

Collateralised Lending Service in CMU
Terms and Conditions

Eligible parties ⁽¹⁾	CMU participants taking the role of settlement agents, including but not limited to billing & delivery agents, in primary bond issuance
Eligible securities	<p>For HKD, RMB, USD and EUR</p> <ul style="list-style-type: none"> ● Exchange Fund Bills and Notes (EFBN) ● HKSAR Government bonds (HKGB) ● High quality liquid securities issued by Governments or supranationals acceptable to the HKMA on a case-by-case basis ● Other investment grade securities (as rated by major rating agencies), acceptable to the HKMA on a case-by-case basis
Haircut on eligible securities	<ul style="list-style-type: none"> ● EFBN: minimum 2.5% ● HKGB: minimum 5% ● High quality liquid securities issued by Governments or supranationals: minimum 10% ● Other investment grade securities (as rated by major rating agencies): minimum 10% ● For securities with remaining maturity of over 1 year, an additional haircut of 1% per year of the remaining maturity will be applied ● Additional haircut of 10% for cross currency will be applied as appropriate
Lending limit	Subject to the size of primary bond issuance
Mode of operation	<ul style="list-style-type: none"> ● CMU participants may request for collateralised lending service with the HKMA via CMU through repo arrangement (see details in operating procedures of the CMU ⁽²⁾) ● Intraday lending not repaid before 6:30 pm for HKD and RMB and before 9:00am next operating day for USD and EUR will be converted into overnight lending, and subject to full overnight interest charge.
Operating hours	On each operating day of CHATS, except for Hong Kong holidays, Saturdays and Sundays, and holidays in the jurisdiction of the borrowing currency
Overnight interest payment	Interest will be paid to the HKMA's CHATS accounts (see details in operating procedures of the CMU ⁽²⁾)
Overnight interest rate	<p>Free of charge for intraday lending.</p> <p>If the funds cannot be repaid before 6:30pm on the same day for HKD and RMB, and before 9:00am next operating day for USD and EUR, an overnight interest rate will be charged:</p> <ul style="list-style-type: none"> ● HKD: Base Rate plus 100 bps, subject to a minimum of 1% ● RMB: HKMA RMB overnight repo interest rate plus 100 bps, subject to a minimum of 1% ● USD and EUR: SI overnight repo interest rate plus 100 bps, subject to a minimum of 1%

Notes:

- (1) CMU participants are required to have signed a bilateral Master Multi-Currencies Repo Agreement for the provision of collateralised lending service in CMU with the HKMA.
- (2) CMU operating procedures include CMU Reference Manual and relevant circulars issued by the HKMA from time to time.