

Northbound Bond Connect Service Cross Boundary Repo Transaction

September 2025

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Agenda

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- ❖ Operational Arrangement
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Introduction

- ❖ The announcement of the Hong Kong Monetary Authority (“HKMA”) on 26 September 2025 regarding the launch of cross-boundary bond repurchase business.
- ❖ Key policy objectives of the opening onshore repo market include :
 - To provide additional liquidity management channel for offshore institutional investors
 - To enhance market liquidity and lowering RMB funding cost
 - To mobilise the use of onshore bonds as collateral in international markets
- ❖ CMU will support for the settlement of the repo transactions under Northbound Bond Connect Linkage Service (“Bond Connect Repo Transactions”)
- ❖ At this stage, **ONLY “Transfer of Title or Outright” Repo with single and multiple collaterals and repo tenor within 365 days will be supported.**

Part 1: Introduction

Bond Connect Repo Transactions Feature

- ❖ Eligibility
 - Northbound Bond Connect investors who have fulfilled the relevant requirements as stipulated in the announcement
 - Counterparties: Market Makers designated by PBoC
 - Securities: all eligible securities under Bond Connect scheme
- ❖ Transfer of title
- ❖ Reuse of securities obtained from repo transactions is allowed
- ❖ Bilateral repo arrangement, **NO** daily mark-to-market or collaterals management arrangement
- ❖ Interest generated within the repo tenor are credited to repo buyer

Part 2:
Feature

Set up

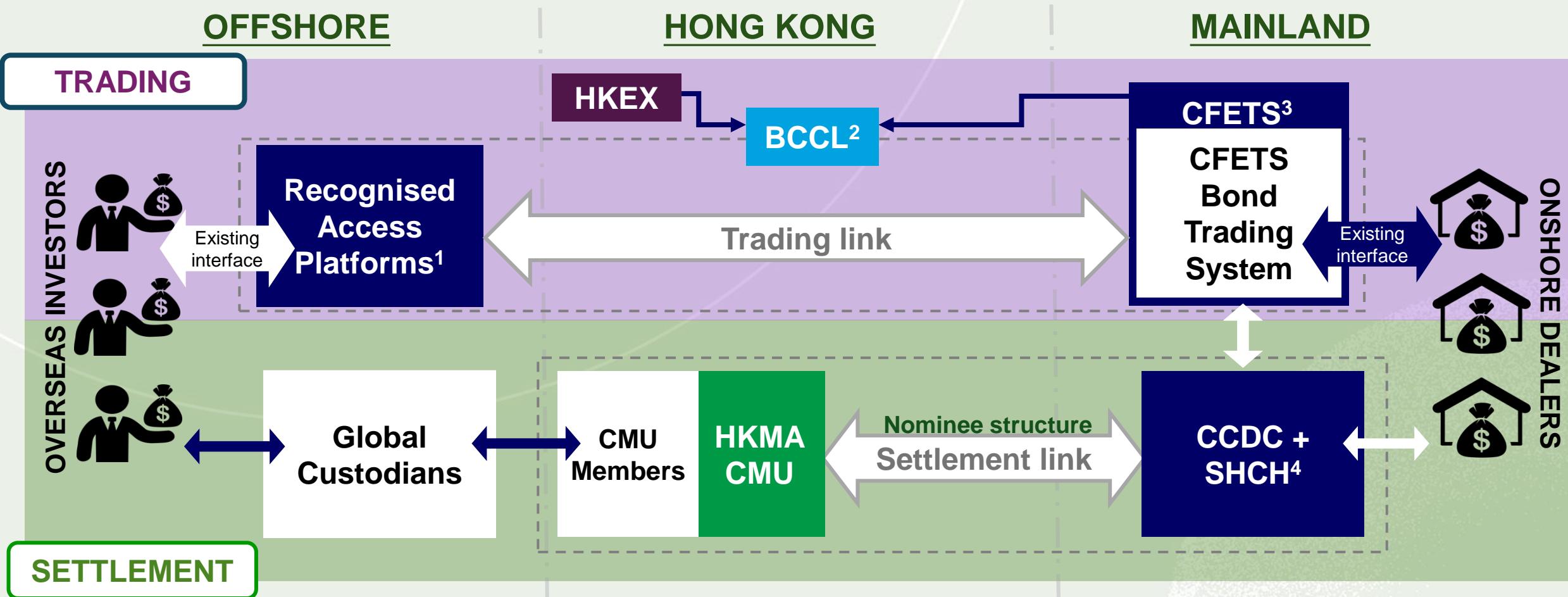
- ❖ Bond Connect investors will use their existing CMU sub-accounts and cash settlement accounts for repo settlement
- ❖ **NO** additional agreement or documents required from CMU
- ❖ Ride on the existing Northbound Bond Connect trading and settlement link to conduct repo transaction

