



HONG KONG MONETARY AUTHORITY  
香港金融管理局

23 June 2015

The Chief Executive  
All Authorized Institutions

Dear Sir/Madam,

**Extension of operating hours of Intraday Repo under the Renminbi (RMB) Liquidity Facility**

The Hong Kong Monetary Authority (HKMA) will extend the operating hours of the intraday repo under the RMB Liquidity Facility with effect from 20 July 2015, in line with the extension of operating hours of the RMB RTGS system that takes effect on the same date.

Under the new arrangement, the RMB intraday repo will be available from 8:30 am to 5:00 am of the next calendar day, compared to the existing operating hours from 8:30 am to 11:30 pm. Any intraday repo not repaid before the end of an operating day (i.e. 5:00 am the next calendar day) will be automatically converted into an overnight repo, which should be repaid before 2:00 pm on the next operating day.

The revised terms and conditions for the intraday funds provided under the RMB Liquidity Facility are set out in the Annex. Should you have any questions on the above, please contact the HKMA at 2878 8104.

Yours faithfully,

Howard Lee  
Executive Director (Monetary Management)

Encl.

**Terms and Conditions of Intraday repo under the RMB Liquidity Facility**

Banks eligible <sup>(1)</sup>	AIs participating in RMB business (Participating AIs)
Eligible collateral	<ul style="list-style-type: none"> <li>• Exchange Fund Bills and Notes (EFBN)</li> <li>• HKSAR Government bonds (HKGB)</li> <li>• RMB denominated bonds issued in Hong Kong by the Ministry of Finance of the People's Republic of China (CMOF)</li> <li>• RMB denominated bonds issued in Hong Kong by policy banks of the People's Republic of China, including Agricultural Development Bank of China, China Development Bank, and Export and Import Bank of China</li> </ul>
Haircut on eligible collateral	<ul style="list-style-type: none"> <li>• EFBN and HKGB: 2% per year of remaining maturity, plus 2% (for cross-currency haircut)</li> <li>• CMOF and China policy bank bonds: 2% per year of remaining maturity, minimum 2%</li> </ul>
Interest rate	<ul style="list-style-type: none"> <li>• Average of the most recent 3 TMA overnight CNH HIBOR fixings, inclusive of the fixing on the same day (or the average of the nearest 3 preceding fixings if there is no fixing on the same day)</li> <li>• To be charged based on the actual time used during the day on a per minute basis</li> </ul>
Mode of operation	<ul style="list-style-type: none"> <li>• Participating AIs may initiate intraday repo transactions with the HKMA via the CMU Member Terminal (CMT)</li> <li>• 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. (See details in operating procedures of the CMU<sup>(2)</sup>)</li> </ul>
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	<ul style="list-style-type: none"> <li>• HKMA to issue a statement to each Participating AI on a monthly basis</li> <li>• Clearing Bank will collect the interest amount on behalf of the HKMA once a month by debiting the accounts of Participating AIs</li> </ul>

Note:

- (1) Participating AIs are required to have signed a tripartite Master Sale and Repurchase Agreement with the HKMA and the RMB Clearing Bank.
- (2) CMU operating procedures include Exchange Fund Bills and Notes Clearing and Settlement System Reference Manual, CMU Service Reference Manual and relevant circulars issued by the HKMA from time to time.