HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: G12/129/4C
B1/15C

26 September 2025

The Chief Executive
All Authorized Institutions

Dear Sir / Madam,

RMB Business Facility

I am pleased to announce the introduction of the Renminbi Business Facility (RBF) in support of authorized institutions (AIs) further developing their RMB business.

2. As a stable source of RMB funds to support the industry in offering RMB trade finance services to corporates, the RMB Trade Financing Liquidity Facility (RMB TFLF) has been running smoothly since its launch in February 2025. Having considered the useful feedback from the industry regarding the implementation of the RMB TFLF, the Hong Kong Monetary Authority (HKMA) is introducing a new RBF that replaces the RMB TFLF with enhanced terms and extended scope of eligible RMB financing activities. The potential usage of the RBF by AIs participating in the facility (Participating AIs) is significantly broader than that of the RMB TFLF, hence further strengthening Hong Kong's leading position as the global offshore RMB business hub. The RBF will be rolled out in three phases, with details set out below.

RBF Phase 1

3. The HKMA will launch Phase 1 of the RBF on 9 October 2025 by introducing the following enhancements to the current RMB TFLF, applicable to AIs which have been assigned a quota under the RMB TFLF[1]:

[1] For the avoidance of doubt, the assigned quota and terms as stated in the facility letter for the RMB TFLF, except for the amended terms listed in this section, will continue to apply during Phase 1 of the RBF.

(i) **Reduction in interest rate** – The facility interest rate will be the Shanghai Interbank Offered Rate of the corresponding tenor on trade date. The existing spread of 25 basis points will no longer apply for both repo and cross-currency types of transactions;

(ii) **Extending eligibility to intragroup funding activities** – Participating AIs can on-lend the RMB funds obtained from the RBF to their overseas intragroup banking entities to support the provision of RMB trade finance to the entities' corporate customers. Details of the eligible RMB financing activities under the RBF can be found in **Annex 1**.

(iii) **Streamlining the tapping process** – The basis of tapping the facility (i.e. portfolio basis and deal-by-deal basis) will be replaced by a minimum size of RMB10 million per tapping. For operational efficiency, Participating AIs should consolidate the funding needs of the underlying RMB activities and tap the RBF no more than once per tenor per business day; and

(iv) **Adding a tenor of 1 year** – Tenors will be extended to include 1 year, in addition to the existing choices of 1 month, 3 months and 6 months.

RBF Phase 2

4. The RBF will proceed to Phase 2 on 1 December 2025 with the following additional enhancement:

(v) **Broadening the scope of eligible RMB financing activities** – Besides trade financing activities, the facility will be expanded to cover RMB capital expenditure (capex) and working capital term loans granted to corporate customers of Participating AIs or their overseas intragroup banking entities. Details of the eligible activities can be found in **Annex 1**.

RBF Phase 3

5. The RBF will enter Phase 3 starting from 2 February 2026 with the following additional enhancements to support Participating AIs' collateral management of repo transactions[2]**:**

[2] Operations for RMB/HKD cross-currency swap transactions under the RBF will remain unchanged.

(vi) **Enabling collateral substitution** – Collateral management of repo transactions will migrate from manual processing to a more automated solution using CMU Triparty Repo Service (the Service). Thereafter, the lifecycle management of collateral and settlement of the repo transactions, including but not limited to collateral substitution, and the selection and transfer of securities, will be automatically processed under the Service. Collateral haircut and margin maintenance will be refined in light of the change (see **Annex 2**). AIs participating in Phase 3 of the RBF will be required to be operationally ready by the end of January 2026 for using the Service[3]. Participating AIs should start engaging with CMU as soon as practicable to plan their internal workflows and conduct drills.

Quota application under Phases 2 and 3 of the RBF

6. Similar to the RMB TFLF (and hence Phase 1 of the RBF), a quota will be assigned to AIs interested in participating in Phases 2 and 3 of the RBF, which will then be able to obtain RMB funds from the HKMA to support the in-scope RMB financing activities. Interested AIs[4] are invited to submit an application as outlined in **Annex 3** by 31 October 2025 to the HKMA for consideration. AIs participating in the RMB TFLF should also submit an application if they wish to continue taking part in the RBF.

