

# News Release

3 July 2017

## **HSBC COMPLETES ITS FIRST TRADING DEAL UNDER BOND CONNECT ALSO UNDERWRITES THE FIRST NEW BOND ISSUE UNDER THE SCHEME**

HSBC has today completed its first deal as a market maker under Bond Connect in mainland China's Interbank Bond Market (CIBM), becoming one of the first banks to trade with overseas institutional investors under the scheme following its launch.

Bond Connect also enhances global investors' ability to subscribe for new issues in the CIBM. HSBC is acting as one of the underwriters today for the Agricultural Development Bank of China in its first public issue of policy financial bonds to both domestic and overseas investors. This is the first transaction of its kind under Bond Connect. The Bank will also be one of the underwriters for China Development Bank (CDB)'s issue of Renminbi financial bonds tomorrow. These will be offered to domestic and international investors, with HSBC also acting as a cross-border coordinator responsible for marketing the CDB issue among overseas investors.

Helen Wong, Chief Executive, Greater China, HSBC, said: "Today's launch of the Bond Connect scheme marks an important step forward in the opening up of mainland China's bond market to overseas investors. Despite China being the world's third-largest bond market, overseas investors currently own less than two per cent of it. The enhanced ease of investment under Bond Connect will attract more overseas funds, creating a more diversified investor base and further enhancing the market's size and depth. This will help pave the way for China bonds to be included in major global bond indices in the future."

"In the meantime, Bond Connect will reinforce Hong Kong's role in linking the mainland China with global financial markets. Increased investment in the CIBM made through Hong Kong will also help the city grow its custodian and clearing businesses, enhancing its status as an international financial centre."

Besides trading with overseas investors as one of the first market makers and underwriting new issues under Bond Connect in the mainland market, the Bank also provides institutions investing through the scheme in Hong Kong with bond custody and settlement services as a custodian bank, as well as foreign currency exchange and risk management services as an offshore Renminbi bank with access to the onshore interbank FX market. With its leadership in mainland China and Hong Kong's financial markets, global network and comprehensive Global

This information is issued by

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Markets solutions, HSBC is ideally positioned to support global investors accessing China's bond market via Bond Connect.

Authorities in mainland China and Hong Kong jointly announced approval for Bond Connect in May, a landmark scheme which allows Financial Infrastructure Institutions in both markets to collaborate in establishing mutual bond market access, with northbound trading commencing in the initial phase.

HSBC is one of the largest foreign banks servicing overseas investors accessing the CIBM, and was the first foreign bank to trade and clear bond transactions for overseas institutional investors in 2010.

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**Note to editors:**

**HSBC Bank (China) Company Limited**

HSBC was one of the first foreign banks to locally incorporate its operations in mainland China, establishing HSBC Bank (China) Company Limited in April 2007. HSBC China's network currently comprises over 170 outlets across more than 50 major cities. HSBC China's head office is based in Pudong, Shanghai.

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