



HONG KONG MONETARY AUTHORITY
香港金融管理局

Press Releases

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HKMA Designates Nine CNH Primary Liquidity Providers

The Hong Kong Monetary Authority (HKMA) announced today that it has designated the following nine banks as Primary Liquidity Providers (PLPs) for offshore renminbi (RMB) market in Hong Kong (i.e. CNH market) with effect from today, following the expiry of the first term of designation to seven PLPs.

Agricultural Bank of China Limited
Bank of Communications Co., Ltd.
Bank of China (Hong Kong) Limited
BNP Paribas
China Construction Bank (Asia) Corporation Limited
Citibank, N.A.
Hongkong and Shanghai Banking Corporation Limited, The
Industrial and Commercial Bank of China (Asia) Limited
Standard Chartered Bank (Hong Kong) Limited

The nine PLPs were selected through a competitive process among the former PLPs and the contributing banks for CNH HIBOR fixing, which are all active participants in the CNH market. The selection was based on a wide range of criteria, including the institution's capability in providing CNH funding and making market for CNH instruments, and commitment to using Hong Kong as a global hub for offshore RMB business. The HKMA provides each of the PLPs with a dedicated RMB repo facility of RMB2 billion, so as to facilitate their liquidity management when they carry out market-making activities and provide liquidity in the CNH market.

To enhance the transparency of the RMB market liquidity, starting from 1 November 2016 the HKMA will publish information on the usages of intraday and overnight RMB Liquidity Facility (RLF) as well as the usages of the PLP facility as at 9:00 a.m., 11:00 a.m., 2:00 p.m and 4:00 p.m. Hong Kong time from Monday to Friday, except public holidays. The information will be shown in a new HKMA page on the Reuters (page name: HKMAOOF) within 15 minutes of the respective points of time.

“Over the past two years, the PLP initiative has proven to be a useful arrangement in assisting the PLPs in promoting CNH market liquidity, therefore enabling them to expand the market making activities and using Hong Kong to capture RMB business opportunities worldwide. We believe the expansion of the scheme from seven PLPs to nine PLPs, with the total PLP facility increased from RMB14 billion to RMB18 billion, will further strengthen the

liquidity and resilience of the CNH market. Meanwhile, disclosing the usage of the liquidity facilities will enhance the transparency of market liquidity. Both of them are important steps to enhance the infrastructure for the offshore RMB market in Hong Kong, which will be conducive to the further development of offshore RMB market in Hong Kong,” said Mr Norman Chan, Chief Executive of the HKMA.

The designation is for a term of two years, with effect from 27 October 2016. The HKMA will regularly review the experience in operating the scheme and its effectiveness, and consider the need for any refinements, including the number of PLPs and the modalities of the repo facility.

Hong Kong Monetary Authority
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