



THE PEOPLE'S BANK OF CHINA
REPRESENTATIVE OFFICE FOR EUROPE

London RMB business annual report

April 2025 | Issue 18

List of contributors

Agricultural Bank of China Ltd London
Bank of China Limited, London Branch
Bank of Communications, London Branch
Bank of England
Bloomberg
China Construction Bank (London) Limited, UK RMB Clearing Bank
China Central Depository & Clearing Co., Ltd. (CCDC) UK Representative Office
China Foreign Exchange Trade System (CFETS)
Cross-border Interbank Payment System (CIPS)
HSBC
ICBC London Branch
London Stock Exchange Group
SWIFT
The People's Bank of China Representative Office for Europe
Wind Financial

This report is jointly produced by the City of London Corporation and The People's Bank of China Representative Office for Europe. The City of London Corporation is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally-successful UK. This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice.

No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, the authors and distributors do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means without permission in writing from the monitoring group.

Contact: YAN Chendi (+44 20 7601 6651 / london@pbc.gov.cn).

Foreword



Chris Hayward
Policy Chairman
City of London Corporation

The 2025 London RMB Business Report paints a comprehensive picture of the market for the Chinese currency in the UK, presenting data highlights and significant policy moves aimed at improving economic cooperation between two leading global financial centres.

Data highlights show growth on several fronts, including average daily CNH FX trading volume, the amount of RMB deposits and loans, the total value of China-UK cross-border RMB transactions and the RMB clearing volume. The UK remains the second-largest offshore RMB payments centre in the world.

The report also features three articles covering significant topics such as new initiatives enhancing the high-level opening-up of China's interbank market, ten years of RMB clearing in the UK and China-UK financial cooperation.

Taken together, they cement the UK's status as a vital partner and beneficiary of China's increasingly open markets, with London's innovative and ambitious financial services industry primed to reap the opportunities.

We look forward to continuing the progress that has been made in the last ten years since the first RMB clearing arrangements were announced in the UK capital. Working together, we can advance efficient, stable and sustainable economies that remain resilient in the face of global geopolitical headwinds.



Ms Li Hui
Chief Representative, The People's Bank of China
Representative Office for Europe
Co-chair of London RMB Business Monitoring Group

With the increasing accessibility to onshore RMB investments in China, there are growing opportunities for new products and methods to manage currency exposure. These developments bring excitement to the City of London and international investors.

In the 18th edition of the London RMB Business Report, it is evident that the UK's offshore RMB market has shown strong resilience and continued growth.

The London RMB Business Report, accompanied by Subgroups' work covering RMB-dominated products, RMB market infrastructures, and sustainable RMB market, aims to contribute to a better understanding of the UK's offshore RMB market.

This publication provides data, policies, and commentaries from market participants. Furthermore, they strive to foster the healthy and sustainable development of the UK's offshore RMB market by monitoring and providing feedback to regulatory bodies in both countries. We extend our sincere gratitude to all our esteemed partners who have made valuable contributions to the 18th edition of the London RMB Business Report. Your support and collaboration have been instrumental in the success of this report.

Executive summary

In 2024, London's offshore RMB market remained resilient, with the average daily CNH FX trading volume, the amount of RMB deposits and loans, the total value of China-UK cross-border RMB transactions and the RMB clearing volume enjoying a year-on-year (YoY) increase. According to SWIFT, the UK maintained its position as the largest RMB FX spot transaction hub and the second largest offshore RMB payments centre in the world.

2024 data highlights

London RMB foreign exchange market

In 2024, the average daily CNH FX trading volume in London stood at GBP£172.7bn, up 43.20% YoY.

London RMB credit market

By the end of December 2024, the amount of RMB deposits reached RMB¥155.0bn, up 72.97% YoY. The outstanding amount of RMB loans reached RMB¥118.6bn, up 30.08% YoY.

London RMB clearing

In 2024, the total cumulative clearing volume was RMB¥31tn, and the average daily clearing volume was RMB¥121.6bn, up 45.15% YoY. By the end of December 2024, the accumulative total RMB clearing volume had climbed to RMB¥126.3tn.

China-UK RMB cross-border settlement

In 2024, the total value of cross-border RMB business transactions between China and the UK totalled approximately RMB¥3.7tn, up 20.50% YoY. This comprised cross-border RMB receipts of approximately RMB¥1.8tn, and payments of approximately RMB¥1.9 trillion, resulting in a net inflow into the UK of RMB ¥115.9bn. During this period, cross-border RMB payments for the settlement of goods traded was approximately RMB¥304.0bn, accounting for 43.40% of the total value of goods traded between China and the UK during the same period.



London skyline

UK's rank as an offshore RMB centre

According to SWIFT, in December 2024, the RMB FX spot transactions in the UK accounted for 43.07% of the total, up 5.77% from December 2023. RMB's share as a domestic and international payments currency in December 2024 was 3.75%, down 0.39% from December 2023. The UK remained the largest RMB FX spot transaction hub and the second largest offshore RMB payments centre in the world.

RMB in global currency reserves

According to the IMF, RMB represented 2.18% of global currency reserves as of Q4 2024, down 0.11% from Q4 2023. When it was first included in the SDR basket, the share registered at 1.07% (Q4 2016).

In our columns, three articles cover significant topics including new initiatives enhancing the high-level opening-up of China's interbank market, ten years of RMB clearing in the UK and China-UK financial cooperation.

The article by China Foreign Exchange Trade System (CFETS) highlights two new initiatives enriching trading instruments for overseas investors and facilitating their participation in China's interbank market. It discusses the launch of the Swap Connect and its subsequent improvements, including expanded product offerings and the introduction of compression services and backdated trades. It also introduces the launch of the offshore repo business under Bond Connect, enabling overseas investors to use their Northbound Bond Connect bonds as collateral. These measures aim to promote interconnection between domestic and overseas infrastructures, provide global investors with high-quality RMB product trading services, and facilitate the high-level opening-up of China's financial markets.

The article on RMB clearing in the UK, presented by China Construction Bank (CCB) London Branch, introduces progress that has been made in the last ten years in the offshore RMB market in the UK. It discusses the economic cooperation between China and the UK, highlights the progress that has been made in improving RMB clearing efficiency, developing the offshore RMB market, leading the offshore RMB product innovation, and emphasizes London's position as a

leading global centre poised to reap the potential of the offshore RMB market.

Lastly, the article provided by Bank of China (BOC) London Branch focuses on UK-China financial cooperation and BOC's efforts in supporting RMB internationalisation. It discusses the relationship between China and the UK, highlights China's crucial role in supporting the UK's economic growth and London remains the world's second largest offshore RMB hub after Hong Kong. It emphasizes BOC's commitment to supporting China's RMB internationalization, including expanding its international trade and investment network and further facilitating cross-border RMB business, as well as monitoring RMB market trends and capturing emerging business opportunities.

RMB exchange rate

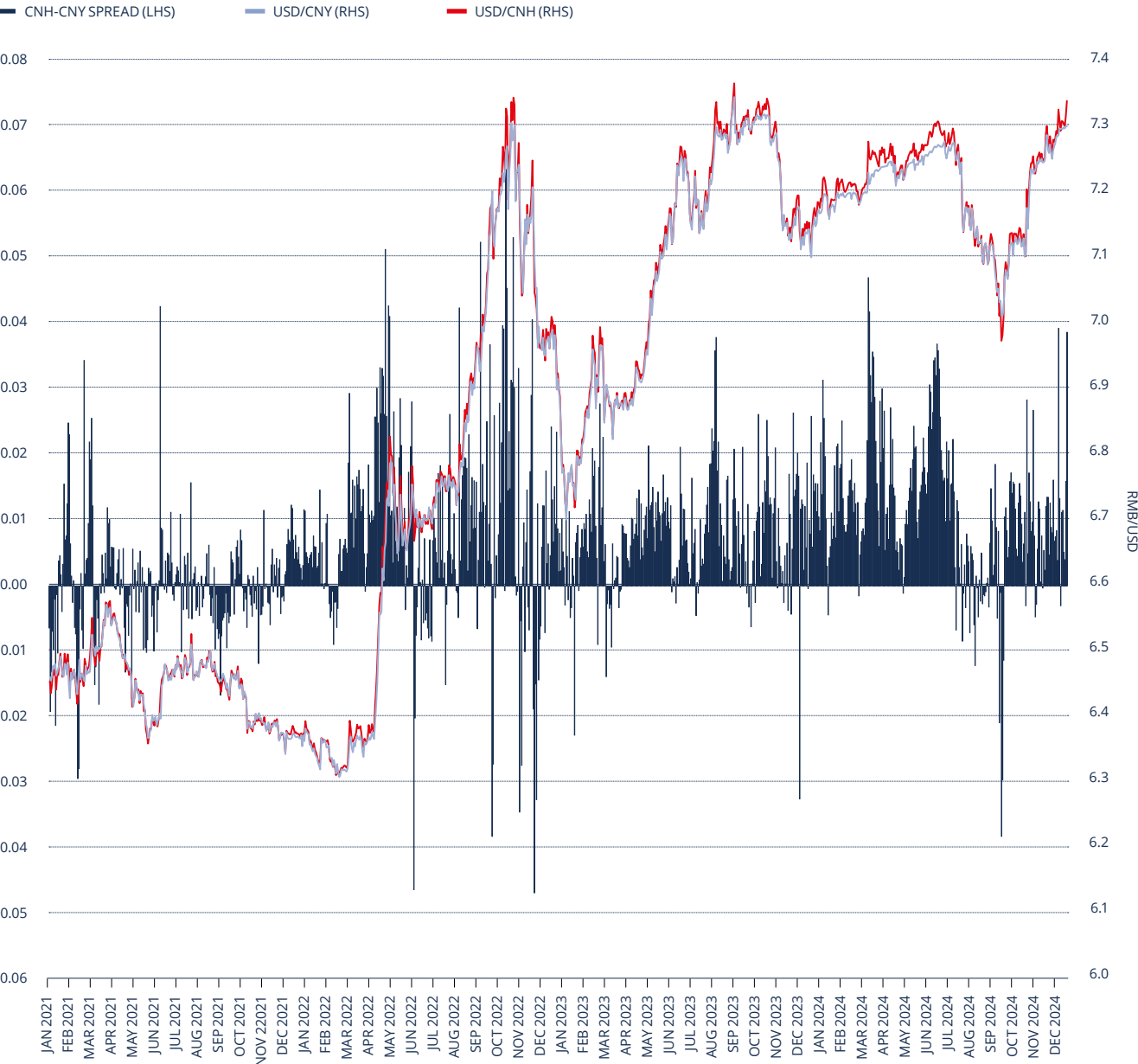
In 2024, the RMB exchange rate against the USD fluctuated between 6.9730 and 7.3379, closing at 7.3379 at year end for a 2.98% depreciation over the year. However, the RMB performed strongly against a basket of major currencies, with the CFETS RMB Index rising by 4.16% to 101.47. The spread between CNH and CNY remained positive, with CNH generally trading weaker than CNY. In the first half of the year, the RMB depreciated due to a strong USD, driven by a resilient US economy and the Federal Reserve's cautious stance on interest rate cuts. In the third quarter, as the US

economy cooled and China introduced incremental stimulus measures, the RMB appreciated. However, in the fourth quarter, concerns over potential trade disputes between the U.S. and China pushed the RMB back into a depreciation trend.

In 2024, the average USD/CNH offshore spot rate was 7.2114, while the average USD/CNY onshore spot rate was 7.1999. The average spread between offshore and onshore rates in this period was +115 basis points, compared to +78 basis points in 2023.