7. In allocating a quota to an AI applicant, the HKMA will consider:

- the existing eligible RMB financing activities of the AI and its overseas intragroup banking entities;
- in the case of an AI participating in RMB TFLF – its usage of the allocated quota and related operation;
- the potential business pipeline as projected by the AI; and
- the relevant controls and governance of the AI in satisfying themselves that the usage of the RMB funds (including those used by the AIs' overseas intragroup banking entities) is fit for purpose and within scope.

[3] Participating AIs should refer to the CMU operating procedures, including CMU Reference Manual and relevant circulars issued by the CMU from time to time.
[4] Participating AIs are required to have signed with the HKMA the Master Sale and Repurchase Agreement for the provision of liquidity assistance.

8. The HKMA will inform the respective AI applicants bilaterally of the amount of the quota assigned to them and arrange the signing of a facility letter[5]. Details on the use of the Service under Phase 3 will also be provided to the AIs alongside the quota allocation notification.

Tapping of the RBF, monitoring and reporting of usage

9. Participating AIs can tap the RBF within the assigned quota, for one or more eligible underlying RMB financing activities in batches as needed. The AIs should make best efforts to match the funding size and duration with the in-scope RMB financing activities, and to avoid tapping funding in excess of the provision of such RMB financing. Participating AIs will be required to report retrospectively at a frequency and timeframe deemed appropriate by the HKMA its outstanding in-scope RMB financing activities against the tapped funding. Details of the updated mode of operations and retrospective reporting can be found in **Annex 4** and **Annex 5** respectively.

10. Same as the arrangements under the RMB TFLF, Participating AIs are expected to designate two senior executives from the first and second lines of defence respectively for overseeing the usage of the RBF, and put in place appropriate control systems for monitoring and reporting to the HKMA any deviation from the purpose of the facility. An unreasonable excess in terms of size and/or duration, as well as any suspected inappropriate use of funds may result in additional documentation requirements and application procedures for tapping the facility further, and may also lead to a reduction in the quota assigned to the AI, or any other remedial actions as warranted.

Should you have any questions regarding the above, please do not hesitate to contact the HKMA Monetary Operations Division at 2878 8104.

Yours faithfully,

Eddie Yue
Chief Executive

[5] The quota assigned for the RMB TFLF (and hence Phase 1 of the RBF), if applicable, will superseded by that assigned for Phases 2 and 3 of the RBF.

Annex 1

List of eligible RMB financing activities under the RBF

A) Phase 1 and onwards

1) **RMB trade financing activities** are considered eligible if:

   - such activities are conducted to serve a Participating AI's corporate customers with RMB payable or receivables; and

   - for activities booked in Hong Kong, they should be reportable under "Loans and advances to non-individuals – trade finance" (Item 14.2a) or "Acceptance and bills of exchange receivable" (Item 15.2) in Part A of the Return of RMB Business Activities (MA(BS)16).

2) **Intragroup activities** will be considered eligible if:

   - the RMB funds obtained under the RBF by a Participating AI and on-lent to its overseas intragroup banking entities are used for provision of RMB trade finance to such entities' corporate customers; and

   - such intragroup activities are reportable under "Due from banks in the Chinese Mainland – Memorandum: Due from overseas offices" (Item 12.5e), "Due from other banks outside Hong Kong – Memorandum: Due from overseas offices" (Item 12.6e) and/or Memorandum: Due from connected banks outside Hong Kong (Item 12.8) in Part A of the Return of RMB Business Activities (MA(BS)16).

Interbank transactions with third parties (including those backed by trade finance-related collateral) will remain out-of-scope.

