

Terms and Conditions of Overnight RMB Liquidity Facility

Banks eligible ⁽¹⁾	AIs participating in RMB business (Participating AIs)
Eligible collateral	<ul style="list-style-type: none"> • Exchange Fund Bills and Notes (EFBN) • HKSAR Government bonds (HKGB) • RMB denominated bonds issued in Hong Kong by the Ministry of Finance of the People's Republic of China (CMOF) • 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
Haircut on collateral	<ul style="list-style-type: none"> • EFBN and HKGB: 2% per year of remaining maturity, plus 2% (for cross-currency haircut) • CMOF and China policy bank bonds: 2% per year of remaining maturity, minimum 2%
Interest rate	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), plus 50 bps
Mode of operation	<ul style="list-style-type: none"> • Participating AIs interested in borrowing RMB overnight funds should contact the dealing room of the HKMA at 2878 8104 or Reuters dealing code EFHK • After confirming the deal with the HKMA, Participating AIs should input the repo transactions via the CMU Member Terminal (CMT) (see details in operating procedures of the CMU⁽²⁾) • Participating AIs should reverse the repo via CMT before 2:00pm the next operating day
Operating hours	<ul style="list-style-type: none"> • Request for repo should be made before 6:00pm on each Hong Kong business day • The input of the repo deal via CMT should be completed before 6:30pm
Holiday	<ul style="list-style-type: none"> • If the repurchase date of an overnight repo falls on a Hong Kong holiday and there are insufficient funds in the account of the Participating AI for the repurchase, the outstanding repo will be rolled over to the following operating day (see details in operating procedures of the CMU⁽²⁾)
Interest payment	<ul style="list-style-type: none"> • HKMA will issue a statement to each Participating AI on a monthly basis • The Clearing Bank will collect the interest amount on behalf of the HKMA once a month by debiting the accounts of Participating AIs

Notes:

- (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.