HKMA Liquidity Facilities Framework for Banks: Operational Note[1]

1. Settlement Facilities: (a) Intraday Repo; and (b) Discount Window

The objective of these two Settlement Facilities is to facilitate smooth operation of the interbank payment system and thus preserve systemic stability. Banks may use their holdings of Exchange Fund Paper as collateral to obtain intraday or overnight HKD liquidity through the Intraday Repo and the Discount Window respectively. Operational details about using the facilities may be found in Section 1 of Part III of the CMU Reference Manual. A list of collateral eligible for the Settlement Facilities is shown at the Annex.

2. Standby Liquidity Facilities: (a) term repo; and (b) FX swap

The objective of the Standby Liquidity Facilities is to make term liquidity available to banks to enable them to manage any unexpected liquidity tightness which they may encounter. HKD liquidity is normally provided for a term of up to one month, and there is flexibility for it to be rolled over on maturity, subject to the discretion of the HKMA.

Pricing will be determined by reference to market rates, taking into account current market conditions, and will be set at a level which is sufficient to maintain incentives for good management.

The value of the collateral will need to exceed the principal amount of the funding according to haircuts to be determined at the HKMA's discretion. A list of collateral eligible for the Standby Liquidity Facilities is shown at the Annex.

[1] In this framework, "banks" refers to licensed banks, restricted licence banks and deposit-taking companies.

Banks intending to use the Standby Liquidity Facilities may contact the dealing room of the HKMA at 2878 8104 to arrange transactions. The HKMA will endeavour to complete the transaction within the same day or the next business day, as the case may be.

3. Contingent Term Facility

Liquidity assistance under the Contingent Term Facility may be provided at the discretion of the HKMA, in forms appropriate to the specific circumstances. A list of eligible collateral for the Contingent Term Facility is shown at the Annex. Some collateral may require a longer lead time for assessment and acceptance and therefore early engagement with the HKMA is advised.

4. Resolution Facility

The Resolution Facility may be made available, at the discretion of the HKMA, having regard to systemic stability, for the purpose of ensuring that a bank which has (or whose holding company has) gone into resolution in Hong Kong has sufficient liquidity to meet its obligations, until such time as the bank is able to transition back to market-based funding. Like the Contingent Term Facility, the terms on which liquidity is provided under the Resolution Facility will be set by the HKMA on a case-by-case basis. A list of eligible collateral for the Resolution Facility is shown at the Annex.

Annex

(Last updated on: 7 August 2026)

Settlement Facilities Collateral

Assets	Method	Haircut
Exchange Fund Bills and Notes	Repo	2% per year of remaining maturity

Standby Liquidity Facilities Collateral

Assets	Method	Haircut
Settlement Facilities Collateral (see above)	Repo	Minimum of 2.5%
Cash (USD, EUR, RMB, JPY or GBP)	FX Swap	n/a
Hong Kong Government Bonds	Repo	Minimum of 2.5%
High quality liquid securities denominated in HKD, USD, EUR, RMB, JPY or GBP issued by governments or supranationals[2] acceptable to the HKMA on a case-by-case basis	Repo	Minimum of 3%
Other investment grade securities (as rated by major rating agencies) denominated in HKD, USD, EUR, RMB, JPY or GBP, acceptable to the HKMA on a case-by-case basis	Repo	Minimum of 7%

[2] The HKMA may accept a wider scope of debt securities issued by supranationals as eligible collaterals on a case-by-case basis taking into account green considerations.

Contingent Term Facility Collateral and Resolution Facility Collateral

Assets	Method	Haircut
Standby Liquidity Facilities Collateral (see above)	See above	See above
Residential mortgages acceptable to the HKMA (preference given to mortgage loans under the Home Ownership Scheme or the Private Sector Participation Scheme (HOS/PSPS mortgages)[3] and mortgages satisfying the purchasing criteria of The Hong Kong Mortgage Corporation Limited (HKMC)).	Credit Facility	Minimum of 2.5%[4]
Other loans of acceptable credit quality which can be effectively charged or transferred to the HKMA (e.g. via portfolio securitisation).[5]	Credit Facility or other appropriate method	To be determined by HKMA on a case-by-case basis

[3] Eligibility of HOS/PSPS mortgages is subject to the Hong Kong Housing Authority's prior written consent to the transfer of the guaranteed loan.

[4] Haircut will be applied over the book value of the portfolio of mortgages provided by the bank as collateral: HOS/PSPS mortgages at least 2.5%; HKMC compliant mortgages at least 6%; other residential mortgages at least 8%.

[5] The HKMA will work with banks on a bilateral basis with a view to establishing information requirements and preparedness in respect of the use of other loan assets as collateral.