The onshore-offshore exchange rate differential (December 2024)

USD/CNH-USD/CNY FX Spot Rate



Source: Bloomberg, ABC

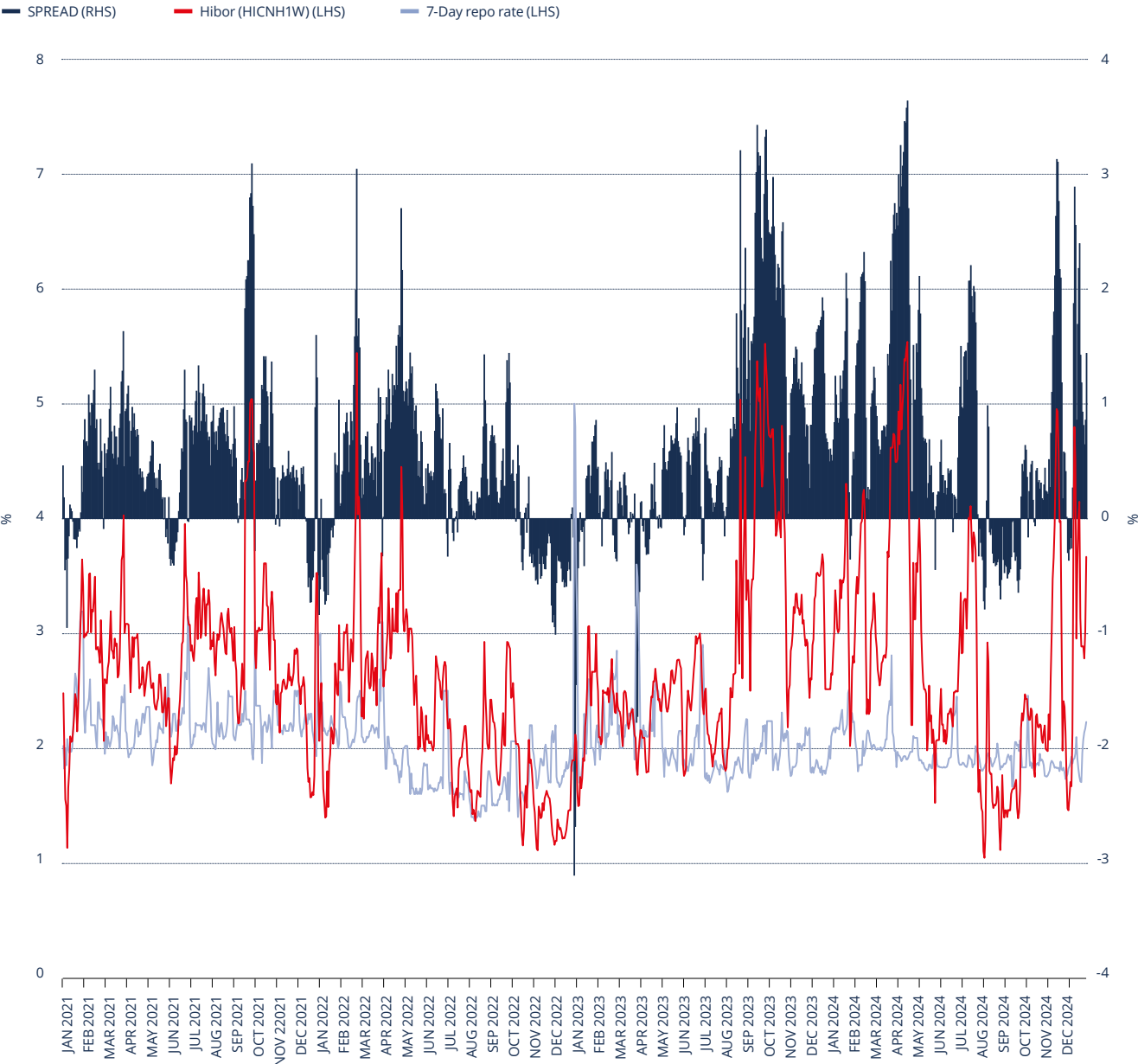
RMB interest rate

2024 was characterized by a series of accommodative policy moves aimed at revitalizing domestic economic momentum. In response to weak domestic demand and persistent property market challenges, the PBOC provided strong support for economic recovery and development. Key measures included a cut in the banks' reserve requirement ratio and reductions in short-term policy rates.

While such measures were designed to stimulate lending and consumption, they also had to be calibrated carefully to avoid exacerbating RMB depreciation and squeezing bank margins. By late 2024, the easing cycle had significantly reshaped the interest rate landscape, although further cuts were restrained by concerns over excessive currency depreciation and the risk of capital outflows.

The onshore-offshore interest rate spreads (December 2024)

CNH Hibor and 7-Day Repo Rate Spreads

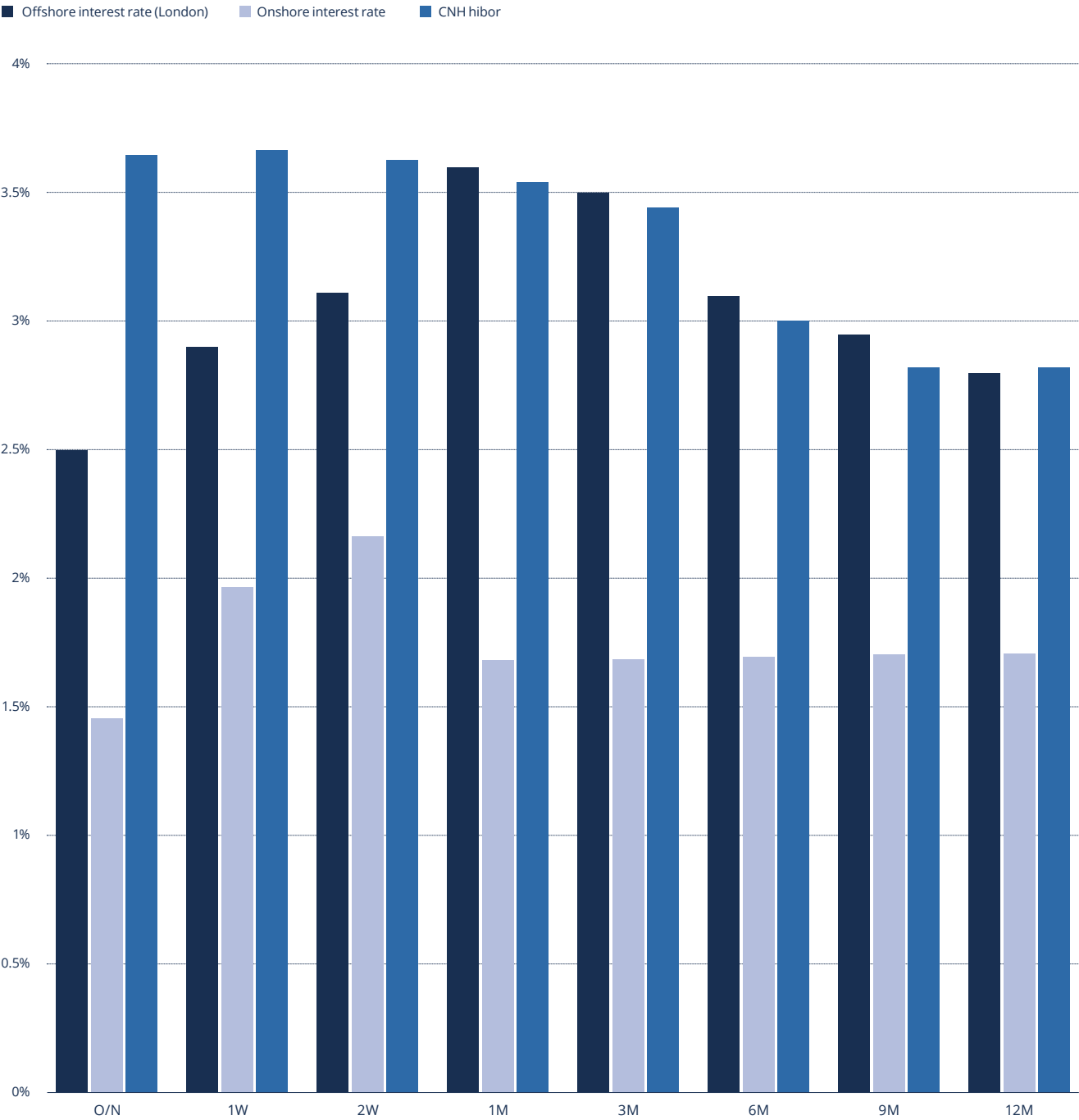


Source: Bloomberg, CCB

The interest rate differential between China and the US started to narrow from late April until early September, before expanding until the end of 2024. Taking the difference between the yield on US 10-year Treasury bonds and Chinese 10-year Treasury bonds as an example, the gap narrowed from 243.88 bps on 25 April to 157.33 bps on 9 September, and by the end of 2024, the gap closed at 289.40 bps.

Throughout 2024, the PBOC had cut the 7-day reverse repo rate twice, from 1.80% to 1.50%, cut the 14-day reverse repo rate twice, from 1.95% to 1.55%, cut the 1Y LPR rate twice, from 3.45% to 3.10%, and cut the 5Y LPR rate three times from 4.20% to 3.60%.

The term structure of RMB offshore and onshore interest rate (December 2024)

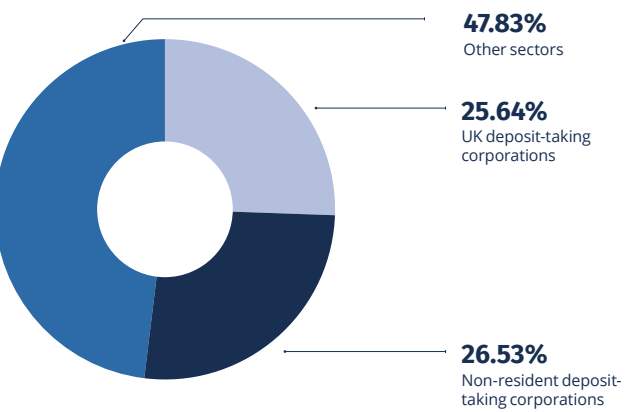


Source: Bloomberg, CCB

London RMB foreign exchange market

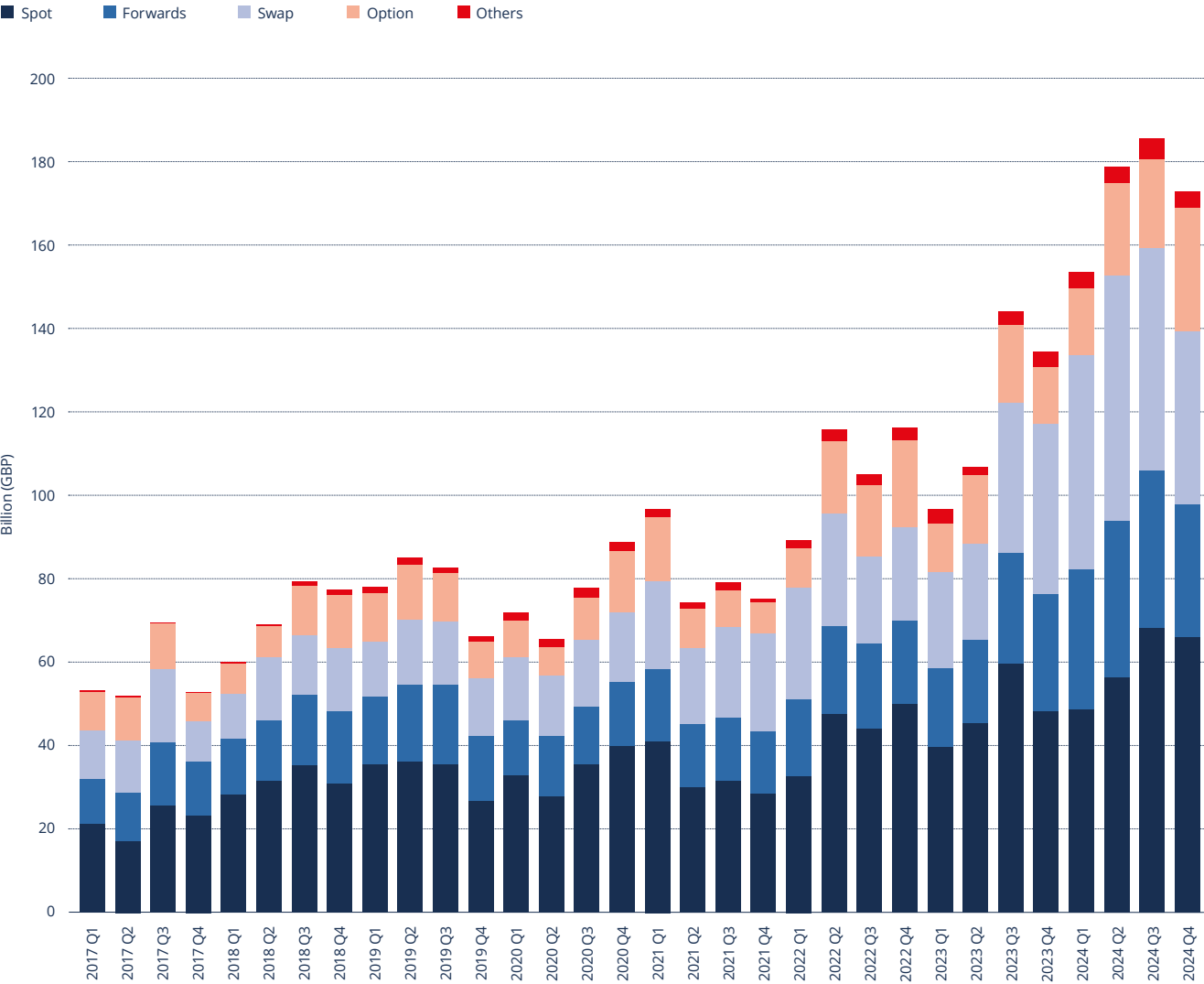
In 2024, the average daily CNH FX trading volume in London stood at GBP£172.7bn, up 43.20% YoY. The distribution of RMB FX turnover by counterpart sectors remained almost unchanged, with the greatest share being taken by “other sectors” at 47.83%, followed by RMB FX turnover with non-resident deposit-taking corporations taking 26.53%. The smallest share belonged to RMB FX turnover with UK deposit-taking corporations, accounting for 25.64%.