Part 3:
Operational
Arrangement

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Northbound Bond Connect Operating Model

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1 Bloomberg, Tradeweb and MarketAxess

2 BCCL: Bond Connect Company Limited

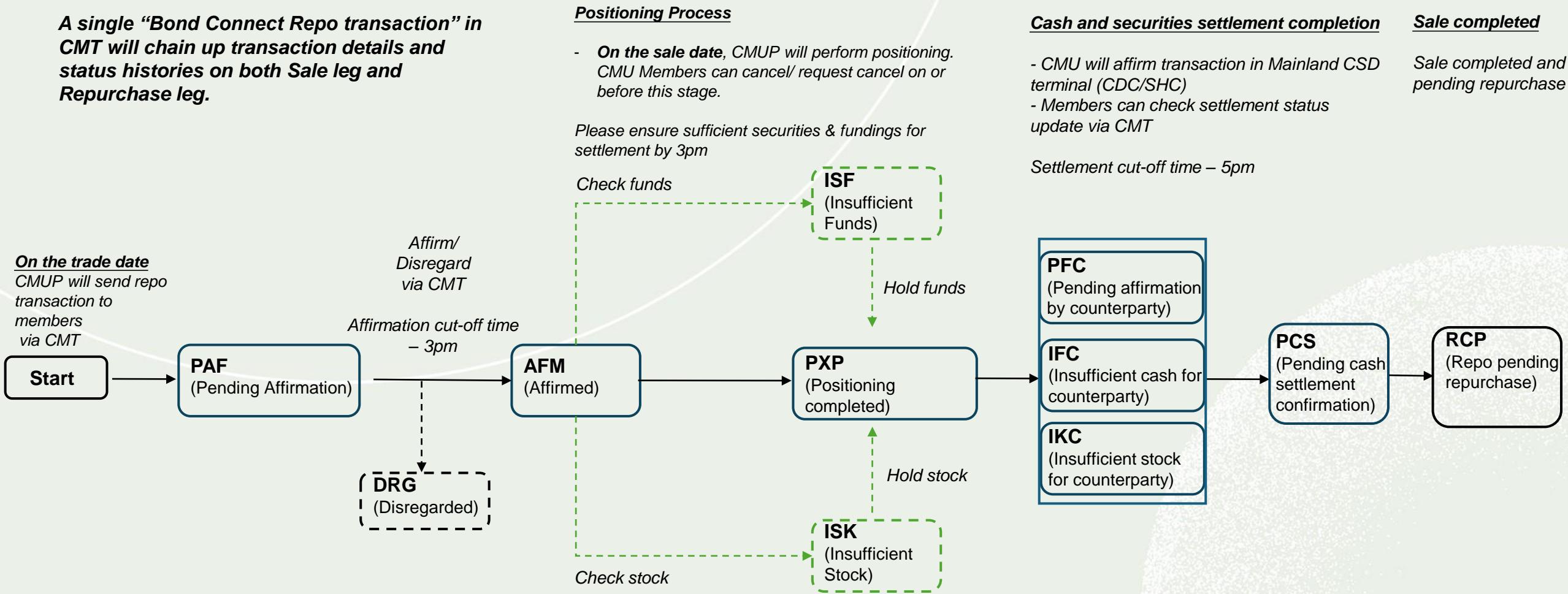
3 CFETS: China Foreign Exchange Trade System

4 CCDC: China Central Depository & Clearing Co., Ltd.

SHCH: Shanghai Clearing House

Operational Arrangement – Repo Sale

A single “Bond Connect Repo transaction” in CMT will chain up transaction details and status histories on both Sale leg and Repurchase leg.