B) Phase 2 and onwards

1) **RMB capex and working capital term loans** granted to corporate customers of a Participating AI or its overseas intragroup banking entities will be considered eligible if:

   - the capex term loans are made for the purposes of (i) onshore companies' outward direct investment and/or (ii) offshore companies' direct investment into the Mainland; and the working capital term loans are

for covering (i) onshore companies' operating expenses in the offshore and/or (ii) offshore companies' operating expenses in the onshore;

- the corporate customers have RMB payables or receivables related to real economic activities, which do not include trading of any financial instruments and hedging of such trading activities;

- the financing activities are reportable under "Loans and advances to non-individuals" (Item 14.2) in Part A of the Return of RMB Business Activities (MA(BS)16) for those booked in Hong Kong; and

- the financing activities are reportable under "Due from banks in the Chinese Mainland – Memorandum: Due from overseas offices" (Item 12.5e), "Due from other banks outside Hong Kong – Memorandum: Due from overseas offices" (Item 12.6e), and/or Memorandum: Due from connected banks outside Hong Kong (Item 12.8) in Part A of the Return of RMB Business Activities (MA(BS)16) for those conducted by overseas intragroup banking entities of the Participating AI and booked outside of Hong Kong.

The relevant RMB financing activities with customer drawdown before 1 December 2025, as well as interbank transactions with third parties will not be considered eligible.

Annex 2

Collateral haircut and margin maintenance under Phase 3 of the RBF

A) Collateral haircut

- 2% haircut per year of remaining maturity, capped at 20%;
- 2% add-on for non-RMB denominated collaterals; and
- pro rata calculation based on tenor will no longer apply.

B) Margin maintenance

- Daily mark-to-market (MtM) and margin maintenance will be conducted;
- The MtM threshold range (i.e. margin tolerance level) will be set at 99.5% to 100.5% of the repurchase price; and
- AIs will be required to top-up collateral if the MtM value of collateral drops below 99.5%, and allowed to reduce collateral if the MtM value rises beyond 100.5%.

Annex 3

Application for quota under Phases 2 and 3 of the RBF

A) Submission of application

(i) The application, in English, should be submitted to the HKMA on or before 31 October 2025;

(ii) The application should be hand-delivered to the HKMA office at 55/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong; attention to Ms Kimberly Cheng, Head of the Monetary Operations Division; and followed up with a phone call at 2878 8104 upon delivery and a soft copy sent to rmb_tflf@hkma.gov.hk; and

(iii) The application should be signed by the two designated senior executives as specified in paragraph 10.

B) Key information to be included in the application

Items	**AIs without a quota under the RMB TFLF**	**AIs with a quota under the RMB TFLF**
(i) The number of years your institution has been engaging in RMB business;	✓	
(ii) A description of the existing processes, governance and control mechanisms for providing in-scope RMB financing, including but not limited to: • the processes for identifying and differentiating in-scope RMB financing from other types of lending; • a high-level description of the control processes and the units involved;	✓	✓ (AIs are not required to provide again such description for RMB trade finance booked in Hong Kong)

	• for in-scope intragroup funding activities, a description of your institution's approach to satisfying itself that the usage of RMB funds is fit for purpose and within scope;		
(iii)	The outstanding in-scope RMB financing activities, with breakdown of (1) RMB trade finance activities, (2) RMB capex term loans, and (3) RMB working capital term loans, with each of the above separately for the Participating AI itself versus each of its relevant intragroup banking entities;	✓	✓
(iv)	A projection of in-scope RMB financing, by type as in item (iii) for 6 months from December 2025 (note: for reference only and not binding to future utilisation of the RBF);	✓	✓
(v)	For in-scope RMB intragroup funding activities, list of overseas intragroup banking entities that the AI anticipates to on-lend RMB funding to, if applicable (note: for reference only and not binding to future utilisation of the RBF);	✓	✓
(vi)	A description of how the projection in (iv) is made (e.g. based on previous trend, activities in the pipeline, etc.);	✓	✓
(vii)	The desired size of quota for your institution with respect to all in-scope RMB financing activities; and	✓	✓
(viii)	The name, title, department, and contact information of the two designated senior executives as specified in paragraph 10.	✓	✓
(ix)	Please confirm the below: • your institution will be able to fulfil retrospective reporting requirements as stated in Annex 5; and	✓	✓

• your institution will take necessary steps to enable the use of the CMU Triparty Repo Service in order to perform repo transactions in RBF Phase 3.		