RMB FX turnover by counterpart (Q4 2024)



Source: Bank of England (BoE)

Average daily turnover of RMB FX in London (Q4 2024)

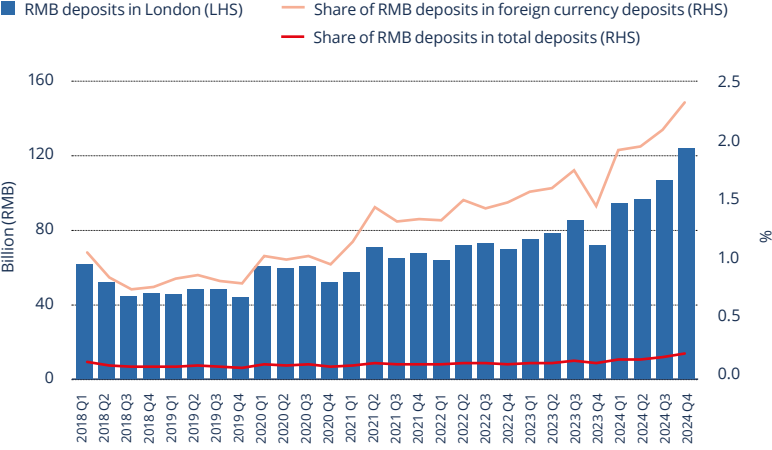


Source: Bank of England (BoE)

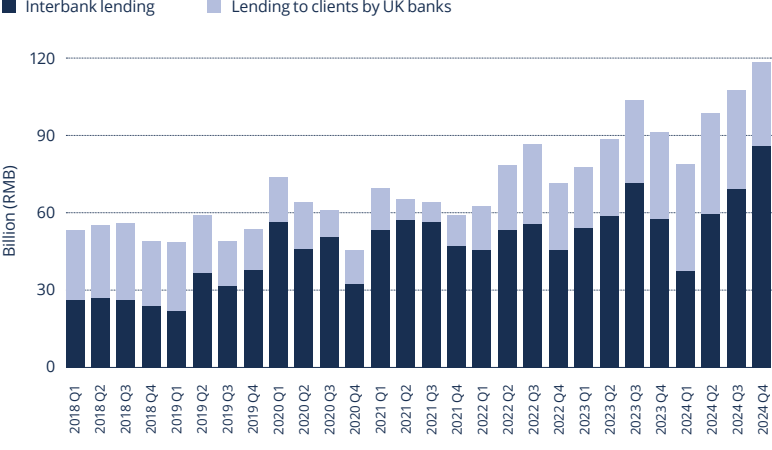
London RMB credit market

The outstanding RMB deposits and loans in London’s offshore market both saw a YoY increase. By the end of December 2024, the amount of RMB deposits reached RMB¥ 155.0bn, up 72.97% YoY. The outstanding amount of RMB loans reached RMB¥118.6bn, an increase of 30.08% YoY.

RMB deposits in London (December 2024)



RMB lending in London (December 2024)

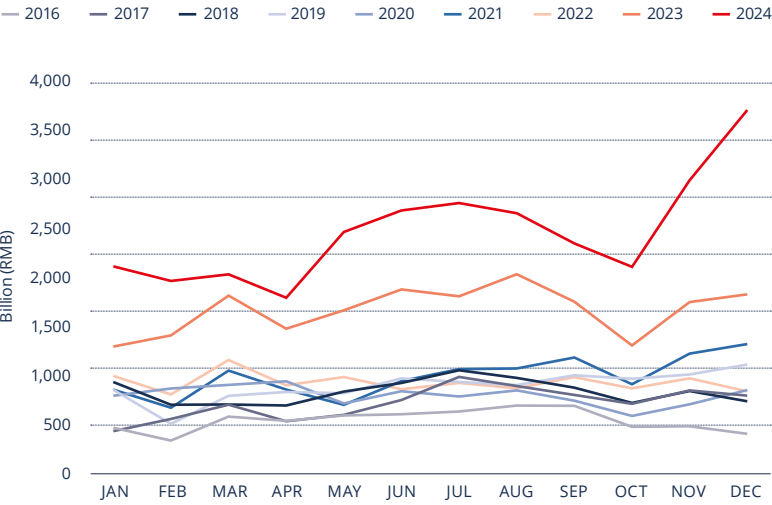


Source: Bank of England (BoE)

London RMB clearing

In 2024, the total cumulative clearing volume was RMB¥31tn, with a daily average clearing volume of RMB¥121.6bn, up 45.15% YoY. Accumulated transaction counts stood at 258318. By the end of December 2024, the accumulative total RMB clearing volume reached RMB¥126.3tn. China Construction Bank (CCB) London Branch obtained its authorization to become the RMB clearing bank in the UK in June 2014, and the Bank remains the largest clearing bank outside Asia.

RMB clearing volume of the designated UK clearing bank (December 2024)



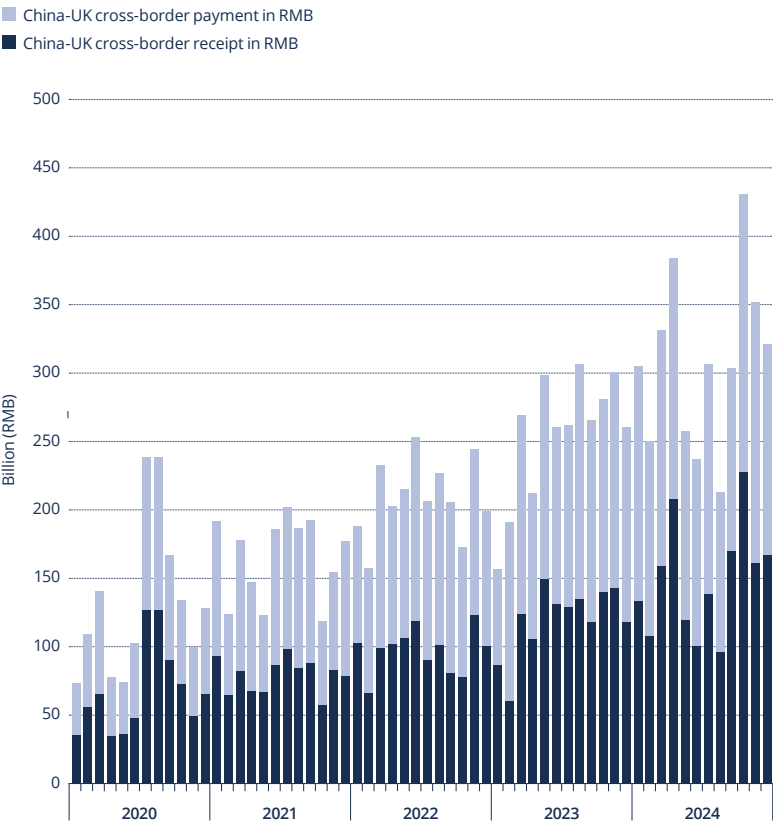
Source: CCB London Branch

In its notice on the submission of 2023 self-assessments by RMB clearing banks, the PBOC specified the statistical methodology for calculating RMB clearing volumes. In accordance with this guidance, the 2023 RMB clearing volume has been adjusted, and the same methodology has been adopted for 2024 and subsequent years.

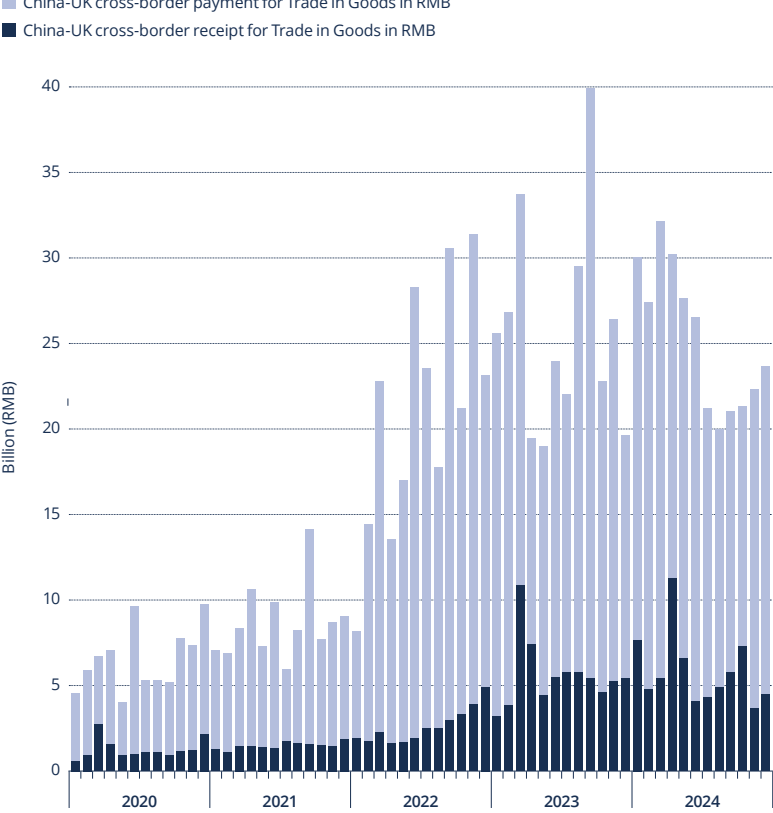
China-UK RMB cross-border settlement

In 2024, total cross-border RMB receipts and payments between China and the UK were approximately RMB¥3.7tn, a 20.50% YoY increase. Within this, cross-border RMB receipts were approximately RMB¥1.8tn, and payments were approximately RMB¥1.9tn. There was a net inflow of approximately RMB¥115.9bn into the UK. During this period, cross-border RMB receipts and settlement payments of China-UK bilateral trade in goods were approximately RMB¥304.0bn, accounting for 43.4% of the bilateral trade volume in goods during the same period. Of this amount, receipts were approximately RMB¥70.1bn, and payments were approximately RMB¥233.8bn.

China-UK cross-border RMB payment and receipt (December 2024)



China-UK cross-border RMB payment and receipt for trade in goods (December 2024)



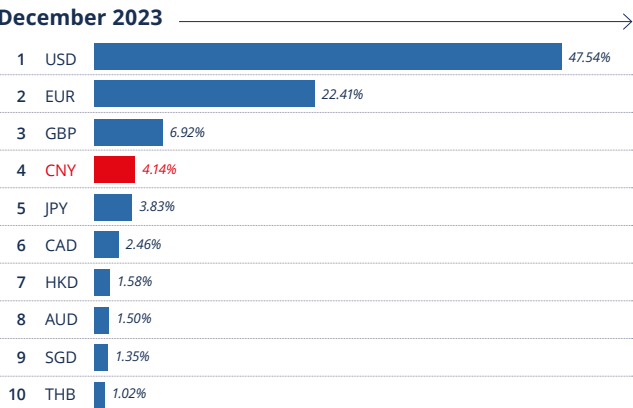
Source: PBC

The international status of the London offshore RMB market

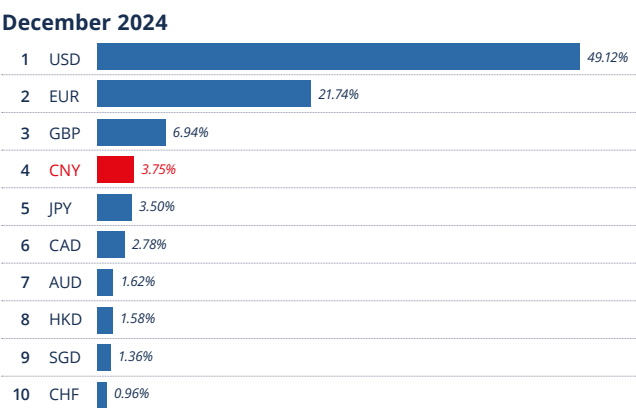
According to SWIFT, RMB’s share as a domestic and international payments currency (customer initiated and institutional payments) in December 2024 was 3.75%, down 0.39% from December 2023. The RMB share of global currency in the trade finance market was 5.98% in December 2024, up 0.91% from December 2023. The RMB remained the fourth biggest global payments

currency, and the UK retained the largest share of RMB payments outside greater China. The top three countries doing RMB FX transactions in December 2024 were the United Kingdom, the United States and France. The United Kingdom accounted for 43.07% of the total, up 5.77% from December 2023.

