the PBoC issued RMB bills through the Central Money markets Unit of the Hong Kong Monetary Authority. The issuance contained RMB10 billion 3-month bills and RMB10 billion 1-year bills priced at 3.79% and 4.20%, respectively.
 - On 26 October, **the People’s Bank of China (PBoC) and the Bank of Japan (BOJ) entered into agreements which will facilitate RMB usage in cross-border transactions between the two nations.** Firstly, the PBoC signed the Memorandum of Understanding with the BOJ, and Bank of China Tokyo branch has been designated as the RMB Clearing Bank in Japan. Secondly, the PBoC and the BOJ entered into an RMB200 billion / JPY3.4 trillion bilateral currency swap agreement. The agreement would be effective for three years and could be extended upon mutual agreement.
 - On 22 November, **the Ministry of Finance and the State Administration of Taxation issued the “Notice on the Foreign Enterprise Investing in the Corporate Income Tax VAT Policy for the Domestic Bond Market”,** to further promote the opening of the bond market from November 7, 2018 to November 6, 2021. During this period, any bond interest income obtained by foreign institutions investing in the domestic bond market will be temporarily exempted from corporate income tax and value-added tax. The scope of the exemption does not include the bond interest obtained by the institution or place established by the overseas institution in the territory.
 - On 29 of November 2018, **the People’s Bank of China approves China Foreign Exchange Trade System (National Interbank Funding Centre) (hereinafter as CFETS) collaboration with Bloomberg.** CFETS and Bloomberg connectivity will support CIBM Direct and Bond Connect trading to accommodate overseas institutional investors demand under both channels. Overseas investors via CIBM Direct may send trading instructions from Bloomberg terminal to CFETS system, and agent banks may confirm trading instructions and deal in CFETS system. Overseas investors via Bond Connect may send RFQ (request for quote) messages from Bloomberg terminal to onshore quotation dealers and trades done in CFETS system.

Appendix I List of Dim Sum Bond (RMB Bond) Issuance in London

Issuer	Amount Issued (RMB)	Coupon (%)	Issue Date	Maturity
Hitachi Capital UK PLC	200,000,000	4.75	29/10/2018	29/04/2022
Westpac Banking Corp	200,000,000	4.7	12/10/2018	12/10/2022
Hitachi Capital UK PLC	600,000,000	4.6	27/09/2018	27/09/2021
Royal Bank of Canada	140,000,000	4.3	20/09/2018	20/09/2020
Bank of Montreal	200,000,000	4.53	19/09/2018	19/09/2021
Bank of Montreal	155,000,000	4.72	19/09/2018	19/09/2023
Australia & New Zealand Banking Group Ltd	270,000,000	4.795	14/09/2018	14/09/2023
Australia & New Zealand Banking Group Ltd	140,000,000	4.61	13/09/2018	13/09/2023
Australia & New Zealand Banking Group Ltd	145,000,000	4.62	11/09/2018	11/09/2023
Australia & New Zealand Banking Group Ltd	137,000,000	4.6	11/09/2018	11/09/2023
First Abu Dhabi Bank PJSC	650,000,000	4.5	10/09/2018	10/09/2021
Royal Bank of Canada	160,000,000	4.48	07/09/2018	07/09/2023
Westpac Banking Corp	190,000,000	4.6	07/09/2018	07/09/2023
Westpac Banking Corp	160,000,000	4.621	07/09/2018	07/09/2023
Commonwealth Bank of Australia	80,000,000	4.52	07/09/2018	07/09/2023
Australia & New Zealand Banking Group Ltd	140,000,000	4.6	04/09/2018	04/09/2023
Australia & New Zealand Banking Group Ltd	140,000,000	4.3	24/08/2018	24/08/2021
Australia & New Zealand Banking Group Ltd	138,000,000	4.63	24/08/2018	24/08/2023
Westpac Banking Corp	270,000,000	4.65	23/08/2018	23/08/2023
Westpac Banking Corp	140,000,000	4.35	15/08/2018	15/08/2023
Westpac Banking Corp	627,000,000	4.42	14/08/2018	14/08/2023
Westpac Banking Corp	140,000,000	4.51	01/08/2018	01/08/2028
Royal Bank of Canada	135,000,000	4.3	17/07/2018	17/07/2023
QNB Finance Ltd	142,000,000	5.32	05/07/2018	06/07/2021
QNB Finance Ltd	1,250,000,000	5.25	21/06/2018	21/06/2021
QNB Finance Ltd	600,000,000	5.2	07/06/2018	07/06/2021
First Abu Dhabi Bank PJSC	1,100,000	4.8	01/06/2018	01/06/2021
Westpac Banking Corp	200,000,000	4.77	30/05/2018	30/05/2023
Credit Agricole Corporate & Investment Bank SA	200,000,000	4.72	29/05/2018	29/05/2023
QNB Finance Ltd	1,000,000,000	5.1	14/05/2018	14/05/2021
Commonwealth Bank of Australia	340,000,000	4.615	26/04/2018	26/04/2023
Westpac Banking Corp	400,000,000	4.35	29/03/2018	29/03/2019
First Abu Dhabi Bank PJSC	900,000,000	4.8	29/03/2018	29/03/2021
QNB Finance Ltd	200,000,000	5.5	20/03/2018	20/03/2021
Hitachi Capital UK PLC	80,000,000	4.78	16/03/2018	16/03/2021
Commonwealth Bank of Australia	500,000,000	4.375	13/03/2018	13/03/2019
QNB Finance Ltd	130,000,000	5.465	09/03/2018	09/03/2020
QNB Finance Ltd	750,000,000	5.1	08/03/2018	08/03/2021
Hitachi Capital UK PLC	50,000,000	4.6	27/02/2018	22/02/2022
Commonwealth Bank of Australia	64,000,000	4.39	30/01/2018	30/01/2021
Credit Agricole Corporate & Investment Bank SA	50,000,000	4.55	29/01/2018	29/01/2021