Annex 4

Mode of operations and details on tapping the RBF

A) Phase 1 and Phase 2

Eligible parties	Authorized institutions participating in RMB business with an assigned quota (Participating AIs)
Purpose	Provision of in-scope RMB financing to corporate customer(s) by Participating AIs and/or their overseas intragroup banking entities
Facility size	RMB100 billion
Tenor	1 month, 3 months, 6 months, 1 year
Settlement	T+1
Transaction types	• Repurchase agreement (repo) • Cross-currency swap of RMB/HKD
Minimum tapping size	RMB10 million
Eligible collateral under repo	• Exchange Fund Bills and Notes (EFBN); • HKSAR Government bonds (HKGB); • RMB denominated debt securities issued in the onshore market by: (i) the Ministry of Finance of the People's Republic of China (CMOF); and (ii) 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; • RMB, USD and EUR denominated debt securities issued in offshore markets by: (i) the CMOF; (ii) the People's Bank of China (PBOC); (iii) the Local People's Governments at various levels of the People's Republic of China (Local People's Governments); and (iv) China Policy Banks.
Haircut on eligible collateral under repo	• EFBN and HKGB: 2% per year of remaining maturity, plus 2% for currency risk • 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 currency risk

Interest rate	• The interest on RMB fund borrowing under the facility will be calculated by the Shanghai Interbank Offered Rate of the corresponding tenor on trade date for both the repo and cross-currency types of transaction. • For cross-currency swap, the HKD interest received by the Participating AI will be calculated using the lowest among: (i) Indicative Pricings of Exchange Fund Bills at 11:00 am; (ii) HKD Interest Settlement Rates published by the Treasury Markets Association; and (iii) Prevailing FX swap-implied HKD interest rate of the corresponding tenor on trade date.
Mode of operations	• Participating AIs interested in borrowing RMB funds should contact the dealing room of the HKMA at 2878 8104, provide the below information in written before 10:30 am, and confirm the transaction with the HKMA before 12:00 noon on trade date (T day): (i) Size and tenor(s) of the RMB funding request; (ii) Trade date, value date and maturity date of the RMB funding request; (iii) Transaction type (i.e. repo or RMB/HKD cross-currency swap); and (iv) List of collaterals in the case of repo. • On T+1, RMB funds will be credited to the AI's RMB RTGS account held with the Clearing Bank subject to the receipt of the collateral (in case of repo) or HKD in RTGS (in case of cross-currency swap) by the HKMA before 4:00 pm. • Participating AIs should repay the borrowed RMB funds before 12:00 noon on the maturity day, along with the corresponding RMB interests. In the case of cross-currency swap, the HKMA will release the respective HKD with interest to the RTGS account of the Participating AIs upon full receipt of the RMB payment.
Operating hours	Request should be made before 10:30 am on each Hong Kong business day (not available on Mainland holidays)
Holiday	If the value date or maturity date of the transaction falls on a Hong Kong or Mainland holiday, it will be delayed to the next business day which is not a holiday in Hong Kong and the Mainland