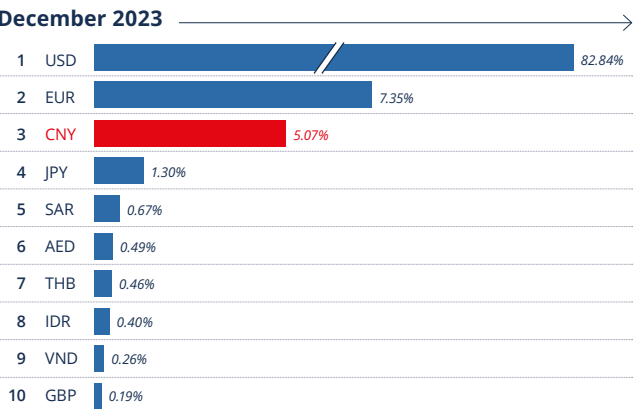
RMB’s share of global payments (%)



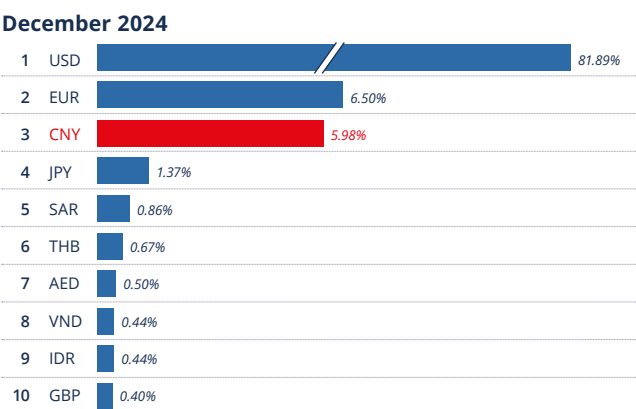
Source: SWIFT



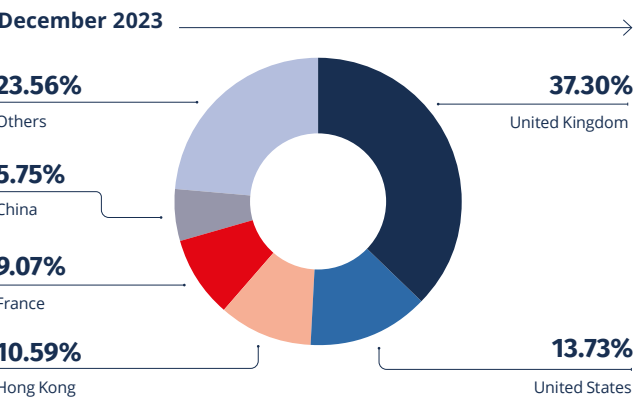
RMB’s share of global trade finance (%)



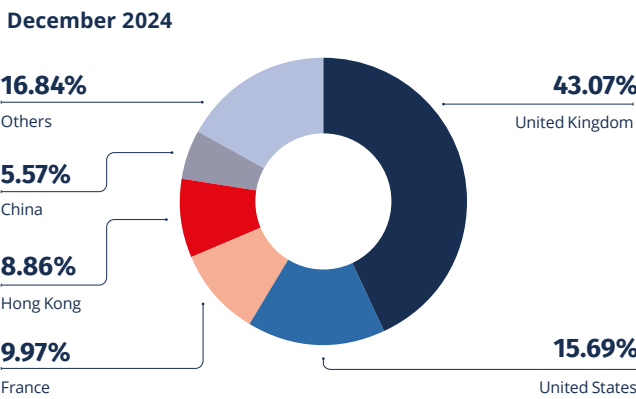
Source: SWIFT



Top economies doing FX spot transactions in RMB



Source: SWIFT, watch

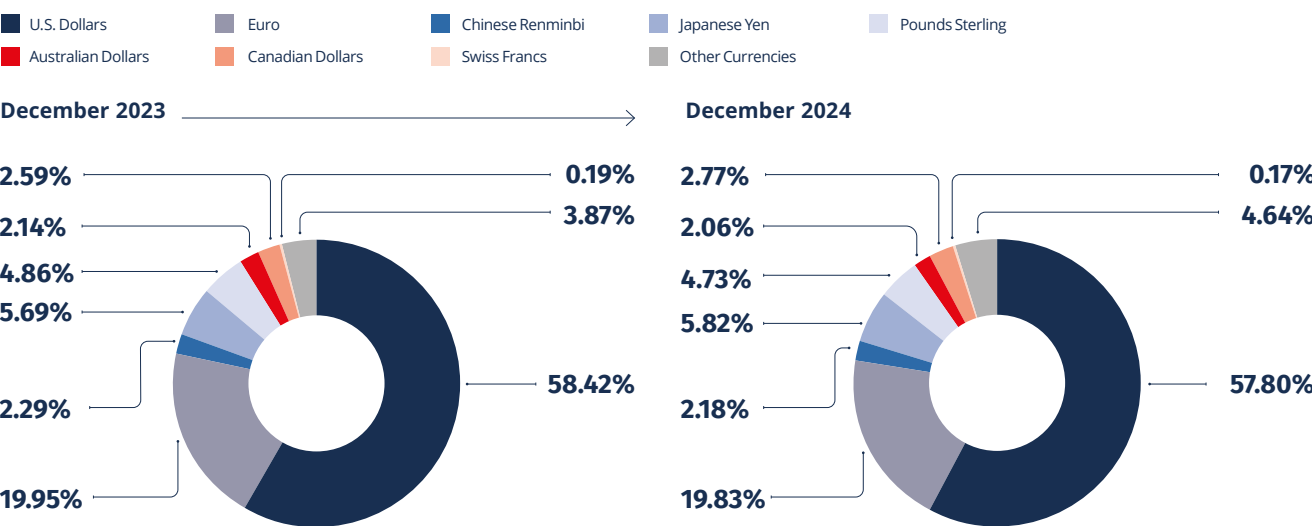


RMB in global currency reserves

According to the IMF, RMB represented 2.18% of global currency reserves as of Q4 2024, down 0.11% from Q4 2023. When it was first included in the SDR basket, its initial share was 1.07% in Q4 2016. The USD’s share of global reserves decreased from 58.42% in Q4 2023 to

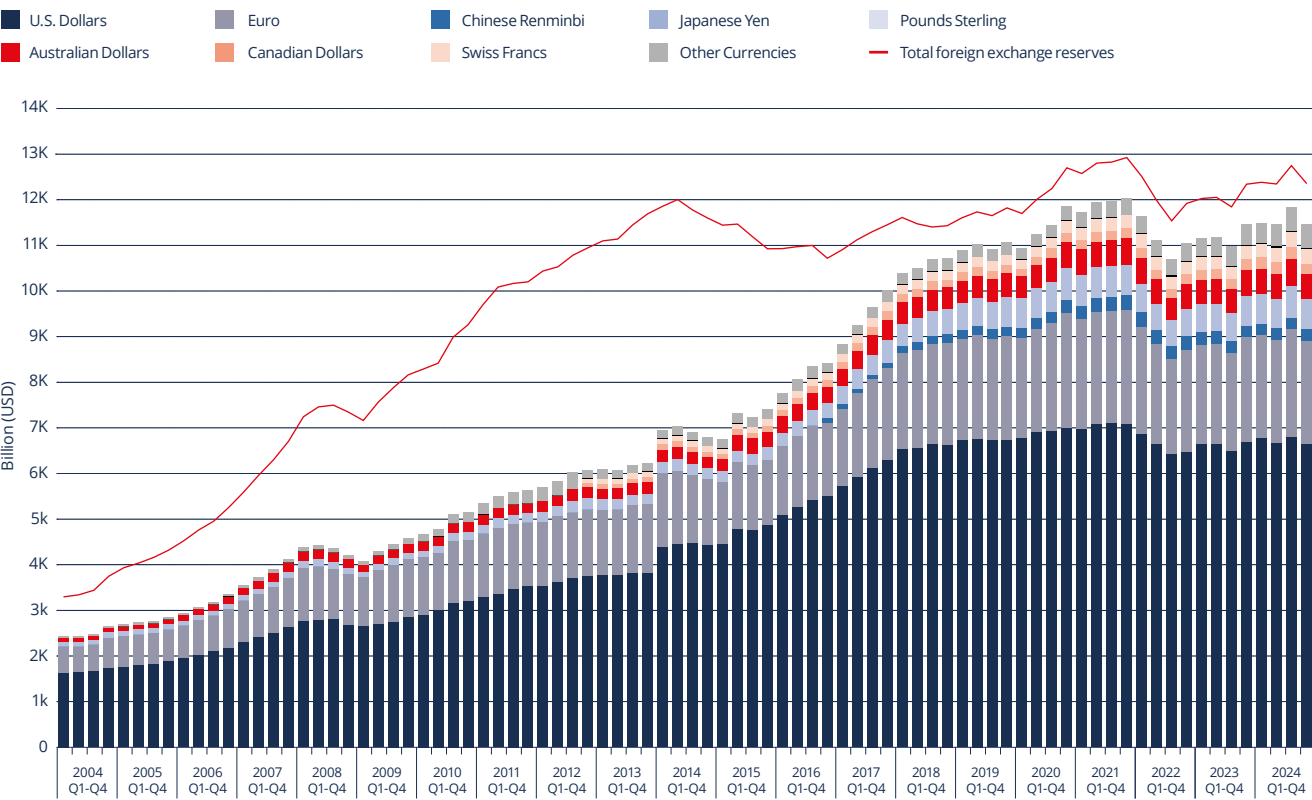
57.80% in Q4 2024; the share of Euro decreased from 19.95% in Q4 2023 to 19.83% in Q4 2024; the share of JPY increased from 5.69% in Q4 2023 to 5.82% in Q4 2024.

World currency composition of official foreign exchange reserves



Source: International Monetary Fund

Official foreign exchange reserves by currency (USD billion) (December 2024) (as claims)



Source: International Monetary Fund

Enriching trading products for overseas investors and enhancing the high-level opening-up of China's interbank market

China Foreign Exchange Trade System (CFETS)

In recent years, China's interbank bond market has continuously expanded openness to the global market. By the end of 2024, 1,156 overseas institutions (holding more than 5,600 trading accounts) from more than 70 jurisdictions had participated in China's interbank market. The trading volume of RMB bonds by overseas institutions has been increasing steadily and by the end of 2024, bond holdings of overseas institutions were RMB ¥4.16tn.

As overseas investors deepen their participation in China's bond market, their demand for RMB interest rate risk and liquidity management has gradually increased. Under the guidance of the People's Bank of China (PBOC), Northbound Swap Connect and offshore bond repo under Northbound Bond Connect launched to enhance the range of trading instruments for overseas investors, facilitating their participation in China's interbank market.

Launching Swap Connect: Improving interest rate risk management for overseas institutions

On 15 May 2023, Swap Connect between China's mainland and Hong Kong interest rate swap markets officially went live, making it easier for overseas institutions to manage RMB interest rate risks.

Swap Connect builds upon the existing development of China's interbank derivatives market, drawing from the experience and overall framework used in opening China's bond market to global investors. Without altering the trading habits of domestic and overseas institutions and effectively complying with the laws and regulations of both markets, Swap Connect enables RMB interest rate swap transactions and centralized clearing through connectivity among financial infrastructures. This mechanism simplifies market access and reduces trading complexity, better meeting

the interest rate risk management needs of overseas institutions. Currently, under Swap Connect, interest rate swaps are available for trading, with RMB as the quotation, trading, and settlement currency.

Since the launch of Swap Connect, trading and clearing mechanisms have operated smoothly. Overseas and domestic investors have actively participated, leading to an increase in trading volume. By the end of 2024, 74 overseas investors had onboarded, including overseas central banks, banks, securities companies, and asset management products. These participants come from jurisdictions spanning the Asia-Pacific, Europe, the Middle East, and the United States. As of the end of 2024, a total of RMB ¥4.60tn interest rate swap transactions were completed and the average daily notional trading volume reached RMB ¥145.80bn.

In May 2024, to mark the first anniversary of Swap Connect, further improvements were made by CFETS in partnership with other financial infrastructures to promote the coordinated development of Chinese mainland and Hong Kong financial derivatives markets and support China's broader financial opening-up strategy. Improvements include:

Expansion of product offerings: New interest rate swap contracts were introduced with payment cycles based on international money market (IMM) settlement dates, to align with common practices on international interest rate swap markets. This provides more flexibility for investors to manage RMB interest rate risk.

Enhanced product features and service: Enhancements such as compression services and backdated trades help investors better manage outstanding contracts and lower capital costs, thus boosting market activities.

Supporting offshore RMB bond repo trading: Promoting the use of RMB bonds in the international market

On 13 January 2025, the Governor of the PBOC announced support for the offshore repo business under Northbound Bond Connect, to increase the use of Northbound bonds as collateral and improve RMB assets liquidity management for overseas investors. On 10 February 2025, CFETS launched an offshore repo business under Bond Connect, providing efficient and convenient trading services to overseas investors who can now use their Northbound Bond Connect bonds as collateral.

In terms of product structure, the offshore repo business aligns with international practices. It adopts the classic repo model widely used in international markets, where the underlying bonds are transferred to the reverse repo party with clear rights and liabilities, making the product familiar and accessible to overseas investors.

In terms of trading services, CFETS and major international trading platforms such as Bloomberg have worked together to provide relevant trading services via links between our systems. Offshore repo market makers in Hong Kong can accept requests for quote (RFQ) from investors via CFETS systems and complete trades on the CFETS systems, so as to provide liquidity to the offshore repo market.

In terms of eligible underlying bond types, all kinds of Northbound Bond Connect bonds can be used as collateral. We have seen offshore repo transactions using China's government bonds, policy bank bonds, interbank certificates of deposit and financial bonds, with China's government bonds and policy bank bonds being the primary types.

The launch of the offshore repo business is a significant milestone in expanding the use of RMB bonds in the offshore market. Starting last year, a series of arrangements have been made, including the inclusion of RMB bonds as eligible collateral for the Hong Kong Monetary Authority (HKMA) RMB liquidity facility, as well as for margin offset under Swap Connect, demonstrating the broader use cases for RMB bonds in international financial markets. With the launch of offshore repo business under Northbound Bond Connect, overseas investors can enjoy more diversified liquidity management tools, further enhancing the attractiveness of RMB bonds internationally.

