

# News Release

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## HSBC BECOMES FIRST CUSTODIAN BANK IN CHINA TO SERVICE A GERMAN RQFII

HSBC today announced that it has become the first custodian bank in China to service a Renminbi Qualified Foreign Institutional Investor (RQFII) based in Germany. HSBC is providing local custodian services to Deutsche Asset & Wealth Management Investment GmbH, which has secured regulatory approval to become the first German investor in China under the RQFII scheme, a programme designed to open up the nation's onshore securities markets to overseas investors using renminbi (RMB).

This landmark development reflects China's ongoing commitment to opening up its capital markets to global investors as well as HSBC's enduring leadership in helping its clients benefit from the internationalisation of the RMB.

Deutsche Asset & Wealth Management is the first German entity to be granted an RQFII licence under the German RQFII scheme by the China Securities Regulatory Commission (CSRC), allowing it to invest directly in China's domestic securities markets. As Deutsche Asset & Wealth Management's onshore custodian bank in China, HSBC facilitated its application for the RQFII Germany licence. In July 2014, China announced it had extended the RQFII pilot scheme to Germany with a quota of RMB80 billion (USD13 billion) being allocated.

**Cian Burke**, Global Head of Securities Services, HSBC, said: "We are delighted to have been able to work with Deutsche Asset & Wealth Management. This mandate demonstrates our ability to work across borders and help connect investors in Germany with the opportunities brought about by the liberalisation of China's markets, as well as our knowledge and experience in China."

He added: "This milestone also underlines Germany's interest in developing its RMB business. Since the inception of the RQFII scheme in 2011, HSBC has been working closely with financial institutions around the world to help them access the Chinese market. We offer clients easy access to our team of experts in China who have been closely involved in the evolution of the regime."

In October last year, HSBC became the custodian bank for the first Korea-based RQFII. In the same year, HSBC became the custodian bank for the first France-based RQFII in August and for the first UK-based RQFII in January.

**Andy Ng**, Head of Securities Services for China at HSBC, said: "We expect liberalisation of the Qualified Foreign Institutional Investor (QFII) and RQFII schemes will speed up as RMB internationalisation gathers ever greater momentum. We anticipate the RQFII scheme will

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reach new pilot sites and that regulations surrounding the scheme will be further relaxed. As a leading QFII and RQFII custodian bank, HSBC will continue to partner with foreign institutional investors in search of new investment opportunities in China's capital markets."

HSBC has recorded a number of "firsts" in servicing institutional investors in addition to the latest development:

- First onshore custodian bank in China to service foreign investors investing in the B-share market
- First foreign bank to trade and clear bond transactions for clients in China's interbank bond market
- First and only foreign custodian bank to offer futures margin depository services to Qualified Foreign Institutional Investors in China
- First custodian bank to assist QFIIs in entering the interbank market in China
- One of the first custodian and clearing banks for QFIIs
- One of the first custodian banks to help QFIIs trade index futures
- One of the first custodian banks for RQFIIs in Hong Kong and Singapore
- Custodian bank for the first London-listed RQFII Exchange-Traded Fund (ETF) and first Hong Kong-Listed RQFII Bond ETF
- First custodian bank servicing UK RQFII, France RQFII and Korea RQFII.

As of 27 February 2015, HSBC was the custodian bank for RMB142.7 billion (USD23.2 billion) of investment quota for QFIIs, which was equivalent to 33.34 per cent of the total amount approved\*, the largest market share among all banks in mainland China. It was also the custodian bank for RMB128.8 billion (USD20.9 billion) of investment quota for RQFIIs, which was equivalent to 41.34 per cent of the total amount approved\*.

HSBC offers foreign institutional investors a wide range of services in China, including custody services, clearing and settlement of securities trading, interbank bond settlement and clearing, agency services and futures margin depository services.

*\*According to data from China's State Administration of Foreign Exchange (SAFE)*

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**The Hongkong and Shanghai Banking Corporation Limited**

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group, which serves around 51 million customers through four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. The Group serves customers worldwide from over 6,100 offices in 73 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,634bn at 30 September 2014, HSBC is one of the world's largest banking and financial services organisations.

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