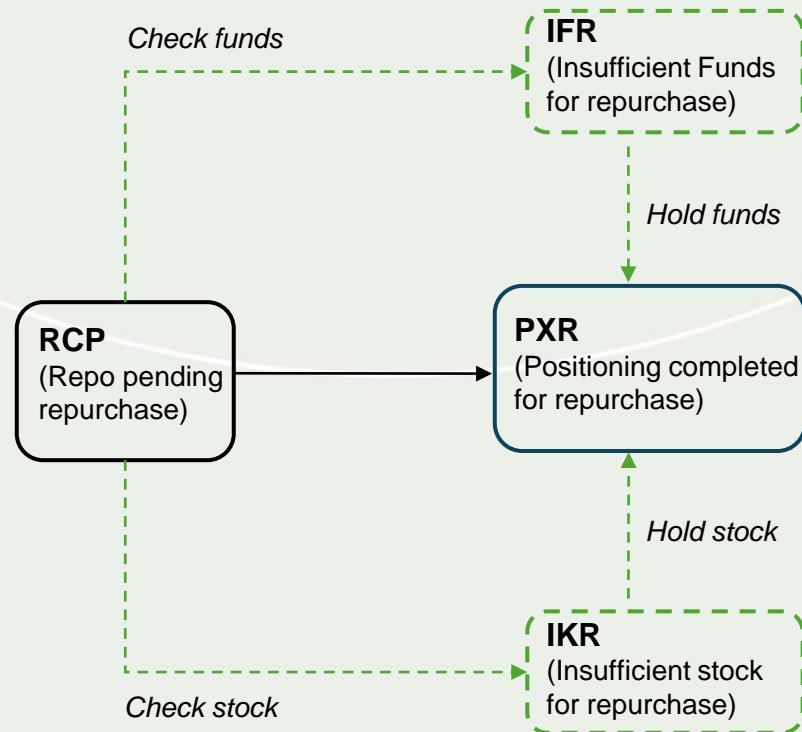


Operational Arrangement – Repo Repurchase

Positioning Process

- **On the repurchase date**, CMUP will perform positioning automatically

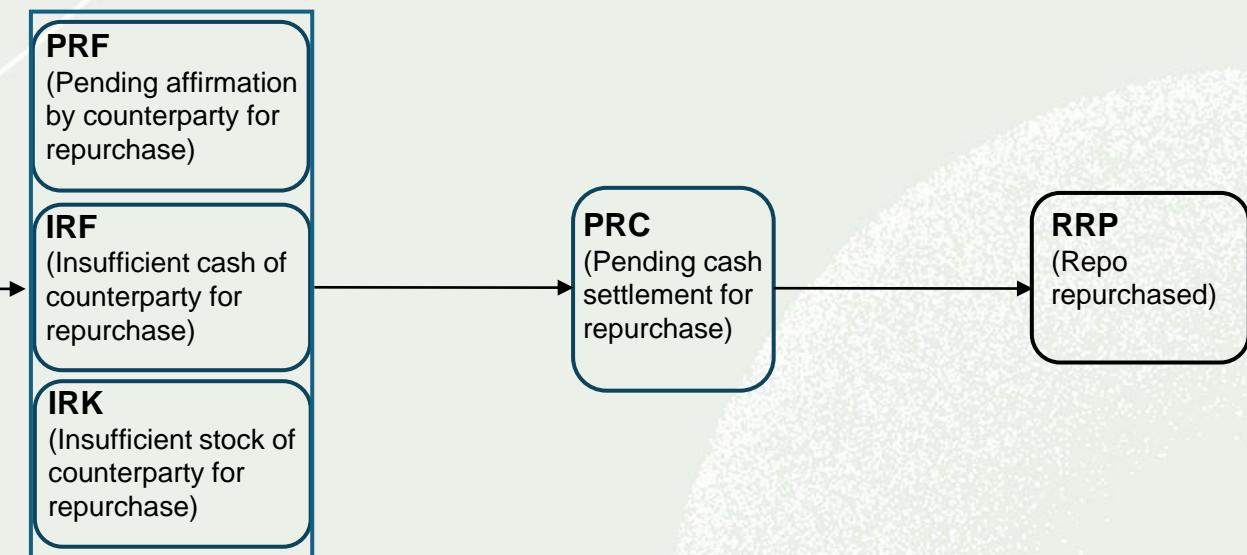
Please ensure sufficient securities & fundings for settlement by 3pm