Going forward, under the guidance of the PBOC, CFETS will continuously enrich products and services for overseas investors, further optimise mutual market access programs such as Bond Connect and Swap Connect, and persistently enhance our capability and services, guided by the principle of being "rooted in China, serving the world". Efforts will be made to promote interconnection and cooperation with domestic and overseas infrastructures, providing global investors with high-quality RMB product trading services, and facilitating the high-level opening-up of China's financial markets.



Shanghai skyline



Beijing city skyline

Ten years of RMB clearing in the UK

China Construction Bank London Branch

China Construction Bank (CCB), with its robust operational capabilities, innovative product offerings, and strategic vision, is well-positioned to drive the next phase of RMB internationalisation. Continuously enhancing its competitive edge in the global financial market, steadfastly promoting China-UK economic and financial cooperation, CCB consistently makes significant contributions towards the internationalisation of RMB.

Supporting UK-China Diplomatic and Economic Cooperation

As a pivotal key player in major bilateral initiatives, such as co-hosting the UK-China Financial Services Summit and the UK-China CEO Summit, to promote high-level

financial cooperation, CCB is constantly enhancing its contribution and impact in strategic dialogues towards the shaping of policy frameworks that support RMB internationalisation.

In January 2025, during the 11th UK-China Economic and Financial Dialogue held in Beijing, RMB internationalisation was a key discussion point. One of the main outcomes from the 2025 UK-China Economic and Financial Dialogue was the mutual recognition, from both China and UK, of the crucial role that CCB plays in advancing RMB internationalisation.

Maintaining Global Leadership in Clearing Efficiency

In 2014, CCB London Branch became the first RMB clearing bank designated by the PBOC outside Asia. Under the guidance and support of the PBOC, the Bank has continuously improved its RMB capabilities, driving the growth of the RMB market in the UK and significantly contributing to London's status as a global offshore RMB centre.

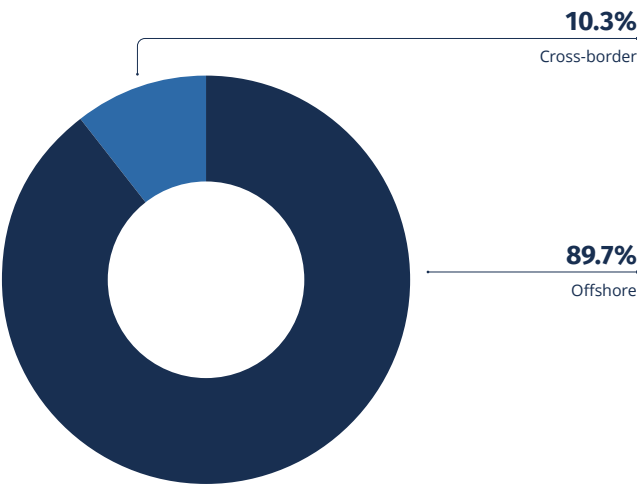
In 2024, the clearing volume of CCB London Branch exceeded RMB¥30tn, thereby maintaining its position as the largest RMB clearing bank outside Asia for the ninth consecutive year. Last year was also the Bank's 10th anniversary as the sole UK RMB clearing bank, surpassing RMB¥100tn in cumulative clearing volume, thereby reinforcing its critical position in promoting the global use of RMB.

CCB London Branch has strong connections to all cross-border RMB payment systems, including the Cross-border Interbank Payment System (CIPS) and the Hong Kong RMB Real-Time Gross Settlement System (RTGS). With teams operating in London, Beijing, and New York, CCB provides 20-hour non-stop RMB clearing services as well as 24-hour inquiry services. This remarkable growth is attributed to the operational efficiency and service offerings of CCB which constantly aims to meet the evolving needs of global financial institutions.

Working continuously at establishing RMB clearing accounts for major international financial institutions, CCB London Branch is steadily expanding its global client network. As of 2024, the Bank had 78 clearing accounts, thus ensuring seamless connectivity across five continents. This extensive network not only reinforces the Bank's leadership position but also supports the growing demand for RMB usage in international trade and finance.

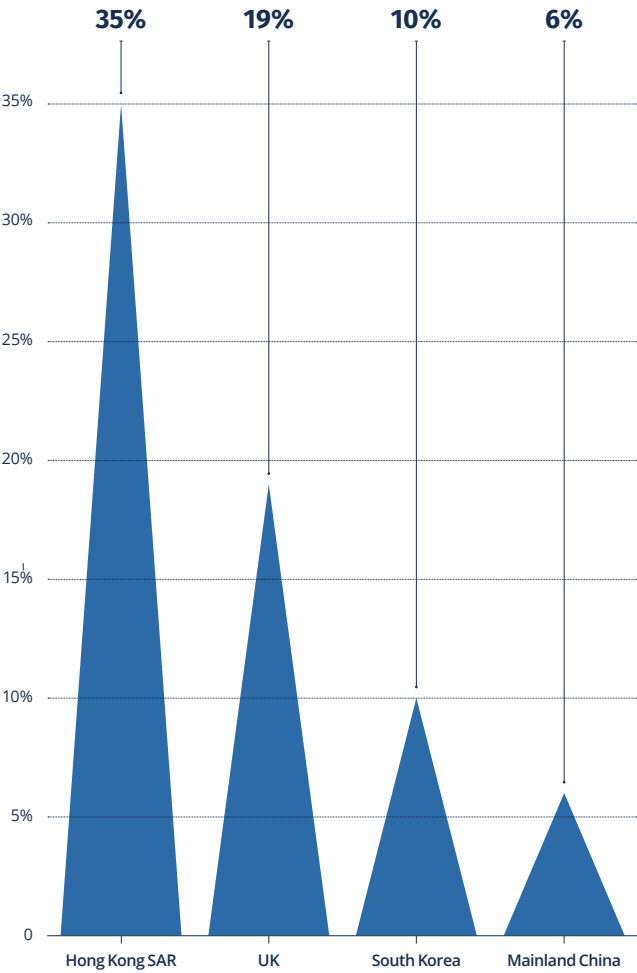
CCB London Branch has been steadily increasing its intraday liquidity for participants over the past five years, enhancing payment efficiency for participating banks. A key facilitator of cross-border settlements of trade and transactions, CCB continues to bolster its role within the global RMB ecosystem.

Figure 1: 2024 Clearing Volume by location



Source: CCB

Figure 2: Top four recipient economies in terms of 2024 clearing volume



Source: CCB



Developing the offshore RMB market

CCB London Branch offers diversified RMB loans, including trade finance, working capital, and project financing. In the past five years, it has extended RMB loans to more than 30 UK, Chinese and global clients.

As a leading RMB foreign exchange market maker in London, the Bank continues to provide comprehensive FX trading services, including spot, forward, and swap transactions, with a cumulative trading volume of RMB¥11.8tn.

Since 2022, CCB London Branch has actively issued offshore RMB green bonds, listed on the Hong Kong Stock Exchange and the International Securities Market of London Stock Exchange for three consecutive years. These green bonds are issued under the Belt and Road green and blue sustainability themes with total bond issuance amounting to RMB¥5bn. Furthermore, in 2022 and 2023, CCB London Branch was the largest Chinese issuer of RMB green bonds outside Asia. This achievement underscores the leadership of the Bank in sustainable finance and its commitment to promoting green investments globally.

As a passionate promoter of RMB in the local UK market, CCB London Branch has, over the past five

years, organized more than 30 promotional events, focusing on China's capital market, Panda bonds, and the Shanghai-London Stock Connect. These events have significantly increased the popularity of China's capital market amongst UK financial institutions, thus fostering deeper financial ties between China and the UK. By leveraging its strategic location in London, the Bank has effectively increased the visibility and acceptance of RMB in the international market.

CCB London Branch has also been actively promoting its cross-border settlement volume. The Bank has proactively established cash pool accounts for enterprises, which in turn provides secure and efficient cash management services for them. This initiative greatly enhances operational efficiency as it continues to meet the growing demand for cross-border RMB transactions.

Leading offshore RMB product innovation

As a founding member of the London Offshore RMB Market Monitoring Group, CCB London Branch continues to lead RMB innovation in London.

In 2024, the CCB pioneered the first over-the-counter bond (OTC bond) solution for international investors to buy onshore Chinese bonds. OTC bonds are recognized



as a significant milestone in advancing capital market connectivity between China and the UK. This achievement was listed as a key outcome of the 11th UK-China Economic and Financial Dialogue in 2025.

Another key achievement is the launch of the cross-border RMB settlement solution for international aviation reinsurance in the second half of 2024. This innovative solution marked the world's first aviation international reinsurance transaction settled in RMB.

The Bank launched the UK market's first foreign currency repo transaction with onshore RMB bonds as collateral in 2024 to further expand the role of RMB bonds as liquidity management tools for investors.

In 2024, for the first time, a UK FTSE 100 listed company drew down RMB working capital loans from CCB. This strategic breakthrough illustrates the growing acceptance of RMB as a financing currency in international markets.

A key year, 2024 also saw CCB London Branch completing the largest global offshore RMB aircraft financing project. This achievement further demonstrates the Bank's leadership in offering RMB financing solutions.

Future development

With its robust operational capabilities, innovative product offerings, and strategic vision, CCB is well-positioned to drive the next phase of RMB internationalisation.

Building on the successful pilot cases, we will leverage London's position as a leading global financial centre to explore the potential of the offshore RMB market. By continuing to innovate through the introduction of diversified RMB financial products, we aim to capture the needs of international investors and corporations.

CCB will also promote RMB as eligible collateral in local markets, thereby facilitating cross-border repo transactions and liquidity management. By collaborating with financial infrastructure, we aim to enhance the acceptance of RMB in the global collateral ecosystem, supporting its internationalization as a global reserve currency.



Bank of China Headquarters, London

Bank of China supports China-UK financial relations

Bank of China London Branch

1. China-UK cooperation: A source of certainty and stability for business

The relationship between China and the UK continues to improve. High-level exchanges have become more frequent and pragmatic. Both the UK Foreign Secretary and Chancellor visited China, with the China-UK Economic and Financial Dialogue (EFD) resuming since 2019. The Chinese Foreign Minister emphasized the importance of stable communication and deeper cooperation with the UK during their visit to the UK. China is willing to strengthen cooperation in infrastructure, trade, investment, and clean energy with the UK. Additionally, China and the UK can expand cooperation on global challenges, including climate change, cybersecurity, and global governance, contributing to the world with more certainty and stability. UK Prime Minister Starmer expressed a commitment to fostering constructive dialogue with China, and steady development in bilateral relations.

China plays a crucial role in supporting the UK's economic growth. As a key partner, China's trade and financial collaboration with the UK remains robust. China was the UK's fifth-largest trading partner in the four quarters leading to Q3 2024, with total bilateral trade exceeding US\$100 bn, accounting for 5.2% of UK's international trade. China ranks as the UK's sixth-largest export market and fifth-largest import market. The two countries are increasing their collaboration in automotive manufacturing and financial services. Notably, the UK's decision to refrain from imposing tariffs on Chinese electric vehicles further emphasizes

the importance of this partnership in driving mutual economic growth.

London remains the world's second largest offshore RMB hub after Hong Kong. The London offshore RMB market was launched in 2011, followed by the RMB business initiative established in 2012. China and the UK signed the bilateral currency swap agreement in 2013, which was renewed in 2021. Despite geopolitical uncertainties, China and the UK aim to ensure the steady development of London's offshore RMB market. The establishment of an offshore RMB market monitoring group continues to track the latest RMB trends and provide investors with market insights and policy updates, enhancing the currency's global appeal.

Emerging sectors such as technology and green finance continue to drive bilateral cooperation. China prioritises AI as a frontier technology, while the UK aims to lead AI innovation and safety regulation. In 2023, the UK hosted the first Global AI Safety Summit, where 28 countries, including China, the US, and the UK, signed the Bletchley Declaration to address AI risks and strengthen international cooperation. AI is widely adopted across UK businesses. Additionally, the China-UK Green Finance Taskforce fosters cooperation in green finance, ESG investment, and regulatory frameworks. The City of London Corporation established the China-UK Green Finance Centre in 2019 to further bilateral cooperation. With the US pulling back from green initiatives, China and the UK are well-positioned to lead global climate efforts.

2. Bank of China served as a financial envoy between China and UK

Bank of China (BOC) plays a pivotal role in EFDs. China and the UK achieved 69 mutually beneficial outcomes in the 11th EFD. Among them, Bank of China contributed to three outcomes in the sphere of green finance and biodiversity finance, leading its Chinese peers in the number of policy outcomes. In 2025, BOC London Branch plans to issue a new dual-currency sustainable bond. BOC renewed the MOU on green finance and biodiversity with the UK government. Additionally, BOC has officially become a member of the Taskforce on Nature-related Financial Disclosures (TNFD), an industry-led initiative. This move will set a good example for other Chinese banks in enhancing their ESG risk management framework.

