

News Release

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HSBC AMONG FIRST FOREIGN BANKS TO ISSUE NCD IN SHANGHAI FREE TRADE ZONE

HSBC has become one of the first foreign banks to launch negotiable certificates of deposit (“NCD”) today in the China (Shanghai) Pilot Free Trade Zone (“Shanghai FTZ”).

The NCD is worth RMB300 million with a three-month maturity, carrying an interest rate of 2.90%. It is open for subscription by financial institutions in the free trade zone or in markets overseas.

China allowed banks to sell NCDs targeting financial institutions based in the Shanghai FTZ and from overseas to foster a liquid money market in the zone, established as a “quasi-offshore” platform to pilot financial reforms.

Issuers and buyers of these NCDs, defined as “cross-border” NCDs by local regulators, need to have set up a Free Trade Account, which allows funds to move between the Shanghai FTZ and offshore. Since this NCD pilot scheme took effect last September, Chinese banks have issued NCDs worth a total of approximately RMB3 billion.

Ryan Song, Executive Vice President and Head of Global Markets for China at HSBC, said: “The inclusion of foreign banks contributes to a diversification of NCD issuers and to forming a liquid money market in the Shanghai FTZ with participation by both onshore and offshore financial institutions. HSBC’s first issuance today underscores our commitment to supporting China’s continued reforms in free trade zones, moving the overall market towards greater capital account convertibility and interest rate liberalisation.”

A leading supporter of China’s financial market reforms, HSBC became the first foreign bank to issue NCDs in China’s interbank market to institutional investors in July 2014. The Bank was also the first foreign bank to launch CDs for retail customers in China last November and for corporate clients one month later.

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HSBC among first foreign banks to issue NCD in Shanghai Free Trade Zone / 2

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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