



# The Future of International Financial Infrastructure

--- What we can learn from the experiences  
of Mutual Market Access

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# The development of Mutual Market Access schemes facilitate RMB internationalization

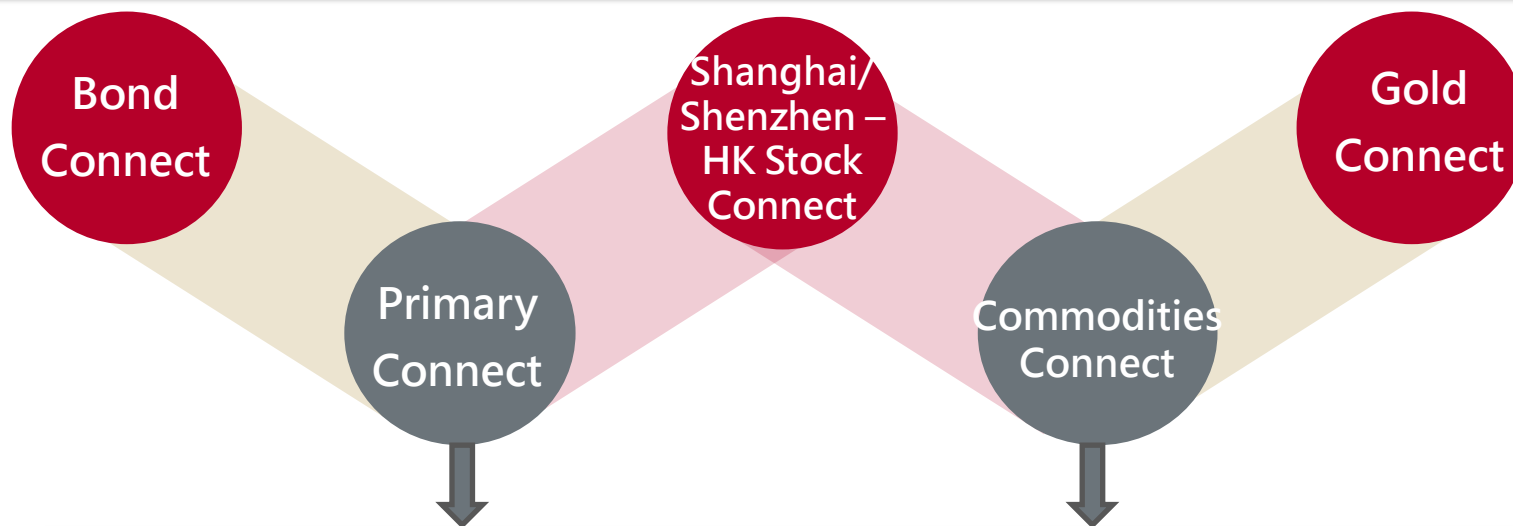


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Supporting mutual market access schemes is one of the directions to establish international financial infrastructure