3. Some highlights of BOC's RMB Business

BOC is committed to supporting China's RMB internationalisation strategy. As one of the most globally-integrated Chinese banks, BOC continues to play a leading role in cross-border RMB circulation. BOC is the longest-serving RMB clearing bank and holds the highest number of authorised clearing bank qualifications granted by the People's Bank of China. In the first three quarters of 2024, BOC processed over RMB¥10tn cross-border clearing, with 43 of its branches directly participating in the Cross-border Interbank Payment System (CIPS). The bank also acts as an agent for nearly 700 global banking and financial institutions indirectly participating in the CIPS, maintaining a stable market-leading position.

BOC is expanding its international trade and investment network. BOC's market shares in panda bond underwriting, Chinese offshore debt underwriting, cross-border custody, and offshore custody remains the highest among Chinese peers. The Bank continues to lead the industry in international trade settlement, foreign-related letters of guarantee, and cross-border cash pooling. The platform for cross-border e-commerce settlement has expanded continuously, and the scale of new business models maintains rapid growth. The volume of foreign exchange settlement and sales leads that of comparable industry peers.

BOC released a policy to further facilitate cross-border RMB business. On 2 January, BOC released its "Action Plan to Support Stable Growth in Foreign Trade" to contribute further to the building of a strong trade nation. First, BOC will strengthen financial supply, continually facilitating and serving as the primary channel for cross-border trade settlement. The target for 2025 is to provide international trade settlement for foreign trade enterprises over USD\$1.7tn. Second, BOC will deepen financial innovation to assist the steady and prudent advancement of RMB internationalisation, aiming to handle more than RMB¥14tn in cross-border RMB settlements this year. Third, BOC will optimise trade promotion to expand markets and boost orders for foreign trade. The Bank will strengthen support for major trade exhibitions, enhancing domestic-foreign

institutional collaboration, integrating domestic and foreign trade, and improving payment services to boost global trade connectivity. Finally, BOC will refine specialised services to enhance trade resilience and security. It will mitigate exchange rate risks, deepen bank-government-insurance cooperation, stabilise industrial and supply chains, and provide professional advisory support to safeguard trade operations.

BOC contributes to enhancing the functions of RMB internationalisation. In 2023, BOC helped Eldorado Brasil, a Brazilian paper pulp company, process RMB-based letter of credit discounting, a short-term credit facility provided by banks, and immediately convert it into Brazilian Reais deposited into the company's account. The full process of RMB-based trade transactions involves using RMB for denomination, settlement and financing, and directly exchanging the RMB for Brazilian Reais, marking a significant milestone in China-Brazil trade. In 2024, BOC completed the first-ever cross-border RMB settlement for commodity spot clearing services by leveraging its domestic and international networks to facilitate a copper spot trade valued at over RMB ¥33m. In 2025, BOC assisted the first panda bond issuance for the New Development Bank. BOC, as the lead underwriter and bookrunner, helped successfully issue the first panda bond of 2025 by a multilateral development institution. The bond, worth RMB¥6bn, has a five-year term and a coupon rate of 1.70%, setting a new low for the issuer's panda bond financing rate. As a key participant in the international capital market, BOC has long supported building bridges for domestic and foreign financial communication, which will promote RMB business under the capital account.

BOC is monitoring RMB market trends and capturing emerging business opportunities. The BOC's Cross-border RMB Internationalization Index was widely referenced by the market. Its latest release showcased two main trends in RMB internationalisation. First, the cross-border use of RMB under capital accounts has shown new developments. Cross-border RMB loans and financing have grown rapidly. Second, the use of RMB cross-border in hotspot regions continues to expand. In 2024, BOC released its "White Paper on RMB internationalisation" for the 12th consecutive year. The report monitors market trends and helps firms and investors to gain a comprehensive understanding of the process of RMB internationalisation, seizing the business opportunities while managing risks. BOC's branches hold influential forums in local markets, encouraging international investors to engage in RMB business, strengthening cross-border financial collaboration, and capturing the opportunities of China's steady economic growth and the opening of financial markets.

Subgroup review

RMB-dominated Products Subgroup

In 2024, CCB London and Standard Chartered hosted the RMB Subgroup meetings and events. The focus was on RMB product development, RMB foreign exchange trading, debt instruments, and derivatives. The group invited ideas from its members and other institutions for expanding the RMB ecosystem.

Participants explored the onshore and offshore RMB market, aiming to further promote the use of RMB overseas. These gatherings were dedicated to boosting RMB denominated financial products and services, fostering China-UK trade and investment, advocating for RMB clearing and settlement operations, and solidifying London's standing as a premier offshore RMB hub.

In February, CCB London held a new year RMB afternoon tea event for its clients. Ten financial institutions joined the discussion on the RMB FX market.

In May, Standard Chartered hosted a subgroup meeting with London Clearing House introducing their plan for USD/CNH Clearing. Their clearing of in-scope Uncleared Margin Rules (UMR) products provides significant margin reduction for existing clearing participants. The ForexClear CNH offering will include a full PvP settlement solution, allowing for full multi-lateral netting + guaranteed settlement, eradicating an existing blocker for increased trading.

In June, CCB London hosted "China Interbank Market-A New Era of Opportunities" together with Tradeweb and CICC. Representatives from PBOC, National Association

of Financial Market Institutional Investors (NAFMII), CFETS, International Capital Market Association (ICMA), New Development Bank, ICBC Standard Bank, London Stock Exchange (LSEG), and King & Wood Mallesons exchanged views on new opportunities for investment in the Chinese bond market.

In September, CCB London hosted the 2024 African Bank RMB Roundtable, which focused on three major topics: How Chinese and African financial institutions can contribute to Africa's economic development, the prospects for China-Africa trade, and RMB globalization.

In November, CCB London hold an event to celebrate its 10th anniversary as the sole RMB clearing bank in the UK and the milestone achievement of having accumulated clearing volumes exceeding RMB ¥100tn.

The RMB-denominated Products Subgroup will continue to provide various product services such as RMB loans, interbank lending, bonds, and foreign exchange, ensuring sufficient liquidity for the offshore RMB market and striving to promote RMB internationalisation.

Sustainable RMB Market Subgroup

Co-chairs HSBC and CICC organized three meetings in 2024. The Subgroup held follow-up discussion on the offshore RMB debt capital market, particularly on the development of a sustainable RMB market in London. Our Subgroup includes seven member institutions (HSBC, CICC, CITIC CLSA, ICBC Standard, LSEG,

Shanghai Stock Exchange (SSE), and S&P Global), and four observer institutions (COLC, PBOC, His Majesty's Treasury (HMT) and Shanghai Clearing House (SHCH)).

The Subgroup gathers market information in the public domain and stakeholders' views to drive and support recommendations for the development of a sustainable RMB market in London, with particular focus on developing green RMB products, increasing the number of green RMB bond listings in the UK and developing carbon market links.

The Subgroup collectively identified policy recommendations in three key areas of action:

1. Market practices and regulations:

- Aligning taxonomy and sustainability standards
- Harmonizing disclosure and reporting obligations and standards
- Encouraging wider adoption of ESG investments
- Encouraging companies to seek international ESG accreditations.
- Encouraging Chinese companies to communicate climate performance and energy transition with global investors. (S&P Global).

2. Market access:

- Extending existing RMB market bond and swap connections to the London market
- Positioning London as a leading destination for any RMB market connection program, such as wealth and asset management
- Developing carbon market collaboration and links between China and UK
- Developing green RMB products
- Increasing the number of green RMB bond listings in the UK.

Inviting mega-sized and sovereign-level issuers like the PBOC and MOF as well as Belt and Road countries to become issuers in London's bond market would further promote the offshore RMB bond market. (CITIC CLSA)

Dual listing at the London Stock Exchange and an exchange in Asia (e.g., Hong Kong Stock Exchange) can potentially facilitate issuer recognition and enrich RMB products in the London market. (LSEG)

3. Market infrastructure:

- Admitting high-quality RMB assets to the UK clearing systems as Tier 1 collateral
- Developing a liquid RMB asset repo market in the City of London
- Developing a green equity offering at Chinese Exchanges in line with World Federation of Exchanges (WFE) guidelines. (S&P Global)



World Bank delegation visits CCDC

RMB Market Infrastructures Subgroup

As the key gateway for the opening-up of China's bond market, China Central Depository & Clearing Co., Ltd. (CCDC) provides global clients with comprehensive services including cross-border issuance, settlement, collateral management, valuation and pricing. Based on the implementation of centralised registration and look-through supervision, CCDC accommodates multi-tiered services in accordance with policy arrangements and actively explores innovative solutions to support cross-border business development, thereby facilitating higher-level and higher-quality opening-up of China's bond market.

In 2024, CCDC continued to optimise its cross-border business and enhance service efficiency and quality. Key achievements include:

- Supporting ICBC Asia in issuing Panda bonds in the inter-bank bond market for the first time
- Facilitating China Merchants Bank (CMB) in introducing overseas investors under CIBM Direct to participate in the subscription of the issuance of the bank's financial bonds for the first time
- Publishing *CCDC PFMI Information Disclosure & Self-Assessment* (2023)
- Jointly releasing the English version of the white paper *Promoting the Use of RMB Bonds as Collateral in Global Repo Transactions with the International Capital Market Association (ICMA)*.
- Actively participating in high-level financial dialogues and policy consultations with regulatory authorities
- Supporting nearly 600 overseas institutions to access the market through CIBM Direct by the end of 2024. At this point, overseas investors held a total of RMB ¥3tn worth of bonds under the CCDC depository.

In 2024, CCDC expanded its global outreach through visits to major financial hubs, Belt and Road countries, and the Middle East. Notably, it successfully hosted the "Investing in China's Bond Market" session in Riyadh, Saudi Arabia, providing local investors with a multi-dimensional and multi-perspective overview.



Latest policies and major events

Latest policies

2024 Q1

On 17 January, the PBOC, the Ministry of Finance (MOF) and State Taxation Administration (STA) jointly issued the *Notice on Matters Concerning Management of Cross-border Tax and Fee Payment and Refund Operations*.

On 24 January, with the joint efforts of the PBOC and the HKMA, RMB government bonds and policy financial bonds under the Northbound Bond Connect were included in the list of eligible collateral for its Renminbi Liquidity Arrangement (RMBLA).

On 24 January, the PBOC and the State Administration of Foreign Exchange (SAFE) released the *Announcement on Further Supporting Bond Repos by Overseas Institutional Investors in the Interbank Bond Market (Consultation Draft)* for public comments.

On 29 February, the PBOC issued the *Notice on Over-the-Counter Trading Services for the Interbank Bond Market*, effective as of 1 May 2024.

On 22 March 2024, the SAFE issued the *Circular of the General Affairs Department of the State Administration of Foreign Exchange on Updating the Merchant Category*

Codes for the Use of Domestic Bank Cards Outside China to improve foreign exchange administration for bank cards.

On 27 March, the PBOC and the Bank of Lao P.D.R. (BOL) signed an MOU on *Enhanced Collaboration on Digital Payment and Central Bank Digital Currency*.

2024 Q2

On 7 April, the SAFE issued the *Notice on Further Optimizing Management of Foreign Exchange Operations Related to Trade* to optimize foreign exchange business processes and procedures, further promote cross-border trade facilitation, and effectively enhance the quality and efficiency of services to the real economy.

On 12 April, the SAFE issued the *Guidelines for the Foreign Exchange Business under the Capital Account* (2024).

On 13 May, the PBOC, the Securities and Futures Commission of Hong Kong, and the HKMA announced that they will further optimize the mutual access arrangements between the Mainland and Hong Kong interest rate swap markets (Swap Connect) to facilitate



Shanghai skyline

the high-quality opening up of China's financial markets.

On 21 May, the PBOC and the Bank of Thailand (BOT) signed an MOU on a *Framework for Cooperation to Promote Bilateral Transactions in Local Currencies*.

2024 Q3

On 9 July, the PBOC announced that it would support foreign institutions in using Bond Connect bonds for payment of the Swap Connect margin.

On 26 July, the PBOC and the SAFE issued a notice on amending the *Regulations on the Domestic Securities and Futures Investment Capital of Foreign Institutional Investors*. The amended regulations will further improve the management of the cross-border capital of Qualified Foreign Institutional Investors (QFIIs) and RMB Qualified Foreign Institutional Investors (RQFIIs), coming into effect on 26 August.

On 2 August, the PBOC and the HKMA signed an MOU on *Cross-Boundary Linkage of Payment Systems*.

On 19 August, the PBOC signed an MOU with the State Bank of Viet Nam (SBV), to further enhance bilateral

cooperation on local currency settlement, currency swap, cross border payment connectivity as well as other fields.

On 30 August, the PBOC and the Bank of Mauritius signed a bilateral currency swap agreement with a size of RMB¥2bn (MUR13bn).

On 30 August, to help enterprises better understand and manage the exchange rate risk, the SAFE released the *Guidance on Managing Enterprise Exchange Rate Risk* (2024), based on the 2022 edition and the needs of enterprises involved with foreign trade.

On 8 September, the PBOC signed a Cooperation MOU with Norges Bank on the sidelines of the Bank for International Settlements bimonthly meetings.

