



HONG KONG MONETARY AUTHORITY
香港金融管理局

4 September 2015

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

**Intraday and Overnight Repo under the
Renminbi Liquidity Facility – Replacement of existing
tripartite arrangement by a bilateral arrangement**

The Hong Kong Monetary Authority (HKMA) will further enhance the RMB Liquidity Facility through introducing a bilateral arrangement in respect of the provision of intraday and overnight repo to replace the existing tripartite arrangement with effect from 23 November 2015.

Under the existing arrangement, AIs participating in RMB business (Participating AIs) are required to sign a tripartite Master Sale and Repurchase Agreement (tripartite repo agreement) with the HKMA and the RMB Clearing Bank, in order to obtain intraday and overnight liquidity under the RMB Liquidity Facility. Starting from 23 November 2015, the tripartite arrangement will be replaced by a bilateral arrangement, and Participating AIs are required to sign a bilateral Master Sale and Repurchase Agreement (bilateral repo agreement) with the HKMA.

The new bilateral arrangement will not affect how Participating AIs may tap intraday and overnight liquidity under the RMB Liquidity Facility. The only substantive change is on interest payment, where the HKMA will collect interest from Participating AIs directly instead of going through the RMB Clearing Bank. Interest payment will be settled on a daily basis, instead of on a monthly basis as present. Participating AIs should refer to the revised CMU operating procedures to be issued by then for more details.

For those Participating AIs which have already signed the tripartite repo agreement, they will need to sign the new bilateral repo agreement with the HKMA. The HKMA will issue to them a termination notice of the tripartite repo agreement, to be effective on 23 November 2015, and send the bilateral repo agreement for them to sign. In order to ensure seamless access to the intraday and overnight repo under the RMB Liquidity Facility, banks should sign and return the new bilateral agreement to the HKMA by 18 November 2015.

For those Participating AIs which have not signed the tripartite repo agreement and wish to use the intraday and overnight repo facilities before 23 November 2015, they can contact the RMB Clearing Bank for signing the tripartite repo agreement.

Should you have any questions on the above, please contact the HKMA at 2878 8104.

Yours faithfully,

Howard Lee
Executive Director
Monetary Management Department