Issuer	Amount Issued (RMB)	Coupon (%)	Issue Date	Maturity
Westpac Banking Corp	500,000,000	4.35	19/01/2018	19/01/2021
First Abu Dhabi Bank PJSC	110,000,000	4.6	30/11/2017	30/11/2020
International Finance Corp	47,000,000	3.92	13/11/2017	13/11/2019
International Finance Corp	19,000,000	3.9	13/11/2017	13/11/2020
International Finance Corp	47,000,000	3.77	13/11/2017	13/11/2018
Hitachi Capital UK PLC	500,000,000	4.5	09/11/2017	09/10/2020
Commonwealth Bank of Australia	1,500,000,000	4.2	26/10/2017	26/10/2020
Hitachi Capital UK PLC	184,000,000	4.4	13/10/2017	13/10/2020
International Finance Corp	75,000,000	3.91	11/10/2017	11/10/2022
Royal Bank of Canada	900,000,000	4.25	29/09/2017	29/09/2020
Lloyds Bank PLC	30,000,000	5.23	31/03/2017	31/03/2022
Commonwealth Bank of Australia	70,000,000	5.81	18/01/2017	18/01/2022
Hitachi Capital UK PLC	300,000,000	4.67	19/12/2016	19/12/2019
QNB Finance Ltd	130,000,000	5.33	15/12/2016	15/12/2019
Westpac Banking Corp	65,000,000	4.8	15/12/2016	15/05/2020
Commonwealth Bank of Australia	120,000,000	4.65	07/12/2016	07/12/2021
Commonwealth Bank of Australia	70,000,000	4.41	29/11/2016	29/11/2019
Australia & New Zealand Banking Gro	130,000,000	4.35	23/11/2016	23/11/2021
QNB Finance Ltd	130,000,000	4.4	18/11/2016	18/11/2019
QNB Finance Ltd	160,000,000	4.3	17/11/2016	17/11/2019
Commonwealth Bank of Australia	90,000,000	4.06	02/11/2016	02/11/2021
Commonwealth Bank of Australia	25,000,000	3.3	09/09/2016	10/12/2018
Commonwealth Bank of Australia	100,000,000	3.85	27/07/2016	27/07/2020
Credit Agricole SA	60,000,000	4	22/07/2016	22/07/2019
QNB Finance Ltd	130,000,000	4.35	21/07/2016	21/07/2019
Australia & New Zealand Banking Gro	280,000,000	4.35	08/06/2016	08/06/2019
Australia & New Zealand Banking Gro	140,000,000	4.31	07/06/2016	07/06/2019
First Gulf Bank PJSC	516,000,000	4.55	03/06/2016	03/06/2019
China Government Bond	3,000,000,000	3.28	02/06/2016	02/06/2019
Australia & New Zealand Banking Gro	410,000,000	4.15	27/05/2016	27/05/2019
Australia & New Zealand Banking Gro	330,000,000	4.293	27/05/2016	27/05/2019
Australia & New Zealand Banking Gro	215,000,000	4.07	24/05/2016	24/05/2019
First Gulf Bank PJSC	65,000,000	4.6	12/05/2016	13/05/2019
Westpac Banking Corp	130,000,000	4.19	12/05/2016	12/05/2021
Royal Bank of Canada	150,000,000	4	06/05/2016	06/05/2019
Royal Bank of Canada/Toronto	200,000,000	4.12	29/04/2016	29/04/2019
Commonwealth Bank of Australia	100,000,000	4.15	28/04/2016	28/04/2019
Hungary Government International B	1,000,000,000	6.25	25/04/2016	25/04/2019
Commonwealth Bank of Australia	100,000,000	4.25	21/04/2016	21/04/2019
Royal Bank of Canada	130,000,000	4.23	21/04/2016	21/04/2019
Westpac Banking Corp	190,000,000	4.39	20/04/2016	20/04/2020