B) Phase 3

Eligible parties	Authorized institutions participating in RMB business with an assigned quota (Participating AIs)
Purpose	Provision of in-scope RMB financing to corporate customer(s) by Participating AIs and/or their overseas intragroup banking entities
Facility size	RMB100 billion
Tenor	1 month, 3 months, 6 months, 1 year
Settlement	T+1
Transaction types	• Repurchase agreement (repo) • Cross-currency swap of RMB/HKD
Minimum tapping size	RMB10 million
Eligible collateral under repo	• Exchange Fund Bills and Notes (EFBN) • HKSAR Government bonds (HKGB) • RMB denominated debt securities issued in the onshore market by: (i) the Ministry of Finance of the People's Republic of China (CMOF); and (ii) 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; • RMB, USD and EUR denominated debt securities issued in offshore markets by: (i) the CMOF; (ii) the People's Bank of China (PBOC); (iii) the Local People's Governments at various levels of the People's Republic of China (Local People's Governments); and (iv) China Policy Banks.
Haircut on eligible collateral under repo	• 2% per year of remaining maturity, maximum 20%; no pro rata calculation will be applied; and • Additional 2% cross-currency haircut for non-RMB denominated collaterals
Interest rate	• The interest on RMB fund borrowing under the facility will be calculated by the Shanghai Interbank Offered Rate of the corresponding tenor on trade date for both the repo and cross-currency types of transaction. • For cross-currency swap, the HKD interest received by the Participating AI will be calculated using the lowest among: (i) Indicative Pricings of Exchange Fund Bills at 11:00 am; (ii) HKD Interest Settlement Rates published by the Treasury Markets Association; and (iii) Prevailing FX swap-implied HKD interest rate of the corresponding tenor on trade date.

Mode of operations	• Participating AIs interested in borrowing RMB funds should contact the dealing room of the HKMA at 2878 8104, and provide the below information in written before 10:30 am on trade date: (i) Size and tenor(s) of the RMB funding request; (ii) Trade date, value date and maturity date of the RMB funding request; and (iii) Transaction type (i.e. repo or RMB/HKD cross-currency swap). <u>For repo transactions (automated operations supported by the CMU Triparty Repo Service)</u> • Upon email confirmation of the transaction with the HKMA by noon, Participating AIs should input the repo instruction into the CMU Member Terminal (CMT) before 3:00 pm on trade date. • On T+1, RMB funds will be credited to the AI's RMB RTGS account before 4:00 pm subject to whether there is sufficient collateral in the AI's Triparty Repo Sale Account. • Participating AIs should ensure that there are sufficient funds in their RMB RTGS accounts before 2:30pm on maturity day for the automatic repayment of the borrowed RMB funds, along with the corresponding RMB interests, via the CMU Triparty Repo Service (see details in operating procedures of the CMU[6]). <u>For cross-currency swap transactions (manual operations)</u> • Participating AIs should confirm the transaction with the HKMA before 12:00 noon on trade date (T day) • On T+1, RMB funds will be credited to the AI's RMB RTGS account subject to the receipt of HKD in RTGS by the HKMA before 4:00 pm. • Upon full receipt of the RMB payment latest by 12:00 noon on maturity day, the HKMA will release the respective HKD with interest to the AI's RTGS account.
Operating hours	Request should be made to the HKMA dealing room before 10:30 am on each Hong Kong business day (not available on Mainland holidays)
Holiday	If the value date or maturity date of the transaction falls on a Hong Kong or Mainland holiday, it will be delayed to the next business day which is not a holiday in Hong Kong and the Mainland

[6] CMU operating procedures include CMU Reference Manual and relevant circulars issued by the HKMA from time to time.

Annex 5

Retrospective reporting on usage of the RBF

A) Frequency of reporting: Every two weeks

B) Reporting day: Every 15th and last day of the month, or the previous working day if it falls on a non-business day

C) Reporting deadline: 5 business days after each Reporting day

D) Information to be reported: As of each Reporting day,

(i) the outstanding amount of RMB funds tapped from the RBF;

(ii) the outstanding in-scope RMB financing activities, with breakdown of:

(1) RMB trade finance activities booked in Hong Kong;

(2) RMB capex term loans booked in Hong Kong;

(3) RMB working capital term loans booked in Hong Kong;

(4) intragroup funding activities; and

(iii) with respect to facility tapping for in-scope intragroup funding activities (i.e. item (ii) (4) above), the names and locations of the intragroup banking entities and the respective outstanding fund on-lent by the Participating AI, with breakdown by type of eligible activities set out in items (ii) (1) to (3) above but booked overseas.

The HKMA may change the above reporting requirements at its discretion and request a Participating AI to provide further information with different frequency as it sees fit.