Diversified cross-border investment channels

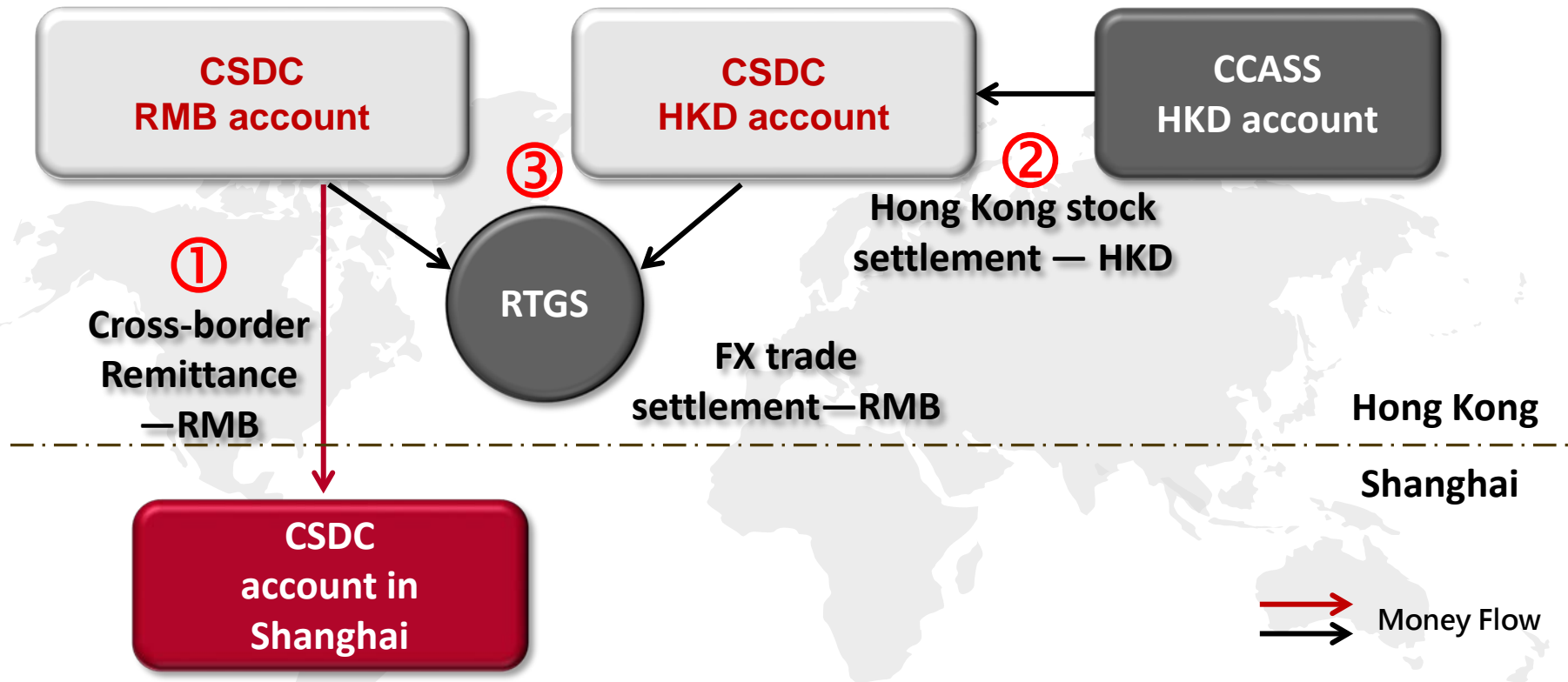


More mutual market access schemes are expected to cover in other areas, such as primary equity, commodities etc.

The experiences and challenges in developing current mutual market access schemes could be a valuable reference

# Case One: Selling arrangement of Southbound trading under Stock Connect

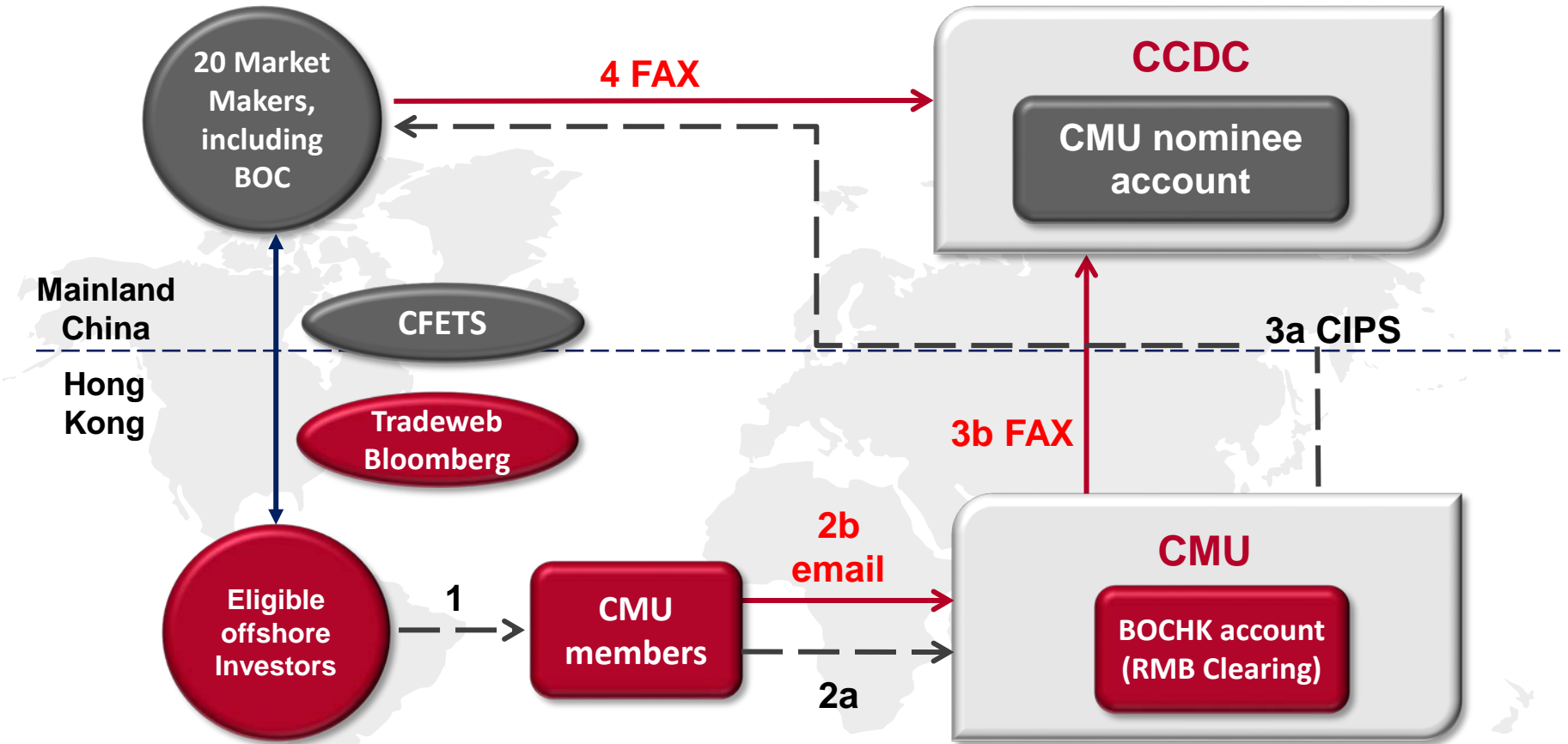
## The settlement process of Southbound trading