Issuer	Amount Issued (RMB)	Coupon (%)	Issue Date	Maturity
Commonwealth Bank of Australia	90,000,000	4.23	19/04/2016	19/04/2019
Standard Chartered Bank	432,000,000	4.52	15/04/2016	15/04/2019
Standard Chartered Bank	470,000,000	4.56	15/04/2016	15/04/2019
Westpac Banking Corp	135,000,000	4.8	29/03/2016	29/03/2019
Westpac Banking Corp	130,000,000	4.75	22/03/2016	22/03/2019
Commonwealth Bank of Australia	150,000,000	4.685	21/03/2016	21/03/2019
Royal Bank of Canada	150,000,000	5	18/03/2016	18/03/2019
Westpac Banking Corp	131,000,000	5.02	18/03/2016	18/03/2019
First Abu Dhabi Bank PJSC	130,000,000	4.75	15/03/2016	15/03/2019
Commonwealth Bank of Australia	131,000,000	4.85	14/03/2016	14/03/2019
Royal Bank of Canada	230,000,000	4.85	11/03/2016	11/03/2019
Commonwealth Bank of Australia	100,000,000	4.85	11/03/2016	11/03/2019
Commonwealth Bank of Australia	135,000,000	4.95	10/03/2016	10/03/2019
Commonwealth Bank of Australia	180,000,000	5.07	07/03/2016	07/03/2021
Royal Bank of Canada	200,000,000	5.08	04/03/2016	04/03/2019
Commonwealth Bank of Australia	65,000,000	5.08	04/03/2016	04/03/2019
Commonwealth Bank of Australia	150,000,000	5.095	02/03/2016	02/03/2019
Commonwealth Bank of Australia	310,000,000	5.15	25/02/2016	25/02/2019
Royal Bank of Canada	195,000,000	5.15	25/01/2016	25/01/2019
Australia & New Zealand Banking Gro	200,000,000	5.1	25/01/2016	25/01/2019
Australia & New Zealand Banking Gro	65,000,000	4.96	22/01/2016	22/01/2019
Commonwealth Bank of Australia	210,000,000	4.5	12/01/2016	12/01/2019
Australia & New Zealand Banking Gro	260,000,000	4.4	24/12/2015	24/12/2018
Westpac Banking Corp	130,000,000	4.2	16/12/2015	16/12/2018
Commonwealth Bank of Australia	80,000,000	4	27/11/2015	27/11/2018
Credit Agricole Corporate & Investment	50,000,000	4.2	05/08/2015	05/08/2020
Australia & New Zealand Banking Gro	405,000,000	4	28/07/2015	28/07/2020
Lloyds Bank PLC	100,000,000	4.4	24/07/2015	24/07/2020
Lloyds Bank PLC	54,000,000	4.53	24/07/2015	24/07/2025
Credit Agricole Corporate & Investment	125,000,000	4.1	23/07/2015	23/07/2020
First Abu Dhabi Bank PJSC	200,000,000	4.79	17/03/2015	17/03/2020
International Finance Corp	1,550,000,000	3.1	24/09/2014	24/09/2019
China Development Bank Corp	500,000,000	3.6	19/09/2014	19/09/2019
China Development Bank Corp	900,000,000	4.35	19/09/2014	19/09/2024
BP Capital Markets PLC	1,000,000,000	3.65	28/02/2014	28/02/2019
Lloyds Bank PLC	200,000,000	4.62	17/01/2014	17/01/2024
Lloyds Bank PLC	100,000,000	4.61	24/09/2012	24/09/2022