On 13 September, the PBOC signed an MOU on *Establishing a Cooperation Framework for Boosting the Settlement of Current Account Transactions and Direct Investments in Local Currencies with the Ministry of Economic Development and Trade of the Maldives*, aiming to promote the use of local currencies in the two countries and to facilitate bilateral trade and investment.



City of London

2024 Q4

On 16 October, the PBOC and the State Bank of Pakistan (SBP) renewed the bilateral currency swap agreement. The size of the agreement is RMB¥30bn (PKR1.18tn). The agreement is valid for three years and can be renewed upon mutual consent.

On 25 October, the PBOC and the Bank of Japan (BOJ) renewed the bilateral currency swap agreement. The size of the agreement remains unchanged at RMB¥200bn (JPY3.4 tn). The agreement is valid for three years and can be renewed upon mutual consent.

On 31 October, the SAFE decided to expand the pilot areas for the registration exemption for reinvestment in China by foreign-funded enterprises. It also expanded the pilot areas for direct registration of external debt by banks to Tianjin, Anhui, Shandong (including Qingdao), Hubei and Sichuan. The Kehuitong (Research Remittance Connect) pilot was also expanded to 16 regions, namely Shanghai, Beijing, Tianjin, Xiong'an in Hebei, Nanjing, Suzhou, Hangzhou, Hefei, Wuhan, Changsha, Guangzhou, Chongqing, Chengdu, Mianyang, Xi'an and Shenzhen.

On 6 November, the PBOC held a meeting on the development of foreign financial institutions. The meeting focused on gathering opinions and suggestions from foreign financial institutions and exploring ways to further improve business environment and promote high-level financial opening up.

On 8 November, the PBOC and the Bank of Mauritius signed a memorandum of cooperation on establishing RMB clearing arrangements in Mauritius. This will help enterprises and financial institutions in the two countries to conduct cross-border transactions with RMB and will further facilitate bilateral trade and investment.

On 18 December, the PBOC and the SAFE announced the decision to optimize the pilot policies for integrated RMB and foreign currency cash pooling for multinational corporations in ten provinces and cities, including Shanghai, Beijing, Jiangsu, Zhejiang, Guangdong, Hainan, Shaanxi, Ningbo, Qingdao and Shenzhen.

On 27 December, the PBOC and the Central Bank of Nigeria (CBN) renewed the bilateral currency swap agreement. The size of the agreement is RMB¥15bn (NGN3.28tn). The agreement is valid for three years and can be renewed upon mutual consent.

China onshore RMB market events

2024 Q1

On 1 January, CFETS adjusted the weights in the currency basket of the CFETS RMB Index as well as the composition and weights in the BIS Currency Basket RMB Index, pursuant to the adjusting rule for the CFETS RMB Index currency basket.

On 1 January, CFETS continued to exempt transaction fees related to FX derivative trades for micro-, small-, and medium-sized enterprises (MSMEs) in the interbank

FX market. The provisional fee exemption extends for two years from this date.

On 1 January, CFETS decided to exempt the transaction fees for standard bond forwards, taking effect from 1 January 2024 and remaining in place until further notice.

On 2 January, with the approval of the SAFE, CNY/MOP, USD/MOP, and HKD/MOP became available for trading in the interbank FX market.

On 12 January, NAFMII revised the *Guidelines on Bond Issuance by Foreign Governmental Agency and International Development Institution Issuers (for Trial Implementation)* in accordance with the *Interim Measures for Administration of the Bond Issuance by Overseas Institutions in the National Inter-bank Bond Market* (PBC and MOF Notice [2018] No.16) and NAFMII's related self-regulatory rules. The revised version has been approved by the PBOC.

On 6 February, the CFETS Common Ground Taxonomy (CGT) Investment-Grade Green Bond Index was launched, designed to provide domestic and overseas green bond investors with a new performance and investment benchmark, in line with China's green finance strategies and "dual carbon" goals.

2024 Q2

On 1 April, NAFMII and Hong Kong Exchanges and Clearing Limited (HKEX) published the *Swap Connect Cleared Derivatives Agreement (2024 Version)*.

On 3 April, the ChinaBond Pricing Center released the ChinaBond Investment Grade Corporate Credit Bond Composite Index.

On 10 April, CFETS and the Shanghai Clearing House (SHCH) launched the trading and clearing service for general collateral repo in the interbank bond market and released the *Implementing Rules for the Trading and Clearing of General Collateral Repo in the Interbank Bond Market*.

In April, the CFETS 5-10 Year Liquid Treasury Bond Index and the CFETS 0-5 Year Climate Change High-Grade Bond Composite Index were launched, aiming to further expand performance benchmarks and investment options for investors.

On 20 May, straddles became available for bilateral Executive Streaming Price (ESP) trading. Newly available for bilateral ESP trading is the USD/CNY straddle, created from standard tenor, at-the-money forward (ATMF) options.

On 23 May, CFETS launched the CFETS New Kinetic Energy Bond Index. Rebalanced monthly, the new index is composed of bonds listed and traded in the interbank bond market that are related to technology finance, green finance, inclusive finance, aging finance, and digital finance.

On 5 June, Project mBridge was announced to have reached the minimum viable product (MVP) stage. The project aims to explore a multi-central bank digital currency (CBDC) platform shared among participating central banks and commercial banks, built on distributed ledger technology (DLT) to enable instant cross-border payments and settlement.

On 19 June, the International Monetary Fund (IMF) Shanghai Regional Center was officially launched. The Shanghai Center will complement the IMF's other regional centers and offices. It is being established to further strengthen the IMF's engagement and cooperation with Asia Pacific economies, conduct relevant research in areas of interest to emerging markets and middle-income countries, provide targeted capacity-building support, and safeguard regional and global financial stability.

In June, CFETS, SHCH, and NAFMII recently issued the *CFETS Product Manual of Swap Connect*, the *Guides to Centralized Clearing Operations of SHCH (10th Edition)*, and the *Agreement on Co-operative Clearing of Derivatives by Mainland and Hong Kong Interest Rate Swap Market (2024 Edition)* respectively, in accordance with the *Interim Measure on Co-operation Management of Mainland and Hong Kong Interest Rate Swap Market* and other relevant provisions.

2024 Q3

On 5 July, to further facilitate domestic and foreign market participants to understand the Panda Bond market and conduct Panda Bond-related business efficiently and in compliance with regulations, NAFMII released the bilingual version of *Panda Bond Manuals*.

On 23 August, CFETS released *Notice on the Enhanced Administrative Arrangements for Funds Invested by Overseas Institutional Investors in Domestic Bond Market and Securities and Futures Markets*, improving the administrative arrangements for funds directly invested in China's bond market and in China's securities and futures markets by overseas institutional investors.

On 28 August, NAFMII, CFETS, and SHCH have recently released the *China OTC Financial Derivatives Market Development Report (2023)*.

On 2 September, to further facilitate the management of exchange rate risk, CFETS introduced the trading of non-deliverable forwards (NDFs) in the interbank G10 currency pairs market, with 13 institutions taking part in the trading on the first day.

On 2 September, to mark the first anniversary of the green bond labeling work under the Common Ground Taxonomy (CGT), CFETS published the *Report on Green Bond Labeling Practices under the Common Ground Taxonomy*.

2024 Q4

On 23 October, to answer the market's call for a wider range of eligible collaterals for X-Repo and to improve the liquidity of debt instruments such as local government bonds, more local government bonds may now be posted as collaterals for X-Repo DFR contracts. Eligible bonds would include those issued by the provincial governments of Shandong, Hunan, Sichuan, Hebei, Henan, and Qingdao, in addition to bonds issued by the local governments in the Yangtze River Delta region and the Guangdong-Hong Kong-Macao Greater Bay Area.

On 8 November, Bank of Communications and China CITIC Bank entered into an FX triparty repo transaction secured by a basket of Yulan bonds on the CFETS FX trading system.

In November, the CFETS Interbank Inclusive Finance Bond Index and the CFETS Old-Age Theme Bond Composite Index were released.

In November, the Multi-Jurisdiction Common Ground Taxonomy (M-CGT), developed by the PBOC, the European Union Directorate-General for Financial Stability, Financial Services and Capital Markets Union (FISMA), and the Monetary Authority of Singapore (MAS), was released.

London offshore RMB market events

On 21 February, HSBC and China International Capital Corporation (CICC) UK held the first Sustainable RMB Sherpa Group meeting of 2024. Participant' updates included green bond markets and relevant domestic and foreign initiatives, RMB investor appetite and the liquidity pool in London, the development of offshore RMB debt capital markets, and ESG disclosure standard convergence.

On 7 May, HSBC and CICC UK held the second Sustainable RMB Sherpa Group meeting of the year. Participants discussed follow-up topics from the last meeting, and shared updates on ESG finance and carbon trading, in addition to a China ESG bond market review for Q1 2024.

On 8 May 2024, Standard Chartered Bank and CCB London branch held the RMB-denominated Products Sherpa Group meeting. London Clearing House (LCH) shared their latest RMB product developments.

On 23 May, the London RMB Business Monitoring Working Group conducted the plenary meeting for the year. The meeting focused on policy updates, market developments and policy recommendations regarding RMB-denominated products, the sustainable RMB market and RMB infrastructures.

On 4 June, the *London RMB Business Bi-annual Report Iss.3/Vol.17* was released. This report, jointly produced by the PBOC Representative Office for Europe and the



Hong Kong skyline

City of London Corporation, revealed that London's offshore RMB market remained resilient in 2024.

On 23 October, CICC UK and HSBC held the third Sustainable RMB Sherpa Group meeting in 2024. Participants discussed the latest UK-China developments and policy recommendations and shared updates on relevant industry/policy initiatives and market information.

Hong Kong offshore RMB market update

The Hong Kong offshore RMB market remained steady in 2024. RMB deposits in Hong Kong were RMB¥926.6bn at the end of December. They reached a peak of RMB¥1.1 tn in May 2024, and went above RMB¥1tn between April and September. RMB loans were RMB¥724bn at the end of December 2024. The total remittance of RMB for cross-border trade settlement amounted to RMB¥1,401.6bn in December, a historic high and an increase from RMB¥1,333.7bn in November. Hong Kong continues to solidify its position as the largest offshore RMB market, accounting for 77% of RMB payments, which is far beyond the second largest market UK's share of 6%.

The infrastructure and institutional arrangements in the offshore market have been further streamlined. Notably, the HKMA in collaboration with the PBOC began to include RMB sovereign bonds and policy financial bonds under the Bond Connect scheme as eligible collateral for the RMB liquidity facility. On 18 July, the HKSAR Government issued the first 20- and 30-year green RMB bonds. The 30-year bond, the longest-tenor RMB bond issued by the HKSAR Government to date, provides a new benchmark for the market.

As China continues to open its financial markets, Hong Kong is expected to maintain its critical role as a global RMB hub. Greater interaction between the Hong Kong market and the mainland is anticipated. On 13 January, the PBOC governor Pan Gongsheng suggested that the central bank will support the HKMA in launching RMB trade financing liquidity arrangements, the introduction of offshore bond repo transactions under the Bond Connect, and offshore RMB government bond futures in Hong Kong. It will also support the use of bonds under Bond Connect as qualified collateral in Hong Kong's financial markets, enhance the operational mechanism for Southbound Trading under Bond Connect, and accelerate cross-border interlinkage of fast payment systems.

Hong Kong offshore RMB events

On 7 March, MOF issued RMB sovereign bonds with tenors of 2-, 3-, 5- and 10-year, RMB¥3bn each, amounting to RMB¥12bn.

On 18 July, the HKSAR Government announced the successful offering of approximately HK\$25bn of green bonds (the Green Bonds), denominated in RMB, US dollars (USD), and euro (EUR) under the Government Sustainable Bond Programme.

On 14 August, MOF issued RMB sovereign bonds with four different tenors, amounting to RMB¥9bn.

On 25 September, the PBOC announced the issuance of RMB bills in Hong Kong, amounting to RMB¥25bn, with an average coupe rate of 1.45%, and a maturity date of 28 March 2025.

On 16 October, MOF issued RMB sovereign bonds with five different tenors, amounting to RMB¥8bn.

On 22 November, the PBOC announced the issuance of RMB bills in Hong Kong. The tender included a three-month RMB bill and a one-year RMB bill, worth RMB¥30bn and RMB¥15bn, respectively.

On 11 December, MOF issued RMB sovereign bonds with six different tenors, amounting to RMB¥6bn.

On 20 December, the PBOC announced the issuance of RMB bills in Hong Kong, amounting to RMB¥20 billion, with an average coupe rate of 2.37%, and a maturity date of 20 June 2025.

The Hong Kong market has played a vital role in advancing RMB internationalisation. According to SWIFT, the use of RMB reached 3.75% of global payments in December, securing its position as the fourth most active currency. RMB was behind the US dollar, which had a 49% share of global payments, and the euro, at 21.74%, and the pound, at 6.94%. CNY was the third largest global currency in trade finance market, and fifth currency used in FX spot trading. Hong Kong market has supported the use of RMB by enhancing liquidity, supporting trade and investment, and offering a wide range of innovative RMB-denominated financial products.