- The FX conversion arrangement of Southbound trading under Stock Connect is settled in the offshore market. **CNH market liquidity risk** should be considered
- Due to the operation hour constraint of CNAPS, the money flow arrangement from HK to SH is as follows: ① Transfer RMB from HK to SH ② Receive HKD from CCASS ③ FX conversion. Therefore this process exists a certain exposure of **credit risk and liquidity risk**

# Case Two: Settlement of Bond Connect

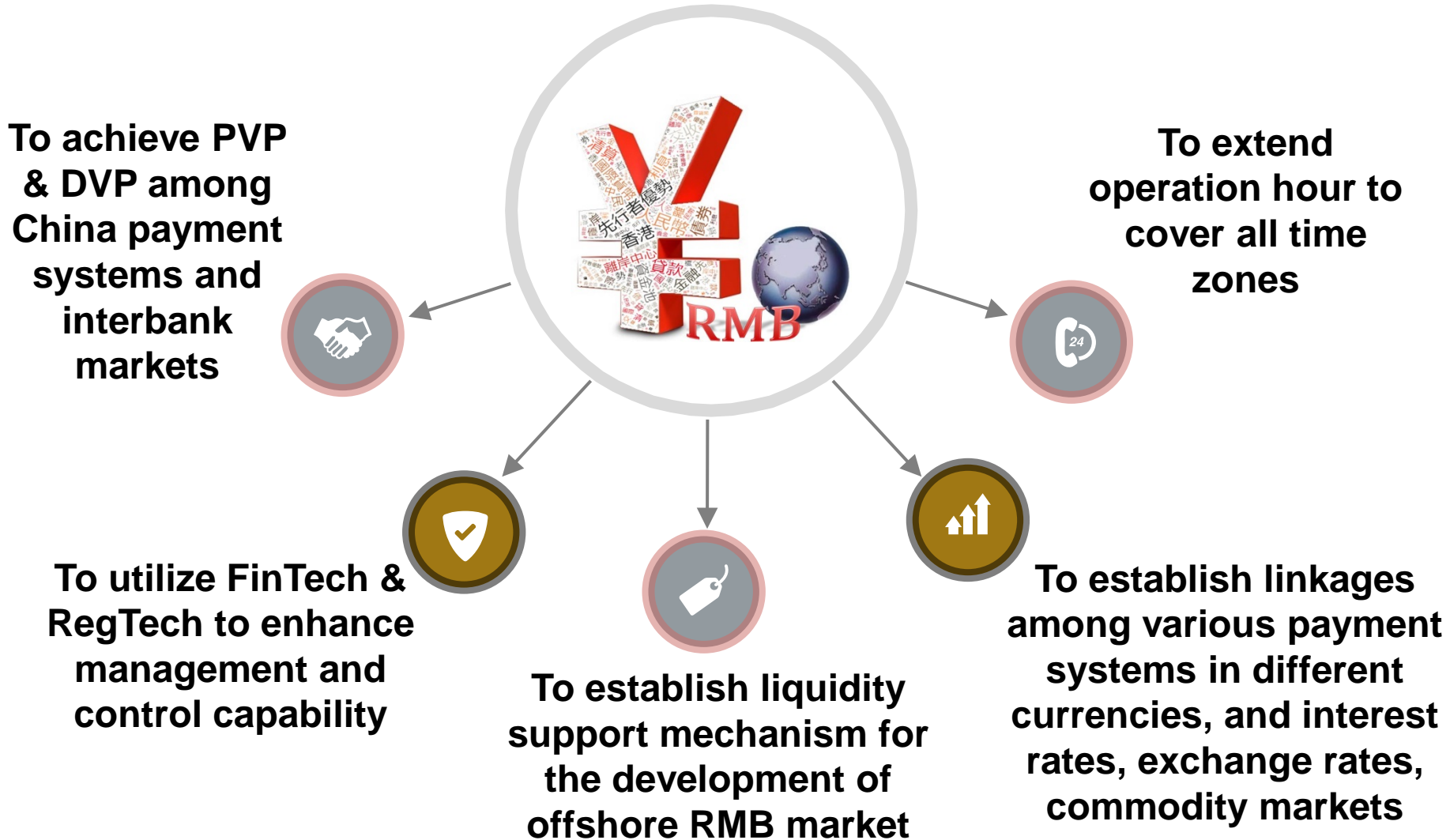
Offshore institutions purchase onshore bond while CCDC provides bond custody service



Eligible offshore investor transfers their fund via clearing banks/CIPS to the seller, and notice CCDC via CMU at the same time; CCDC transfers the bond after the sellers receive the payment.  
**The arrangement of payment before bond settlement may create credit risk.**

→ Information Flow  
 → Money Flow

# Key considerations of developing international financial infrastructure





**Thank you!**