Source: London Stock Exchange

Appendix II Summary of Bond Issuance by Oversea Issuers in China Interbank Bond Market

Type of issuer		Registration Amount (bn)	Issued Amount (bn)	Outstanding Amount (bn)	Issue Number
International Development Organisation	ADB	2	2	1	2
	IFC	2	2	0	2
	NDB	3	3	3	1
Governments	ROK	3	3	3	1
	BC, Canada	6	4	4	2
	Poland	6	3	3	1
	Hungary	3	1	1	1
	UAE	3	2	2	1
	Saxony Germany	6	0	0	0
	Philippine	1.46	1.46	1.46	1
Financial Institutions	HSBC HK	1	1	1	1
	BOC HK	10	10	10	2
	Standard Chartered HK	2	1	1	1
	Chong Hing Bank	3	1.5	1.5	1
	National Bank of Canada	5	3.5	0	1
	ABC International	3	3	3	1
	CBC Asia	6	0	0	0
	Wing Lung Bank	10	0	0	0
	ICBC Asia	3	0	0	0
	Citic Bank International	3	3	3	1
	Bank of Malaya	6	1	1	1
	Mizuho Bank	0.5	0.5	0.5	1
	Bank of Tokyo-Mitsubisi UFJ	3	1	1	1
Non-financial Institutions	Daimler	55	43	23	18
	China Merchants HK	3	0.5	0	1
	China Resources Land	30	20	20	7
	SMIC	6	2.1	1.5	2
	Veolia Environment	15	2	2	2
	China Resources Cement	13.5	3.5	3	2
	Hengan International	5	2	2	1
	SINOTEC	7	4	2	2
	Wharf	20	6	6	2
	CNTHM	4.5	4.5	4.5	2
	China Merchant Port	10	4	2.5	2
	GLP	10	6.1	6.1	5
	Joy City	10	1	1	1
	CPCED	2.5	0.8	0.8	1
	China Jinmao	16	8	8	3
	China Gas	9.6	3.5	3.5	2
	Huarong International	3	3	3	1
	COSCO	10	10	10	4
	BOC Group Investment	8	1.5	1.5	1
	Kunlun Energy	10	0	0	0

Type of issuer		Registration Amount (bn)	Issued Amount (bn)	Outstanding Amount (bn)	Issue Number
Non-financial Institutions	Shimao Properties	8	0	0	0
	Longfor Properties	8	2	2	2
	Sun Hung Kai Properties	10	0	0	0
	Country Garden	9.5	0	0	0
	China Mengniu	15	0	0	0
	China Orient International Asset Management Limited	2.8	0	0	0
	China Water Affairs Group Limited	3	0.2	0.2	1
	Hang Lung Properties	10	1	1	1
	Air Liquide S.A	10	2.2	2.2	2
	Yuexiu Transport	2	0	0	0
	Trafigura Group	2.35	1.7	1.7	3
	BEWG	8	6	6	4
Want Want China	8	0.5	0.5	1	
Total (RMB Bond)		435.71	186.06	154.46	96
International Bank for Reconstruction and Development (IBRD)		18.63	4.65	4.65	1
		(2bn SDR)	(0.5bn SDR)	(0.5bn SDR)	
Standard Chartered HK		0.93	0.93	0	1
		(100M SDR)	(100M SDR)		
Total (RMB Equivalent)		455.27	191.64	159.11	98

Source: National Association of Financial Market Institutional Investors

Appendix III Agreements on RMB Business Between China and the UK

Currency swap between China and the UK

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

Clearing bank

In March 2014, the PBoC and BoE signed a Memorandum of Understanding to establish RMB clearing arrangements in London. In June 2014, the PBoC authorised China Construction Bank (London) to serve as the RMB clearing bank in London. In July 2016, the PBoC approved the transfer of clearing functions from China Construction Bank (London) to China Construction Bank, London Branch. By the end of October 2018, CIPS had 836 indirect participating banks, 14 more than the previous month. Among them, 11 participating banks were from the UK, accounting for 1.32% of the total.

RQFII

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

