

RMB Liquidity Facility
Terms and Conditions

1. Overnight Repo

Eligible parties ⁽¹⁾	Authorized Institutions participating in RMB business (Participating AIs)
Eligible collateral	• Exchange Fund Bills and Notes (EFBN) • HKSAR Government bonds (HKGB) • RMB, USD and EUR denominated debt securities issued in offshore markets by (i) the People's Bank of China (PBOC); (ii) the Ministry of Finance of the People's Republic of China (CMOF); (iii) the Local People's Governments at various levels of the People's Republic of China (Local People's Governments); and (iv) the policy banks of the People's Republic of China (China Policy Banks), namely Agricultural Development Bank of China, China Development Bank, and Export and Import Bank of China
Haircut on eligible collateral	• EFBN and HKGB: 2% per year of remaining maturity, plus 2% (for cross-currency haircut) • RMB denominated debt securities issued by PBOC, CMOF, Local People's Governments and China Policy Banks: 2% per year of remaining maturity, minimum 2% • USD and EUR denominated debt securities issued by PBOC, CMOF, Local People's Governments and China Policy Banks: 2% per year of remaining maturity, minimum 2%, plus 2% (for cross-currency haircut)
Interest rate	Average of the most recent 3 TMA overnight CNH HIBORs , inclusive of the CNH HIBOR on the same day (or the average of the nearest 3 preceding CNH HIBORs if there is no CNH HIBOR on the same day), plus 50 bps, subject to a minimum at 0.50%
Mode of operation	• Participating AIs interested in borrowing RMB overnight funds should contact the dealing room of the HKMA at 2878 8104 or Reuters dealing code EFHK • After confirming the deal with the HKMA, Participating AIs should input the repo transactions via the CMU Member Terminal (CMT) (see details in operating procedures of the CMU ⁽²⁾) • Participating AIs should reverse the repo via CMT before 2:00pm the next operating day, except for Saturdays and Sundays
Operating hours	• Request for repo should be made before 6:00pm on each Hong Kong business day • The input of the repo deal via CMT should be completed before 6:30pm
Holiday	If the repurchase date of an overnight repo falls on a Hong Kong holiday and there are insufficient funds in the account of the Participating AI for the repurchase, the outstanding repo will be rolled over to the following operating day (see details in operating procedures of the CMU ⁽²⁾)
Interest payment	Interest will be debited from the Participating AIs' RMB RTGS accounts held with the Clearing Bank after the end of an operating day on which the Participating AIs repurchase the securities

Notes:

- (1) Participating AIs are required to have signed a bilateral Master Sale and Repurchase Agreement for the purpose of providing intraday and overnight renminbi liquidity with the HKMA.
- (2) CMU operating procedures include CMU Reference Manual and relevant circulars issued by the HKMA from time to time.

(Updated on 27 September 2021)

2. One-day and One-Week Repo (T+1 Settlement)

Eligible parties ⁽¹⁾	Authorized Institutions participating in RMB business (Participating AIs)
Eligible collateral	• Exchange Fund Bills and Notes (EFBN) • HKSAR Government bonds (HKGB) • RMB, USD and EUR denominated debt securities issued in offshore markets by (i) the People's Bank of China (PBOC); (ii) the Ministry of Finance of the People's Republic of China (CMOF); (iii) the Local People's Governments at various levels of the People's Republic of China (Local People's Governments); and (iv) the policy banks of the People's Republic of China (China Policy Banks), namely Agricultural Development Bank of China, China Development Bank, and Export and Import Bank of China
Haircut on eligible collateral	• EFBN and HKGB: 2% per year of remaining maturity, plus 2% (for cross-currency haircut) • RMB denominated debt securities issued by PBOC, CMOF, Local People's Governments and China Policy Banks: 2% per year of remaining maturity, minimum 2% • USD and EUR denominated debt securities issued by PBOC, CMOF, Local People's Governments and China Policy Banks: 2% per year of remaining maturity, minimum 2%, plus 2% (for cross-currency haircut)
Interest rate	By reference to prevailing market interest rates
Mode of operation	• Participating AIs interested in borrowing RMB funds should contact the dealing room of the HKMA at 2878 8104 or Reuters dealing code EFHK • On T+1, RMB funds will be credited to the Participating AI's RMB RTGS account held with the Clearing Bank subject to the receipt of the securities by the HKMA before 4:00 pm
Operating hours	Request for repo should be made before 12:00 noon on each Hong Kong business day (not available on mainland China holidays)
Holiday	If the value date or maturity date of the transaction falls on a Hong Kong or mainland China holiday, it will be delayed to the next business day which is not a holiday in Hong Kong and mainland China
Interest payment	Interest payment will be made by the Participating AIs as they repurchase the securities

Notes:

- (1) Participating AIs are required to have signed a bilateral Master Sale and Repurchase Agreement for the provision of liquidity assistance including lender-of-last-resort support and RMB liquidity facility with the HKMA.

3. Intraday Repo

Eligible parties ⁽¹⁾	Authorized Institutions participating in RMB business (Participating AIs)
Eligible collateral	• Exchange Fund Bills and Notes (EFBN) • HKSAR Government bonds (HKGB) • RMB, USD and EUR denominated debt securities issued in offshore markets by (i) the People's Bank of China (PBOC); (ii) the Ministry of Finance of the People's Republic of China (CMOF); (iii) the Local People's Governments at various levels of the People's Republic of China (Local People's Governments); and (iv) the policy banks of the People's Republic of China (China Policy Banks), namely Agricultural Development Bank of China, China Development Bank, and Export and Import Bank of China
Haircut on eligible collateral	• EFBN and HKGB: 2% per year of remaining maturity, plus 2% (for cross-currency haircut) • RMB denominated debt securities issued by PBOC, CMOF, Local People's Governments and China Policy Banks: 2% per year of remaining maturity, minimum 2% • USD and EUR denominated debt securities issued by PBOC, CMOF, Local People's Governments and China Policy Banks: 2% per year of remaining maturity, minimum 2%, plus 2% (for cross-currency haircut)
Interest rate	• Average of the most recent 3 TMA overnight CNH HIBORs , inclusive of the CNH HIBOR on the same day (or the average of the nearest 3 preceding CNH HIBORs if there is no CNH HIBOR on the same day), subject to a minimum of 0% • To be charged based on the actual time used during the day on a per minute basis
Mode of operation	• Participating AIs may initiate intraday repo transactions with the HKMA via the CMU Member Terminal (CMT) • Intraday repo not repaid before the end of an operating day (i.e. 5:00 am the next calendar day) will be converted into overnight repo, and subject to full overnight interest charge. Interest charge on the relevant intraday repo will be waived. The converted overnight repo should be repaid before 2:00 pm on the next operating day, except for Saturdays and Sundays (See details in operating procedures of the CMU ⁽²⁾)
Operating hours	On each operating day of RMB RTGS which spans from 8:30 am to 5:00 am the next calendar day, except for Saturdays and Sundays
Interest payment	Interest will be debited from the Participating AIs' RMB RTGS accounts held with the Clearing Bank after the end of an operating day on which the Participating AIs repurchase the securities

Note:

- (1) Participating AIs are required to have signed a bilateral Master Sale and Repurchase Agreement for the purpose of providing intraday and overnight renminbi liquidity with the HKMA.
- (2) CMU operating procedures include CMU Reference Manual and relevant circulars issued by the HKMA from time to time.

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