Cash and securities settlement completion

- CMU will affirm repurchase settlement in Mainland CSD terminal (CDC/SHC)
- Members can check settlement status update via CMT

Settlement cut-off time – 5pm

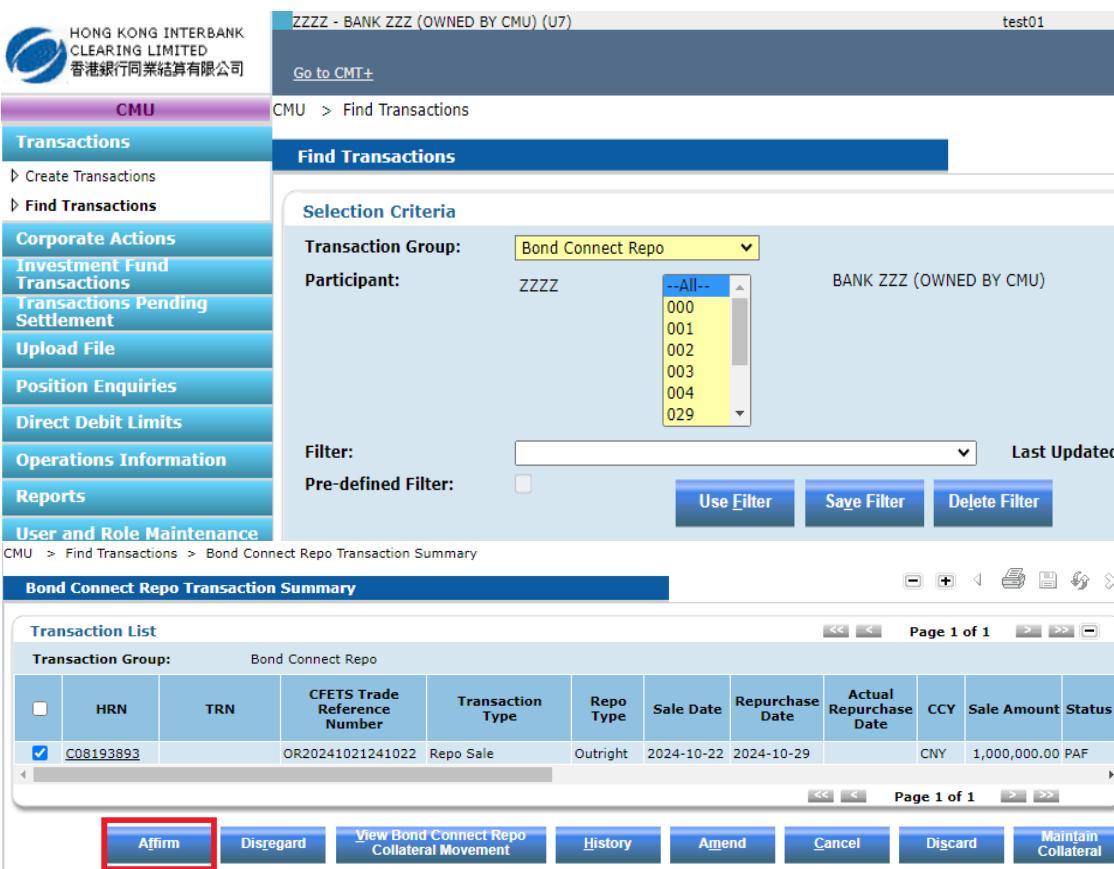


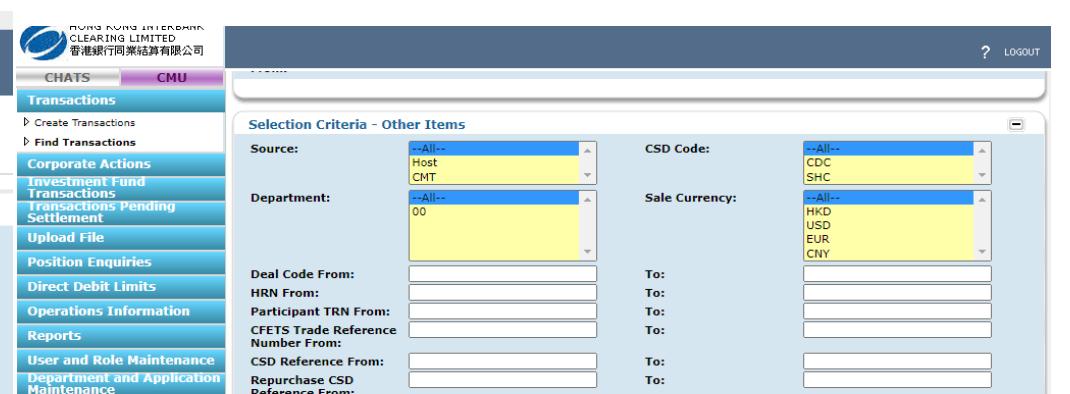
Repurchase completed

Repurchase completed and transaction life cycle end

Affirmation

- ❖ Transactions > Find Transactions > Transaction Group: Bond Connect Repo > Input selection criteria





Field	Value
CSD Code	--All-- CDC SHC
Sale Currency	--All-- HKD USD EUR CNY
To	HRN From: Participant TRN From: CFETS Trade Reference Number From: CSD Reference From: Repurchase CSD Reference From:
Deal Code	3190765
Trade Date	2024-10-21
Actual Repurchase Date	
Actual Repurchase Amount	
Source	--All-- Host CMT 00
Department	--All-- 00
CFETS Trade Reference	
Number From	
CSD Reference	
Repurchase CSD Reference	

Apply
Reset

Part 3:
Operational
Arrangement

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Action Right in CMT

❖ The following basic roles are defined by the system with specific action rights related to Bond Connect Repo.

Action Right Groups	Action Rights
1. Bond Connect Repo Enquiry	<ul style="list-style-type: none">• View Transaction – Bond Connect Repo• View Transaction – Cancel Bond Connect Repo
2. Affirm/Disregard Bond Connect Repo	<ul style="list-style-type: none">• View Transaction – Bond Connect Repo• View Transaction – Cancel Bond Connect Repo• Affirm/Disregard Bond Connect Repo• Cancel Trans. – Bond Connect Repo• Amend Cancel Trans. – Bond Connect Repo