The expansion of the Hong Kong market can be attributed to the country's stable economic growth, which was 2.5% in 2024. Despite heightened geopolitical tensions, Hong Kong's total exports of goods increased, as did exports of services and investment expenditure. The budget predicted that Hong Kong's economy will grow between 2.0% and 3.0% in 2025. The HKSAR government will unveil measures to allocate resources more efficiently to encourage investment and strengthen its position as a global financial centre, while maintaining responsible fiscal rule.

Appendix I

List of bond issuance by overseas issuers in China Interbank Bond Market (December 2024)

Issuer	Amount issued (CNY 100M)	Coupon (%)	Issue date	Maturity
EVERBRIGHT WATER	15	2.8	08/01/2024	08/01/2027
CHINA MENGNIU	29	2.25	11/01/2024	21/03/2024
CHINA MENGNIU	29	2.25	11/01/2024	22/03/2024
BEIJING ENTERPRISES	20	2.47	15/01/2024	11/10/2024
CHINA MENGNIU	29	2.28	18/01/2024	13/06/2024
YUEXIU TRANSPORT	2	2.61	19/01/2024	15/10/2024
CHINA MENGNIU	29	2.29	24/01/2024	14/06/2024
NDB	60	2.66	01/02/2024	01/02/2029
CHINA MENGNIU	29	2.28	01/02/2024	6/6/2024
CHINA MENGNIU	29	2.28	01/02/2024	07/06/2024
CHINA MENGNIU	29	2.06	28/02/2024	31/05/2024
CHINA MENGNIU	29	2.06	28/02/2024	23/05/2024
CHINA MENGNIU	29	2.06	28/02/2024	24/05/2024
CHINA EVERBRIGHT	20	2.68	04/03/2024	04/03/2027
CHINA EVERBRIGHT	20	2.85	04/03/2024	04/03/2029
BJ ENERGY INTERNATIONAL	8	3	04/03/2024	04/03/2026
AIIB	30	2.33	07/03/2024	07/03/2027
HENGAN INTERNATIONAL	25	2.1	08/03/2024	04/09/2024
HENGAN INTERNATIONAL	25	2.1	13/03/2024	11/09/2024
BEIJING ENTERPRISES WATER GROUP	10	2.62	13/03/2024	13/03/2027
CAPITAL MALLS ASIA (CMA)	10	3.5	19/03/2024	19/03/2027
NWS HOLDINGS	1	3.55	21/03/2024	21/03/2027
EVERBRIGHT ENVIRONMENT	20	2.57	25/03/2024	25/03/2027
ZJ ENERGY INTERNATIONAL	5	2.6	26/03/2024	26/03/2027
CHINA MENGNIU	29	2.06	27/03/2024	20/06/2024
CHINA MENGNIU	29	2.06	27/03/2024	21/06/2024
DEUTSCHE BANK AG	30	2.59	11/04/2024	11/04/2026
BEIJING ENTERPRISES	20	2.82	15/04/2024	15/04/2034
YUEXIU TRANSPORT	10	2.84	17/04/2024	17/04/2034
CRÉDIT AGRICOLE	25	2.58	19/04/2024	19/04/2027

Issuer	Amount issued (CNY 100M)	Coupon (%)	Issue date	Maturity
BEIJING ENTERPRISES WATER GROUP	5	2.68	19/04/2024	19/04/2029
CHINA RESOURCES CEMENT	10	2.44	22/04/2024	22/04/2027
CIMC ENRIC	5	2.43	24/04/2024	24/04/2027
BJ ENERGY INTERNATIONAL	7	2.9	24/04/2024	24/04/2027
CHINA POWER INTERNATIONAL	20	2.12	26/04/2024	26/04/2027
SHOUGANG CONCORD INTERNATIONAL	5	2.5	10/05/2024	10/05/2027
CHINA EVERBRIGHT	15	2.48	13/05/2024	13/05/2027
CHINA EVERBRIGHT	30	2.65	13/05/2024	13/05/2029
EVERBRIGHT ENVIRONMENT	5	2.38	17/05/2024	17/05/2027
EVERBRIGHT ENVIRONMENT	15	2.55	17/05/2024	17/05/2029
CHINA GAS	8	2.46	20/05/2024	20/05/2027
EVERBRIGHT GREEN TECH	10	2.34	31/05/2024	31/05/2027
SHANGRI-LA ASIA	10	2.5	05/06/2024	05/06/2027
BASF	20	2.39	07/06/2024	07/06/2027
DEUTSCHE BANK AG	30	2.27	11/06/2024	11/06/2026
CHONG HING BANK	25	2.93	06/06/2024	11/06/2029
BOC GROUP INVESTMENT	10	2.26	14/06/2024	14/06/2027
BOC GROUP INVESTMENT	15	2.4	14/06/2024	14/06/2029
SINO BIOPHARMACEUTICAL	15	1.95	17/06/2024	14/12/2024
BMW FINANCE	20	2.1	19/06/2024	19/06/2026
BMW FINANCE	15	2.29	19/06/2024	19/06/2027
CHINA POWER INTERNATIONAL	15	2.58	19/06/2024	19/06/2034
BAYER	20	2.2	21/06/2024	21/06/2026
NATIONAL BANK OF CANADA	35	2.34	26/06/2024	26/06/2027
YUEXIU TRANSPORT	8	1.86	26/06/2024	23/03/2025
YUEXIU TRANSPORT	5	2.16	27/06/2024	27/06/2027
YUEXIU TRANSPORT	5	2.27	05/07/2024	05/07/2029
BEIJING ENTERPRISES WATER GROUP	5	2.1	05/07/2024	05/07/2027
BEIJING ENTERPRISES WATER GROUP	5	2.52	05/07/2024	05/07/2034
CHINA GAS	12	2.37	05/07/2024	05/07/2029
CAPITAL MALLS ASIA (CMA)	10	2.8	12/07/2024	12/07/2027
CHINA GAS	10	2.37	15/07/2024	15/07/2029
CRÉDIT AGRICOLE	35	2.21	18/07/2024	18/07/2027
CRÉDIT AGRICOLE	10	2.37	18/07/2024	18/07/2029

Issuer	Amount issued (CNY 100M)	Coupon (%)	Issue date	Maturity
SHANGRI-LA ASIA	6	2.27	19/07/2024	19/07/2027
SHANGRI-LA ASIA	4	2.5	19/07/2024	19/07/2029
NDB	80	2.03	25/07/2024	25/07/2027
EVERBRIGHT GREEN TECH	10	2.24	29/07/2024	29/07/2029
NATIONAL BANK OF CANADA	50	2.13	30/07/2024	30/07/2026
ZHONGSHENG GROUP	10	3.5	01/08/2024	01/08/2027
GEELY AUTO	20	2.18	02/08/2024	02/08/2027
CHINA WATER AFFAIRS GROUP	5	3	07/08/2024	07/08/2027
YUEXIU TRANSPORT	7	2.14	26/08/2024	26/08/2027
CIMC ENRIC	15	2.37	11/09/2024	11/09/2029
BEIJING ENERGY INTERNATIONAL	10	2.49	11/09/2024	11/09/2027
EVERBRIGHT GREEN TECH	10	2.43	12/09/2024	12/09/2027
VOLKSWAGEN GROUP	15	2.29	13/09/2024	13/09/2027
CIMC ENRIC	5	2.02	13/09/2024	10/06/2025
CSSC SHIPPING	8	2.36	13/09/2024	13/09/2029
MASTER KONG	15	2.3	18/09/2024	18/09/2027
DAIMLER AG	20	2.23	26/09/2024	26/09/2027
DAIMLER AG	10	2.36	26/09/2024	26/09/2029
EVERBRIGHT ENVIRONMENT	15	2.23	26/09/2024	26/09/2034
BEIJING ENERGY INTERNATIONAL	5	2.68	16/10/2024	16/10/2027
CHINA POWER INTERNATIONAL	10	2.28	18/10/2024	18/10/2029
BMW FINANCE	20	2.13	21/10/2024	21/10/2025
BMW FINANCE	15	2.32	21/10/2024	21/10/2027
AIIB	30	2.05	21/10/2024	21/10/2029
SHENZHEN INTERNATIONAL	40	2.21	24/10/2024	24/10/2027
BEIJING ENERGY INTERNATIONAL	10	2.68	13/11/2024	13/11/2027
SINO BIOPHARMACEUTICAL	15	2.34	15/11/2024	15/11/2027
SUZANO	12	2.8	15/11/2024	15/11/2027
BOC GROUP INVESTMENT	15	2.25	20/11/2024	20/11/2027
BOC GROUP INVESTMENT	5	2.39	20/11/2024	20/11/2029
BEIJING ENERGY INTERNATIONAL	10	2.33	05/12/2024	05/12/2026
YUEXIU TRANSPORT	6	1.93	10/12/2024	10/12/2026

Appendix II

Agreements on RMB business between China and the UK

Currency swap between China and the UK

In June 2013, the PBOC and BOE signed a bilateral currency swap agreement of RMB¥200bn/GBP20bn. In October 2015, the PBOC and BOE renewed the swap agreement and increased the size to RMB¥350bn/GBP35bn, effective for three years. In November 2018, the swap agreement was renewed again, unchanged, effective for three years. In November 2021, the PBOC and BOE renewed the swap agreement, increasing the size to RMB¥350bn/GBP40bn, effective for five years.

Clearing bank

In March 2014, the PBOC and BOE signed a Memorandum of Understanding to establish RMB clearing arrangements in London. In June 2014, the PBOC authorized China Construction Bank (London)

to serve as the RMB clearing bank in the city. In July 2016, the PBOC approved the transfer of clearing functions from China Construction Bank (London) to China Construction Bank, London Branch. By the end of December 2024, the Cross-Border Inter-Bank Payments System (CIPS) had 1,629 participating banks, adding 56 since the previous month. Among them, 24 participating banks were from the UK, accounting for 1.47% of the total.

RQFII

In October 2013 China announced the RQFII program for UK with a quota of RMB¥80bn.

On 10th September 2019, the PBOC and SAFE removed QFII / RQFII investment quotas to promote the further opening up of China’s financial market.

Appendix III

UK RMB business in CIPS

In 2024, CIPS cleared and settled a cumulative volume of RMB¥16.26tn in the UK, among which RMB¥9.69tn was paid and RMB¥6.57tn was received by the UK^{1,2}.

As of December 2024, CIPS had 24 participants from the UK with 5 direct participants and 19 indirect ones.

No.	Name of Institution*
DIRECT PARTICIPANT	
1	CHINA CONSTRUCTION BANK CORPORATION LONDON BRANCH
2	BANK OF CHINA LIMITED LONDON BRANCH
3	BANK OF COMMUNICATIONS CO., LTD. LONDON BRANCH
4	AGRICULTURAL BANK OF CHINA LIMITED, LONDON BRANCH
5	INDUSTRIAL AND COMMERCIAL BANK OF CHINA, LONDON BRANCH
INDIRECT PARTICIPANT	
1	ICBC (LONDON) PLC
2	CHINA CONSTRUCTION BANK (LONDON) LIMITED
3	THE BANK OF EAST ASIA LIMITED, LONDON BRANCH
4	STANDARD CHARTERED BANK LONDON
5	CHINA MERCHANTS BANK CO., LTD, LONDON BRANCH
6	HSBC BANK PLC, UNITED KINGDOM
7	SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD., LONDON BRANCH
8	FBN BANK (UK) LTD
9	THE ACCESS BANK UK LIMITED
10	ICBC STANDARD BANK PLC
11	ZENITH BANK (UK) LTD.
12	BARCLAYS BANK PLC
13	CROWN AGENTS BANK LIMITED
14	OVERSEA-CHINESE BANKING CORPORATION LTD, UK BRANCH
15	MUFG BANK, LTD., LONDON BRANCH
16	COMMONWEALTH BANK OF AUSTRALIA, LONDON BRANCH
17	DEUTSCHE BANK AG (LONDON BRANCH)
18	LLOYDS BANK PLC
19	BANCO DO BRASIL S/A, LONDON BRANCH

*The name of the institution is the name registered when the CIPS participant joined the system.

¹The CIPS RMB clearing volume is different from the China-UK RMB cross-border settlement volume in terms of statistical scale. The calculation of the CIPS RMB clearing volume encompasses all types of payments cleared through the CIPS system, including interbank position transfer, foreign exchange transactions, etc. The calculation of China-UK RMB cross-border settlement volume encompasses payments under current and capital account while excluding interbank position transfer, foreign exchange transactions etc. The China-UK RMB cross-border settlement data comes from the RMB CrossBorder Payment&Receipt Management Information System (RCPMIS).

²The CIPS RMB clearing volume is different from the CCB London clearing volume in terms of statistical scale. The calculation of CIPS RMB clearing volume encompasses all types of payments cleared through the CIPS system but doesn't include payments cleared outside the CIPS system. The calculation of CCB London clearing volume encompasses all payments cleared by CCB London, with clearing channels including CIPS, CCB London book-transfer(for UK local business), CCB head office book-transfer, etc.



London skyline



www.cityoflondon.gov.uk



THE PEOPLE'S BANK OF CHINA
REPRESENTATIVE OFFICE FOR EUROPE