

**Terms and Conditions**  
**Hong Kong Dollar Discount Facility for Hong Kong Government Bonds**

Tenor	Overnight
Funds available	HK\$10 billion in total, available on a first-come-first-served basis
Eligible parties <sup>(1)</sup>	Licensed Banks
Eligible collateral	Hong Kong dollar HKSAR Government bonds (HKGB) lodged in Central Moneymarkets Unit (CMU), issued under the Government Bond Programme
Haircut	Haircut of 2% per year of remaining maturity to be applied
Interest rate	<ul style="list-style-type: none"> <li>• A two-tier schedule of discount rates is applicable to different percentage thresholds of holdings of HKGB by banks</li> <li>• For the first 50% of the HKGB held, the Base Rate will be applied</li> <li>• For the next 50%, the applicable rate will be Base Rate plus 5% or overnight HIBOR for the day as announced by the HKMA, whichever is higher</li> <li>• The Base Rate will be the same as that for the Discount Window</li> </ul>
Mode of operation	<ul style="list-style-type: none"> <li>• Banks may initiate a repo using HKGB as collateral by contacting the dealing room of the HKMA at 2878 8104 or Reuters dealing code EFHK</li> <li>• After confirming the repo amount with the HKMA, the borrowing bank may input the repo request via the CMU Member Terminal (CMT) (see details in operating procedures of the CMU<sup>(2)</sup>)</li> <li>• The repo will be reversed on the next business day</li> </ul>
Operating hours	Banks should make a request to the HKMA dealing room during 3:00pm to 4:30pm on each business day, and input the repo via CMT during 5:30pm to 6:30pm

Note:

- (1) Licensed Banks should have signed with the HKMA the Master Sale and Repurchase Agreement for the provision of liquidity assistance including lender-of-last-resort support and renminbi liquidity facility.
- (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.