3. Bond Connect Repo Approval	<ul style="list-style-type: none">• View Transaction – Bond Connect Repo• View Transaction – Cancel Bond Connect Repo• Amend Cancel Trans. – Bond Connect Repo• Approve Affirm/Disregard Bond Connect Repo• Approve Cancel Trans. - Bond Connect Repo

Part 3: Operational Arrangement

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CMT Report

Report ID	Report Name	Format	Description	Frequency
CMUL1701	Bond Connect Repo Outstanding Transaction Report	PDF, CSV	Shows all outstanding Bond Connect transaction including cancellation request.	Daily – After value day cutoff
CMUL1801	Bond Connect Repo Completed Transaction Report	PDF, CSV	Shows all completed (disregarded, rejected, completed, cancelled) Bond Connect transactions and Cancellation Requests.	Daily – After value day cutoff
CMUL3101	Bond Connect Repo Audit Trail Report	PDF	This report provides an audit trail of transactions at day end for Bond Connect Repo transaction.	Daily – After value day cutoff
CMUV2516	Online Enquiry Report - View Transaction Summary - Bond Connect Repo Transaction	PDF, CSV	View Bond Connect Repo Transaction Summary	Upon requested by CMU user

Part 3: Operational Arrangement

Service Fees

Part 4: Service Fees

Applicable to both CCDC and SHCH		
Type	Fee (HK\$)	Description
Repo Transaction fee	250	Per Transaction.
Applicable to CCDC only		
Type	Fee (HK\$)	Description
Early Termination	500	Per transaction/request.
Cash Delivery	500	Per transaction/request.
Non-trade transfer (Default arrangement only)	7000	Per non-trade transfer for default arrangement request. Charge to repo seller.

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Website



LinkedIn

